

Welsh Affairs Committee

Oral evidence: [The benefits system in Wales](#), HC 337

Thursday 2 December 2021

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Members present: Stephen Crabb (Chair); Geraint Davies; Ruth Jones; Ben Lake; Rob Roberts; Beth Winter.

Questions 154 - 179

Witnesses

I: Jane Hutt MS, Minister for Social Justice, Welsh Government; and Paul Neave, Head of Social Welfare Advice and DWP Policy, Welsh Government.



Examination of witnesses

Witnesses: Jane Hutt and Paul Neave.

[This evidence was taken by video conference]

Q154 **Chair:** Good morning and welcome to this session of the Welsh Affairs Committee from Committee Room 8 in the House of Commons. Delighted to be joined this morning by Jane Hutt, who is the Minister for Social Justice in the Welsh Government, and joined by one of her officials, Paul Neave, who is head of social welfare advice and DWP policy in the Welsh Government. We are continuing our inquiry into the benefits system in Wales.

Minister, it is great to see you again. You are, I think, far and away the most experienced serving Minister in the Welsh Government. I think you have been serving as a Minister continuously for almost the entire history of devolved government in Wales. Looking at the poverty statistics in Wales, when you look at the data going back—gosh, 25 years—one thing that strikes me is that Wales has consistently recorded the highest rates of poverty, compared to the other nations of the United Kingdom.

To start the discussion, Minister, very briefly could you just give us a sense of why you think Wales consistently records those higher poverty rates and, in broad terms, give us a sense of the Welsh Government strategy for tackling poverty in Wales?

Jane Hutt: Thank you very much, Stephen. I am very pleased to be here. I very much welcome the Welsh Affairs Committee inquiry into the benefits system in Wales. In opening, I would say that we did give some evidence earlier in the inquiry—which I hope was helpful—laying out the challenges that are very relevant to your inquiry, particularly focusing on the issues concerning the benefits system and the impact of the pandemic.

You make a very important point in terms of poverty levels in Wales. As you and your colleagues are very much aware, the key levers for tackling poverty are the powers over tax and welfare systems and they sit with the UK Government. As the Welsh Government, we are doing everything we can to reduce the impact of poverty and support those living in poverty. We have our child poverty strategy, which sets out our objectives for improving outcomes for low-income families and on the impact of poverty. In terms of those objectives, what is important is that they are focusing on reducing the number of children living in workless households; increasing the skills of our parents and young people; reducing the poverty in education, health and economic outcomes; creating a strong economy and labour market; and action to increase household income.



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Of course, what is very important is that we have a very generous social wage. Again, this is what we can do in Wales with our powers, childcare offer, council tax reduction scheme, long-term home programmes, free prescriptions, getting more money into the pockets of our families in Wales, tackling food poverty, addressing food insecurity and our income maximisation action plan.

I go back to the fact that, crucially, these levers, in terms of tax and welfare, are sitting with the UK Government. The impact of the pandemic, which is very much a focus of your inquiry, has shown a deepening of inequalities, not just in Wales but across the board. I would also say, in response to that key question, that in our evidence to your Committee we have outlined the adverse impacts of social security and of the welfare responsibilities in the UK on the welfare reforms on households, pre-pandemic.

Of course, you will be very well aware of the evidence that we heard that that has had an adverse impact in increasing levels of poverty in Wales. I laid that out very clearly in my evidence and we would still wish to make the point, particularly in more recent weeks and months, about the cuts to the £20 universal credit uplift, which we know has already had a damaging impact on families, in a perfect storm of rising costs, living costs and fuel costs in Wales. Therefore, it is about a joint responsibility at this point in time and very much in terms of tax and welfare.

You will also be very much aware of the fact that with our co-operation agreement with Plaid Cymru, which came into force yesterday, in terms of tackling poverty—

Chair: We will get on to that

Jane Hutt: We are looking at what we can do with the administration of welfare.

Chair: Minister, thank you very much. I am conscious that we are in danger of getting into areas that other colleagues may wish to ask you about. I have also been slipped a note from the audio team asking whether you could just move slightly closer to the microphone if that is okay. Thank you very much. Rob Roberts.

Q155 **Rob Roberts:** One of the most important aspects of what we are looking at, I think, is the lessons that have been learned from the pandemic in terms of welfare delivery. Obviously, post pandemic reforms are a must and will be vital. All the Welsh parties—apart from your own—have called for a Wales only inquiry in order to learn the lessons from the pandemic. The campaign Covid Bereaved Families for Justice is becoming infuriated that the First Minister has not agreed to one.

Back in September, the First Minister said that the Prime Minister and his Government were incompetent and awful to the core, yet, seven days ago, he called on the Prime Minister to hold a meaningful public consultation. Given the First Minister does not think that the Prime



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Minister has any competence, why will he not hold a Wales only public inquiry?

Jane Hutt: I think you might have benefited from sitting in our Senedd on Tuesday to hear the questions and answers by the First Minister. He said he was very pleased to have received a letter from the Prime Minister about the importance of Wales being part of the UK-wide inquiry, which of course is supported by the Conservative Government. The First Minister has raised concerns about the terms of reference to ensure that Wales is fully and properly engaged in that—in terms of the appointment of a chair and so on—and the impact of the forthcoming inquiry that is going to happen anyway, in terms of ensuring that the Welsh citizens are going to be fully engaged and feel confident in that inquiry. You would have benefited from hearing the responses of the First Minister directly as a result of engaging with the Prime Minister and, indeed, on many occasions, raising issues about the forthcoming UK inquiry.

Q156 **Rob Roberts:** I understand. Thank you. Given that Scotland is running its own, would you be of the opinion that Scotland is wrong to be running its own?

Jane Hutt: The First Minister has made it very clear—indeed, you may have heard that a well-regarded Scottish academic, Hugh Pennington, has also said that we should be looking to a UK-wide inquiry—that this is a serious issue that we need to look at. The First Minister has met with the bereaved families and taken on board, as we do on a day to day basis, the issues and impacts of the pandemic.

I would also like to ask you, as a representative for your constituency, did you support the cut to the universal credit of £20 a week? This is actually the impact of the UK Government's policies on the lives of people who are coming into a recovery, which we know is still very much with us in terms of the impact of the pandemic, and coming out with a fairer as well as greener recovery, which is what the First Minister and the Welsh Government are clear about. I hope that you will see that the UK Government have responsibility for this inquiry and to look at the impact of the benefit system on Wales. That is what this inquiry is about today, isn't it? That is what I am coming to answer questions about.

Chair: Absolutely, I think we should move on. Thank you, Rob. Beth Winter.

Q157 **Beth Winter:** Thank you. Diolch yn fawr as well, Jane, for joining us today, and your colleague, Paul.

You have just touched on the fact that the current UK benefit system is inadequate to address the huge inequalities that currently exist. The pandemic definitely highlighted that. With the powers that the Welsh Government currently have, you have done a lot in terms of trying to supplement and complement the UK benefit system—for instance, free school meals during school holidays, the first nation to commit to doing that. However, there are calls from people—the Bevan Foundation has



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done a report on this—to address the complexity of the existing system in Wales. Your own Equality, Local Government and Communities Committee called for the establishment of a more coherent and integrated Welsh benefits system.

The Bevan Foundation has produced a report that suggests that having common eligibility, a single point of access and sufficient funds would make it easier for people to navigate the complex system because there is a significant under-claiming of benefits. Looking at the older generation in Wales, £240 million in pension credit is unclaimed in Wales, which I know you are aware of.

Coming to the specific question: what do you see as the barriers to forming a more coherent system and what is the Welsh Government doing to develop a much more integrated, coherent benefits system in Wales? *Diolch yn fawr iawn.*

Jane Hutt: *Diolch yn fawr, Beth.* We have already worked on what we feel should be the principles of a social security system that would meet the needs of the citizens of Wales. We believe that a social security system should be delivered with compassion, should be fair in the way it treats people and should be designed to ensure that it makes a positive contribution to tackling poverty. During the pandemic, there have been occasions when the system has prevented the Welsh Government from making decisions that deliver improvements to the financial wellbeing of all citizens in Wales. That is why it is important that we look to what is now being announced this week, following on work done by the Equality, Local Government and Communities Committee into supporting the devolution with the administration of welfare in Wales.

We can make some very important specific points about what we can do with our powers. Working with the Bevan Foundation—I know Bevan has been a witness to this inquiry—we are developing a charter for design and delivery for the Welsh benefits system that focuses on income maximisation, and that is compassionate, caring and a fair approach to benefit take-up. This charter is very much underpinning the Welsh benefits system to maximise the way in which we can passport our benefits to citizens when developing a best-practice toolkit with practical options, working very closely with local authorities.

I would like to say that we are now boosting our “Claim what’s yours” income maximisation campaign. During the last financial year, our Single Advice Fund services helped people gain additional income of over £43 million. That is what we and the UK Government want to see. The “Claim what’s yours” campaign raised people’s awareness of welfare benefits. We ran this campaign in March for a few weeks and it helped people claim over £650,000 of extra income.

We have also boosted our Discretionary Assistance Fund and made it more flexible. It is the most generous scheme, certainly more generous than any of the schemes in England. I will say at this point, Beth, that I announced a £51 million package of support for low-income households



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in the last couple of weeks. This will help them with the immediate pressures on living costs.

This is what the Welsh Government are doing: more than £38 million for a winter fuel support scheme, which is going to be crucial as we face this perfect storm ahead of us. What is good is that local authorities are delivering it with us. It is not going to compensate for the loss of over £1,000 a year owing to the harsh decision to end the £20 per week uplift of universal credit, but it is an important contribution from where we are putting our money; getting money into people's pockets.

I hope that gives some flavour of what we are doing with income maximisation from "Claim what's yours", with our powers that we can use in terms of our new household income package, and also the principles of the social security system that meet the needs of people in Wales and, crucially, help—the first question from the Chair—to tackle poverty in Wales.

Chair: Thank you. I am going to bring in Ben Lake now. I am just conscious that time is perhaps starting to run away from us. Minister, if I could make a plea for slightly shorter answers, please, and questions from colleagues, keep them as concise as possible.

Q158 **Ben Lake:** Diolch yn fawr iawn, Gweinidog. Thank you very much, Minister. We understand that one of the most important aspects of the system is making sure that people are aware of the support and benefits that are available to them. With that in mind, we understand that in Scotland the Department for Work and Pensions and the Scottish Government have developed a toolkit for work coaches in jobcentres that can help them signpost claimants specifically towards Scottish benefits. Does a similar toolkit exist in Wales?

How confident are you that jobcentre work coaches are able to point claimants to relevant support from the Welsh Government and local authorities?

Jane Hutt: I have mentioned the best practice toolkit that we have developed. We are developing that with the Bevan Foundation and with local authorities. I have to say we do work very closely with DWP colleagues. It is crucial. In fact, we would like to work even closer. We work very closely and well regionally, as I am sure you know as a constituency MP. There is a charter and a memorandum of understanding that Paul Neave is very much engaged in with the DWP. We have to make sure that we can passport those benefits as easily as possible. I will bring in Paul to make the point at official level, as well, where we are making these connections.

Paul Neave: Thank you, Minister. We have a very good working relationship with DWP across Wales. We have a liaison committee, so any information the Welsh Government wish to share with the work coaches to operate in every single county in Wales, that is where we disseminate it. The Minister has mentioned the household support fund. We will be



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working with Jobcentre Plus work coaches so they can raise awareness with their universal credit claimants who might be eligible for that fund.

I would not say 100% knowledge of all the help and support that is available is held by a work coach, but we are making very positive moves towards that figure.

Q159 **Ben Lake:** Just as a quick follow up, are you monitoring whether this training and funding advice is changing practice on the ground? Is there a programme of monitoring to make sure that these interventions are actually boosting take-up of relevant benefits?

Paul Neave: Colleagues inside Jobcentre Plus will be monitoring that. They have done some excellent work. I know time is ticking away, so I will be very brief. The work coaches in Wales introduced a toolkit from Oxfam, which helps them to understand all the issues that a universal credit claimant faces. They have monitored the use of that, and it has been extremely effective in ensuring that claimants get access to all the wraparound support they need, alongside being able to claim the financial support from universal credit.

Jane Hutt: I would add that we are also doing some frontline work on awareness-raising training. Paul has mentioned the links to Oxfam and the Bevan Foundation as well. We have the Dangos project, which is offering training to 2,200 frontline staff. That is showing that frontline workers are learning how they can make this more effective. Of course, we are working with DWP, at a local and regional level, to make sure there is that integration with our single advice fund givers, who are very much collaborating on tailored messages, and also outreach with local authorities.

It is crucial that we are working at ground level to ensure that our constituents and our citizens access the funding that they are entitled to.

Ben Lake: Thank you very much.

Q160 **Ruth Jones:** Thank you for your time this morning, Minister. It is good to see you.

You and Mr Neave have already alluded to the communication, the working together and the relationships between you and DWP, but also HMRC. Last year, it was disappointing that the Welsh Government made the announcement of the £500 bonus and then it was taxed. We certainly received a lot of mail about that. What lessons have been learnt and how are you seeking to avoid that happening again in the future?

Jane Hutt: This was a huge disappointment because we were reaching out to our all-important social care workforce to support them in the very toughest times of the pandemic. You will recall the awful flooding that took place before the lockdown in many parts of Wales. HMRC payments were made and there was an agreement that they would not be taxed. As



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I said at the outset, in terms of tackling poverty, it is tax and welfare levers that are so crucial to us in Wales.

We have fairly strong support from other parties in the Senedd in taking up this issue with HMRC. It does limit our ability to reach out. Our household support fund: there is no issue there in terms of the payments. That is an important point. We have this new Welsh fuel support payment coming through in the next couple of weeks—so we hope you will promote it as well—and there will be no issues there in terms of impact on HMRC and DWP either. That is the way we are moving forward. However, we should have had that co-operation to ensure that the money got to the people at the sharp end of social care in the toughest of times in the pandemic.

Q161 Ruth Jones: Thank you, Minister. Mr Neave, obviously you are at the sharp end of the communications. How would you describe the relationship between the DWP, Treasury and with you to ensure that it is the best for Welsh citizens? How do you work together?

Jane Hutt: Very confidently—I think Paul will say—at that official level and delivery level, in terms of the separation of the benefits that are available. It is disappointing at ministerial level. I wrote to Thérèse Coffey several times urging the UK Government not to make the £20 universal credit cut. Disappointingly, we had no response up until after the decision was made to go ahead with it. We have been liaising very closely with our Scottish colleagues as well. My predecessor, Julie James, also approached the DWP Secretary of State to ask whether we could have a UK-wide income maximisation programme. That was not taken up.

As the settlement is at the moment in terms of devolution, this is where we should have as close an engagement at ministerial level as possible, to make sure that we can do our bit with our powers in Wales and that there should be reciprocal respect for the points and impacts that we are clearly identifying that have come through.

We have obviously made a lot of representations around the adverse impact of the welfare reform over the last 11 years, which is still having a huge impact and not just on our citizens—particularly in respect of disabled people, and universal credit, repeatedly making calls for reduction of the five-week wait by instituting a shorter, more flexible assessment period, and raising concerns about the use of advanced payments. We need to have a co-ordinated UK strategy. We have asked for that, as I said in my evidence to you. A co-ordinated UK-wide strategy focusing on income maximisation is what we would call for. We are not getting anywhere there in terms responsible and constructive engagement of the UK Government.

Q162 Ruth Jones: Thank you, Minister. In your evidence, Mr Neave, you have said that there is a concordat, an agreement. How is that working out?



Jane Hutt: Paul, I think we have commented on it already. We have to deliver together for our citizens.

Q163 **Chair:** Thank you very much, Minister. Rob would like to ask a supplementary. Before he does, Minister, could I ask you a couple of supplementaries? You talked about the good working with HMRC to ensure that there is clarity about the £100 winter fuel payment. Two weeks ago, when the Welsh Government made the announcement about that, the Welsh Secretary, Simon Hart, said that he was not aware and he had not been consulted. Is it the case that the Wales Office is not being informed about it because there is a close direct relationship between the Welsh Government and HMRC? I was just puzzled as to why Simon Hart would have made that comment if, indeed, the Welsh Government were working very closely with UK Government institutions on this.

Jane Hutt: I wasn't aware of that comment from Simon Hart because obviously we were making decisions. They were decisions that were called for because we got what I would describe as a derisory amount of money from the £500 million announcement on the household living. We received £25 million, and we put more money in from our reserves to meet the £51 million household living grant. That was announced in the usual way.

Our officials, in preparing us and advising us as Ministers to develop such a programme, which is very significant for Wales in tackling poverty, would have ensured at official level there were discussions, and clarifications would have taken place. It is a critical point in the sense of this is something we would hope that the UK Government would welcome. We are putting in double the amount of money to meet the needs of our Welsh citizens. It has certainly been hugely welcomed by all the organisations that are at the sharp end of tackling poverty in Wales.

Q164 **Chair:** I have a specific supplementary about the discretionary assistance fund. In one of your earlier answers, you talked about the new flexibilities that the Welsh Government had introduced to the fund as a result of the pandemic. Is it the intention of the Welsh Government now to make those new flexibilities a permanent feature of the discretionary assistance fund?

Jane Hutt: The discretionary assistance fund has been a very important source of emergency payments for citizens in Wales, and we are very aware of that. It was designed to be a fund of last resort to support people in extreme hardship and many of the most vulnerable in society. We had to adapt the fund—the emergency assistance payments—to meet the increased demand during the pandemic for essential costs, for example, in response to flooding, as well as the pandemic and extreme financial hardship.

I am pleased by the fact that you recognise that not only have we increased the funding for the discretionary assistance fund substantially,



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but we have introduced these flexibilities so people can apply more than once. This is something where we keep expanding it. We have expanded those flexibilities until the end of this financial year, through to the end of March, and clearly, we will be considering those additional flexibilities into the future.

I would just say that it is very important that this discretionary assistance fund helps people, particularly at the end of furlough, as well as the cut of universal credit. It also includes reintroduction of your support for off-grid clients as well. It is a considerable contribution that the Welsh Government are making, which is very particular to Wales of course.

Chair: Thank you very much, Minister. At the end of the financial year in March there will be a review. A decision will be taken then about whether those new flexibilities become a permanent ongoing feature. Rob Roberts, please.

Q165 **Rob Roberts:** Thank you, Chair. Minister, you mentioned earlier, in response to Ruth Jones, your disappointment about the bonus payment for care workers being taxed, and I want to clarify that. Is it the case that the Welsh Government got in touch with HMRC and the Treasury beforehand and they confirmed that it was not possible to exclude it, because you wanted to do it through the PAYE system, and it was not possible to exclude that particular thing from tax? You knew that in advance yet pressed on with it anyway and then blamed the Government for taxing it. Is that what happened?

Jane Hutt: We make a decision to support our social care workers and the frontline with that extra £500. Clearly, we anticipated and expected the UK Government to respect that and to ensure that people could receive that in full. That is the position. In fact—

Q166 **Rob Roberts:** However, they told you that was not possible when you pressed on anyway to blame the UK Government—is that right?

Jane Hutt: In fact, as far as the Welsh Government's commitment, if you recall we made a further payment, which we then had to increase over and above the £500 to £750 in order to make sure that people received that in their pockets.

Q167 **Geraint Davies:** It is good to see you, Minister. I wanted to ask you about universal basic income. First, I know you are doing a pilot. Perhaps you could describe the progress and design of that scheme and whether you have had any UK Government co-operation, and also whether it is a proper pilot of UBI given it is focused on care leavers.

Jane Hutt: Thank you very much, Geraint. I am very pleased to be here to give a provisional update hopefully on our basic income pilot in Wales. You will know that this is really a response to the global economic recession and also UK Government austerity policies. More recently as well, in response to the Covid-19 pandemic, there has been this resurgence in interest in asset-based approaches to welfare and



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particularly to basic income schemes. As you know, we have that commitment in terms of our programme for government to pilot the use of a basic income scheme in Wales.

I hope you will see the commitment is an extension of the social wage and the bundle of progressive universalism that the Welsh Government have followed for over 20 years. It is very much a basic income pilot and the First Minister has publicly outlined our intention to involve a cohort of care-experienced young people from across Wales in the pilot.

Q168 Geraint Davies: Do you think this pilot, which is focused on people leaving care— Incidentally, perhaps you could comment on whether you think there will be an impact on their benefits, because we spoke a moment ago about taxing benefits and so on, but I do not know whether there is any insight on that. More generally, what insights do you think this pilot will give us about a more broad-based universal basic income? Do you think if that was done on a UK basis, we would basically have to have a basic income and then some sort of clawback from higher earners in a progressive way? What are the characteristics of a universal basic income and how fairly will that be represented in this pilot?

Jane Hutt: The basic income pilot, which we are considering and scoping in detail in Wales, has included consulting and understanding the least experienced of care leavers. It is very crucial that it is part of the early design of the pilot and the delivery of the pilot as well.

We are looking at a very vulnerable group of young people and the pilot would be an additional investment for care leavers in Wales, because you will be aware of the child trust fund, the council tax exemption and the establishment of St David's Day fund for care leavers. Also, it is crucial that mechanisms of any basic income scheme clearly have to be monitored, and a dynamic evaluation will be developed for this, but it does have an interface with UK Government policy—no question about that—and we continue to negotiate. I raised this recently in correspondence with the Secretary of State.

I think it is about building a model, working with experts in the field of dynamic evaluation, and learning what is working for a participant, but what we hope from this is that we would have recommendations at the end of the pilot relevant to care leavers and other groups who would potentially benefit. It is about wellbeing, isn't it? It is about empowerment, emotional resilience, and pathways into education and employment. Ultimately, it will result in potential for savings in public service spending, and I think that is where it has UK and global significance.

Q169 Geraint Davies: Perhaps I can ask Paul Neave a slightly technical question. If there was a universal basic income of, say, £70 and five people had it in a household, that would be about £350. That would be less than one person on the minimum wage, and there are quite a lot of households in Wales and the valleys, or whatever, who might have one



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worker, like a nurse or something, who is on frozen wages, who is providing that. I wonder whether you thought it was affordability, and, together with a progressive clawback, whether this is something that can add up, because people are asking about the affordability of this. Mr Neave, are you an expert in this or not?

Jane Hutt: Paul is not—

Geraint Davies: Oh, he is not. Jane, perhaps you can respond in that case, on the affordability in how we make it work.

Jane Hutt: These are obviously key issues and Paul is playing his part in a cross-Government group of officials who are working on this. We are looking at this in terms of all those impacts and details, but also based very much on learning from other countries; lessons learnt from other countries that have already introduced the concept of basic income. As a Committee interested in universal basic income policy and pilots across the world, you will be interested in the Public Health Wales report that came out earlier this year—I am sure Committee members will have seen it—which gave a very good overview of basic income pilots and outcomes across the world. It is very much at the scoping level of the design of this basic income for care leavers in Wales.

The commitment is there, and it has been made clear by the First Minister, and I will be making a statement on this in due course.

Q170 **Geraint Davies:** Is it the basic idea that, if you do not have to scabble around for zero-hours jobs in a state of distress, you have a basic income, you will have basic nutrition, you can invest in training, higher productivity and move towards a better job and, therefore, in the round it will be good for the economy as well as good for people who are at the sharp end, as you put it? Is that the idea?

Jane Hutt: Yes, and this is something where it goes back to my earlier points about recognising that this is about an asset-based approach to welfare. This is where we are talking about in Wales the principles that I have outlined of what we want to see as a truly social security in Wales where we are looking at prospects for a very vulnerable cohort of young people, which could enable them to then make decisions in their lives in terms of employment, education and wellbeing.

There is a lot in that Public Health Wales report about health inequalities as a result of poverty and low income, and insecurity, a lack of self-esteem and confidence. We want our care leavers to have an opportunity in terms of this basic income pilot in Wales, and I am very pleased that there is support—mostly—across parties in the Senedd in the Welsh Parliament.

A petition is being considered this week in the Senedd by the Petitions Committee and evidence is coming particularly from UBI Lab, mental health charities and the Women's Equality Network. Most importantly perhaps, I have not mentioned the quite strong support from the



Wellbeing and Future Generations Commissioner as well. Wales is placed to take a courageous but important step forward in terms of basic income. It is about our priorities in terms of our Welsh Labour Government.

Q171 **Chair:** Thank you, Geraint. Could I ask a supplementary on this issue, Minister? We heard from one of our earlier panels in this inquiry about the pilot scheme that the Welsh Government had announced and there was consensus among those panellists that while there is a very strong case for wanting to do more for care leavers—you are absolutely right, Minister—in the specific needs and vulnerabilities of that cohort of people, what is being proposed in this pilot does not really fit with most people's understanding of what universal basic income is about. This is a targeted payment at a specific cohort of vulnerable people in our community, which there are lots of good reasons why I can see you would want to do that. Would you agree that putting this language of universal basic income around it is confusing, perhaps not helpful for this pilot scheme that stands on its own merits? I do not understand why it is being branded as a UBI pilot when it clearly is not a universal basic income scheme in any shape or form.

Jane Hutt: I am glad you asked that question, Stephen, because it is. We are branding it very clearly as a basic income pilot. It is a basic income pilot that the First Minister has announced. He has publicly outlined our intentions in terms of taking forward a basic income scheme in Wales. It is piloting a basic income scheme.

We have interest and support from a number of experts in the field in Wales and we will have a technical advisory committee joined from those experts, as well as the fact that in Wales we have that laboratory. Of course, yes, there are many who are saying we wanted to possibly be a universal basic income with much broader parameters, but we are clear about what we can do in terms of our priorities and resources and this particular cohort.

Can I please assure the Committee, and be very clear, as in our programme for government, that it is a basic income pilot in Wales that we will be taking forward with that cohort of care leavers in Wales? It will contribute to the global understanding of our basic income and what it can do to tackle poverty, and tackle health inequality.

Q172 **Chair:** Minister, thank you very much. That is a very helpful answer. Another quick supplementary from me if that is okay. In your earlier answer to Geraint Davies, you talked about a process of negotiation with UK Government on this when Mr Davies asked you about whether UK Government were helping to facilitate it and making sure the new payment from the Welsh Government does not affect benefits currently for existing care leavers. Can you help us understand at a deeper level what that negotiation looks like?

Are you encountering resistance from the UK Government to the idea, or



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is it at the stage where they are just asking for more information? Where exactly has this discussion got to, because we are going to be hearing next week directly from the DWP Minister and we will want to push him on what exactly they are doing at their end around this pilot scheme that you have been talking about?

Jane Hutt: I very much hope you will be encouraging the DWP Minister to acknowledge the important contribution that this basic income pilot could make in terms of tackling poverty and inequality not just in Wales with this vulnerable group, but across the UK. There has been engagement at an official level about this in terms of the benefit, and particularly with the DWP benefit interface. I have also written to the Secretary of State calling for a meeting on this and to promote the benefits of basic income.

I know this is an important negotiation, so I will certainly be informing the Committee as soon as I can in terms of the outcome of that. I would hope this Committee would look to the fact that we have a real opportunity here for the whole of the UK. They have been trialling this in Scotland and they are going down a different route now, but we hope that you will be positive about our basic income pilot scheme in Wales with the DWP Minister.

Chair: Minister? Minister—

Jane Hutt: I will let you know if we have an update on that.

Q173 **Chair:** Minister, sorry to talk over you there but would you say that the posture of UK officials so far has been helpful and co-operative?

Jane Hutt: Obviously, very co-operative at an official level, but at the moment we are having to make the case.

Chair: That is very useful to hear. Thank you, Minister. Rob Roberts, please.

Q174 **Rob Roberts:** Thank you, Chair. Thank you, Minister. In evidence to this Committee, Minister, the gender equality charity, Chwarae Teg, said that your Welsh pilot was on a very small scale and unlikely to gather the evidence needed. The Future Generations Commissioner said that a trial of 2,500 people would cost around £50 million. Given those two facts, would you not agree that your pilot is a little bit of a pointless exercise according to Chwarae Teg, and how would you respond to what it has said? I am interested in what you would cut to fund the £50 million involved.

Jane Hutt: I think what would be useful, Rob, is if you looked at the evidence that came to the Petitions Committee earlier this week on Monday. I am sure your Committee Clerk can share it with you. Very positive evidence from the Future Generations Commissioner, Autonomy, the Platform mental health charity, and also the Women's Equality Network. We have a good range of witnesses there who were backing the



petition that backs the basic income pilot for care leavers. It wants to go further than that but is very clearly backing this as a first step.

I think you would be well advised to look at that evidence. Also, the Petitions Committee will be making a report—which I am sure it is drafting, or it may already be drafted—and it would be helpful for your Committee to look at their report to see what they feel in terms of what the Welsh Government have announced so far in terms of taking this forward.

This is a real opportunity, but also it is about a priority, yes. We are now moving into our draft budget phase. It will be published on 20 December and I am sure you will all be interested in the priorities coming through our budget—not only our programme for government, but our co-operation agreement with Plaid Cymru. We have to look at priorities. Attacking poverty in Wales was the first question from the Chair, Stephen Crabb, and we believe this is one step that we need to take. We have the courage to do it here in Wales because we have the power to do it; a basic income pilot for our care leavers in Wales who are themselves engaged in planning and preparing for it.

Q175 Rob Roberts: Thank you, Minister. I appreciate you making no reference at all to Chwarae Teg's quote, but that's fine.

Moving on to devolution, I am interested in what assessments the Welsh Government have undertaken of the financial and staffing implications of devolving the administration of the welfare system? I am aware that your recently agreed co-operation agreement with Plaid—which I think came into force yesterday—expressed support for the devolution of the administration of welfare, so, as well as the financial and staff implications, how does the Welsh Government intend to take that forward with Westminster?

Jane Hutt: This is something where quite a lot of work has already been undertaken by our officials as a result of a report undertaken by the Equality and Local Government Committee, which I am sure the Committee is aware of, undertaken by the Equality and Local Government Committee. That report was "Benefits in Wales—options for better delivery". That is what devolution of the administration of benefits is all about—better delivery. We also undertook to engage the Wales Centre for Public Policy to look at this in terms of the case for devolving administration of aspects of the benefit system, and they also reported in 2020, with a report entitled "Administering social security in Wales". You will have seen those reports and I am sure they are being fed into you in terms of the discussions on benefits in Wales.

What is crucial is we get the financial support alongside this, and very careful consideration has to be taken as to how it would be funded in terms of any long-term change to social security. That is also very clear in the programme for government and in the co-operation agreement which says, "Such a transfer of power would need to be accompanied by



the transfer of appropriate financial support”, and that is what we will start negotiating with the UK Government on in terms of taking this forward. At this stage, it is exploring the necessary infrastructure that we would need to prepare for it.

Q176 **Rob Roberts:** Understood. Thank you very much. Can you answer what lessons may have been learned from the partial devolution of social security powers to Scotland?

Jane Hutt: We work very closely with our Scottish colleague in terms of the devolution of social security in Scotland. Paul, I might bring you in here, because I know you have engaged on this as well in terms of the opportunities in Scotland that they have had as a result of the powers that they have, and very interested in what they have already been able to achieve in Scotland. Of course, this was looked at very carefully by our Equality and Local Government Committee when they were looking at the reports. Paul, do you have anything add to that?

Paul Neave: Not greatly, Minister. Just to say that, yes, we do have close conversations with our Scottish colleagues, and they are proving invaluable as a pathfinder for the devolution of our welfare benefit powers, especially when they have been taking forward their powers around benefits for disabled people.

Jane Hutt: I think the issue about better delivery as well is about the close links between our advice services—the single advice fund—in the delivery of our benefits, but also looking at some aspects of what Scotland has taken forward like the Scottish child payment, for example. It has given them the powers to shape benefits that meet the particular needs that they see as a Scottish Government, and we would want to have the same powers and opportunities to consider in Wales.

Q177 **Rob Roberts:** Thank you, Minister. Before I hand back to the Chair, earlier this year it was shown that Welsh pupils achieve lower scores in international tests than pupils in the other three nations, and by the age of 15 the reading ability of pupils in Wales is about six months behind the rest of the UK. In relation to health, against a target of 95% of patients to be seen within four hours in A&E, we are at 68% in Wales.

Jane Hutt: This is not relevant.

Chair: Sorry, we are running out of time.

Rob Roberts: I am just exploring, with respect, the fact that the Minister has mentioned better delivery a number of times and, given that the Government are falling behind in the UK in every other measurable way, why would it be appropriate to give extra powers to Wales so it can make Welsh life worse in another area?

Jane Hutt: Can I take the opportunity—as you have mentioned powers and what we are doing in Wales—to say how proud we are of our record on delivering free school meal provision for pupils in Wales, and we are



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committed to building on that provision. As you see from our co-operation agreement with Plaid Cymru, we are extending free school meals to all primary school pupils over the lifetime of the agreement. It was the Welsh Government that got Marcus Rashford's support when we spent our resources in terms of reaching out to those children who need free school meals during the holiday, and that is going right the way through to the summer of this year.

Q178 Chair: Thank you, Minister. We have almost run out of time, so thank you again, and thank you, Mr Neave, for your contributions to this session. Can I finish with a last question to you, Minister, which follows on from the theme of devolution that we were talking about a few moments ago?

At the start of today's session, you emphasised the shared responsibility on UK Government and the Welsh Government to tackle poverty levels in Wales. You have emphasised this morning good co-operation between the Welsh Government and HRMC on some of the different initiatives. We have also talked about the ambition that the Welsh Government have to see a more coherent Welsh benefits system emerge. Can we be absolutely clear, Minister, that your own long-term ambitions as a Minister, and collectively those of the Welsh Government, are to see a devolution of competence to the Welsh Government for the benefit system? As you are well aware, at the moment we have a pretty unified benefit system for the whole United Kingdom, but is it your longer-term intention to see devolution of those responsibilities to Wales?

Jane Hutt: I thank you for that final question, Stephen, because I think it is very clearly laid out in our co-operation agreement. It is about supporting the devolution of the administration of welfare and exploring that necessary infrastructure to prepare for it, very much learning from the Scottish experience. It is the administration of welfare that could give us the levers and the powers that we need in order to deliver for our citizens and, from your very first point, ensure that we can tackle poverty and inequality and shape our social security based on those provisions, both principles of compassion and fairness.

Q179 Chair: When it comes to the network of jobcentres, do you ever envisage a network that falls under the responsibility of the Welsh Government, or would you see that function as always being a UK Government responsibility?

Jane Hutt: In terms of the administration of welfare, it is a matter of now exploring which benefits we would consider, and, in fact, there is already work being done on that by the Equality and Local Government Committee and the Wales Centre for Public Policy as to what would be appropriate for us to administer, alongside and, of course, in partnership with, DWP in terms of their jobcentre.

Chair: Minister, thank you very much for your time this morning and for being so full and frank in your answers.