



## Welsh Affairs Committee

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

Wednesday 8 December 2021

Ordered by the House of Commons to be published on 8 December 2021.

[Watch the meeting](#)

Members present: Stephen Crabb (Chair); Simon Baynes; Geraint Davies; Ruth Jones; Robin Millar; Rob Roberts; Dr Jamie Wallis; Beth Winter.

Questions 211 - 259

### Witnesses

**I:** David Rutley MP, Minister for Welfare Delivery, Department for Work and Pensions; Geth Williams, Deputy Director, Wales Office; Andrew Latto, Deputy Director: Devolution, Pensioner Benefits and Carer's Allowance Policy Group, Department for Work and Pensions; and Sarah Pearson, Area Director Work and Health Services, Wales and National Employer and Partnership Team, Department for Work and Pensions.

Written evidence from witnesses:

- [Department for Work and Pensions](#)

## Examination of witnesses

Witnesses: David Rutley MP, Geth Williams, Andrew Latto and Sarah Pearson.

Q211 **Chair:** Good morning. Welcome to this session of the Welsh Affairs Committee, where we are continuing our inquiry into the benefits system in Wales. We are delighted to be joined by the Minister for Welfare Delivery from the Department for Work and Pensions, David Rutley. We were due to have David TC Davies from the Wales Office. Unfortunately, Minister Davies is unwell, but I am delighted that we are joined by Geth Williams, who is Deputy Director at the Wales Office. We are also joined by Andrew Latto, Deputy Director, who has responsibility for devolution arrangements at the Department for Work and Pensions. We are joined virtually, online, by Sarah Pearson, who is Area Director for Work and Health Services in Wales. Thank you to you all for making time.

Perhaps I can open up the discussion by asking the Minister, in the first instance, and any of the other officials to describe the way the Department is structured when it comes to the devolved nations, and specifically Wales. What does the structure of DWP look like in Wales?

**David Rutley:** Thank you, and thanks for inviting me. I just want to extend my best wishes for a speedy recovery to TC Davies, the Parliamentary Under-Secretary of State in the Wales Office.

In terms of the structure, the Work and Pensions brief is largely a reserved matter. We have a team that is led very well by Sarah in Wales as the Area Director. We have incredibly strong partnership working with devolved areas, particularly in areas like skills, which I think we can explore more. That is the general approach; I think it is pretty familiar. Our organisational strengths have been stress-tested during the pandemic, and they seem to be working really well. I pay tribute to the incredible work from the Welsh Government and also from colleagues in DWP. When I speak to colleagues, they talk about them as unsung heroes, through the work that has been going on through the pandemic to support people into work. Of course, a lot of praise went to people in the NHS and the amazing work the doctors and nurses did. I know you know this brief incredibly well from your time as Secretary of State. We have got some incredibly dedicated people and they work very hard. As I have got closer to this brief, the thing I have learned more than anything else from the pandemic—as a constituency MP and then looking into this space as the new Minister—is that partnership working is key. I hope as we go forward in this conversation that we can explore how we can develop that more fully.

Q212 **Chair:** We will certainly come on to lessons learned from the pandemic. When it comes to arrangements in Wales and DWP's arrangements in

Scotland, do they mirror each other? Or are there crucial differences in how DWP organises itself with its relationships with Scottish Government and how it operates in Scotland?

**David Rutley:** As a result of the different Commissions that were put in place—the Silk Commission, in Wales—the approach to social security was pretty settled, in a way, and that was reserved, but obviously requiring collaborative working. In Scotland the picture is different, and because of the Smith Commission and the fact that there was very broad consensus amongst the five parties there, there are reserved and there are devolved matters there. The devolved matters are more around the payments for sickness and for disability. Andrew is our expert on that matter and he can highlight those differences, if you want to do that now.

Q213 **Chair:** Yes, just very briefly. We may get into it in more depth later on.

**Andrew Latto:** I will just go through the three of them. In Northern Ireland, everything that the DWP is responsible for is transferred, so the Department for Communities is our direct comparator there, we have a good working relationship. In Wales, as the Minister has said, we have a good operational relationship with the Welsh Government. Everything that the DWP is responsible for is reserved in Wales, and I will talk in a moment about operations. Scotland is more complicated. DWP operations across Great Britain are the same. We operate with the Welsh Government, with the Scottish Government and with local authorities in England.

The difference with Scotland is that we are in a massive change programme where we are closing 10 DWP benefits and they are being replaced by Scottish Government ones. Both Governments have got a dedicated devolution programme going through the nuts and bolts. For example, last Monday we terminated all new claims to Disability Living Allowance for children in Scotland, and the claims instead go to Social Security Scotland. There is a big programme of work to do that, which makes our relationship with the Scottish Government even more organic than our relationship with the Welsh Government.

**Chair:** That is really helpful. Thank you.

Q214 **Geraint Davies:** Minister, I would like to ask about the differences between Wales and England. In particular, you will know that Wales is sicker, older and poorer, and the gross value added—the average wage—is about 70% of UK levels. What efforts did you make to change the delivery of social security payments and the like in Wales to the rest of England? Did you make any effort to encourage more investment in Wales so that more people could do more work and obviously be less reliant on public funds?

**David Rutley:** There are differences, and obviously one of the strengths of our social security system is that we can pool risk across the UK. In Wales, as you say, there are more cases of PIP and ESA. The system is designed so

that where there is that demand, we can step in and provide those benefits and that level of support, and we resource to those needs. I know that Sarah can tell us more about what is going on in those particular areas. I think some of that is because of the history in Wales of the work that people have done in heavy industry, and the impact that has had on people's lives. We have talked about that separately, but that is where we resource up and we provide the benefits that are in place as well.

Q215 **Geraint Davies:** On that last point about the history of Wales, do you make any effort to get Government in general to put more investment in Wales to ease the strain on the Department? By way of example, in Swansea West, my constituency, we now have an unemployment rate of 8.3%, according to the ONS—twice the UK average. The DVLA is based in Swansea East, but I understand there is talk that the Government is going to put a new DVLA office in Birmingham. Where they site it will have higher employment levels. Would that be something you would be able to influence in favour of levelling up?

**David Rutley:** I am very grateful for the increased powers that you are trying to ascribe to me, but I am not able to influence that particular decision. All I know is that you are a very doughty champion for Swansea. There have been some fantastic job fairs recently, both in Swansea and across with Gower, that I think have promoted about 8,000 vacancies. Maybe I am overstating that somewhat, but there is a huge amount of work that has been done to promote employment in those areas. What is encouraging is to see what is happening in Wales with unemployment, and the unemployment rate at the moment is lower than the UK average.

**Geraint Davies:** Not where I am, as I say—

**David Rutley:** No, I understand that.

**Geraint Davies:** That is why the DVLA plan should be looked at again.

**David Rutley:** This is the Welsh Affairs Select Committee, and I think it is worth highlighting that there are some real successes that have been taking place in the economy. Sarah, do you want to come in at all on the point about what we are doing to highlight the particular needs—

**Sarah Pearson:** Yes, I think there are two things I would draw out here. We run two programmes with Welsh Government: one is Communities for Work and one is Parents, Childcare and Employment. DWP resource that with people to help and support that. Communities for Work is about helping some of our most socially deprived areas, supporting people back into work. That often takes place out in the community rather than our jobcentre, making sure that we are reaching those harder to help. Parents, Childcare and Employment is all about helping those with childcare needs, to help remove barriers and help people back into work.

I just want to draw on two other points. We have supported DVLA with their recruitment. DWP partnership with DVLA to make sure that we are there to support with any recruitment they have. The final point, Minister, was about the jobs fair. You are absolutely right that we had a jobs fair in Swansea. We had over 3,000 claimants there and 500 employers, so it was really successful in terms of bringing together our claimants with employers in the area.

Q216 **Geraint Davies:** You will know that because of the profile of Wales—because of the industrial background, it is poorer, older and sicker—there is more dependency on the benefits system. Indeed, because the average wages are something like 70% of the UK average, when there is a cut in any benefit—Universal Credit, for example—or public expenditure cuts, it hits deeper. If you have a typical one-earner family in the valleys—a woman who is a nurse and has a pay freeze—and there is also a benefits cut, it really hits poverty levels. Are you conscious of this? Do you make any effort to speak to your colleagues about investment in Wales? By way of example, again, on HS2 we give a recommendation that we had our proportionate share of investment, which we do not have. Is there any effort to put more money into Wales, given that we are dependent, as it were? When the UK is cut, we are really hurt.

**David Rutley:** My understanding is there are a number of deals that are being cut in different parts of Wales. I think the latest one that we are looking at is in Mid Wales, which will provide extra funding for that part of Wales. The important thing to highlight is that of course we are concerned about Wales. We want to help Wales succeed and prosper. Unemployment levels are certainly in the right direction. There are 37,000 vacancies on Adzuna, and 58,000 people are unemployed. What we need to do, as a priority—this is where we need that partnership working—is to help those people get into those vacancies. It is clear that there is social care, retail, hospitality and tech. These are sectors that we really have got to get more people into, and that applies to Wales as well.

Q217 **Beth Winter:** I thank our witnesses for coming today to give us evidence. I want to focus on pre-pandemic benefit levels. What lessons do you think you have learnt from the pandemic about what a welfare system should look like? It did highlight and expose the inadequacies of the benefits system.

**David Rutley:** I think the lesson that we have learned is that we have to be incredibly responsive in something as challenging as the pandemic. As I said at the beginning, I am very proud of the response that took place on many levels, across all nations, but particularly about the way that UC responded. It was a long time in the making; we have invested over 10 years to get this in place. I know that the Chair worked very hard to improve the system as it developed. Now we have stress-tested it to the highest level and we have seen that it is agile, it is responsive and it did not fall over. People got paid when they needed to. That was absolutely vital in Wales and in England, and

I am incredibly pleased that happened.

We were able to then put in the temporary uplift to help with the most extreme elements of the pandemic. That was only a temporary measure and, as the conditions have improved, that was then withdrawn. What I am delighted to see in the Budget is that we are in a new situation, there are vacancies out there, and now what we need to do encourage work incentives. That is where the Chancellor has put in place the reduced taper rate and increased working allowances, which are going to help a lot of low-paid families and individuals across Wales and the rest of the UK.

Q218 **Beth Winter:** Can I ask more specifically about the adequacy of benefit levels? You touched on Universal Credit. There was the uplift of £20, and we hear from frontline staff that people have expressed concern that the cut, as well as the inadequacy of other benefits, are going to plunge 800,000 people back into poverty in Wales. Close to 300,000 people will be affected by the cut now to UC. Can you comment more specifically on the adequacy of benefits?

**David Rutley:** Yes, there are lots of different organisations that try and look at how benefits systems should be created, whether they are built from the bottom up or whether they are linked to some level of relative poverty. The balance is always trying to make sure that we help people in genuine need, and at the same time respect the taxpayer and get that balance right. It is a real challenge and it is an ongoing debate.

The system supports people well, and it did so through the pandemic. It is flexible and it is agile. Now, with the new situation we find ourselves in, our top priority is to get those people that need it into work. For those vulnerable people in our communities, we have created a new fund of about £500 million. In Wales that is going to be a pot of about £25 million, which I understand the Welsh Government is putting together into a fund of around £51 million to help people with their basic needs, and in situations where they are vulnerable. We have looked at this from various levels: where people are vulnerable, we have extra support in place; where people are unemployed, let us get them into work and fill those vacancies we talked about; and for those who are on lower pay, we have effectively given them a big tax cut through the taper rate and the work allowance.

Q219 **Beth Winter:** Unfortunately, your views are not shared by those on the frontline and the people who experience the hardship. Can I ask Sarah a similar question, please, about lessons learned from the pandemic and the adequacy of the system specifically in Wales? Obviously, that is where you are based.

**Sarah Pearson:** Certainly. If we think about the pandemic, we saw that the UC system absolutely was able to respond to the situation. The platform was able to pivot quickly from that face-to-face delivery to making payments to

those customers who were impacted. Just to give you a sense of scale, we saw the daily claims increase by 10 times. Caseloads doubled. In the UK that was about 98%; for Wales that it about 76%. Ultimately, we were able to pay our customers on time. The UK average was about 90%, and in Wales that was closer to 94%-95%. During the pandemic, we were able to pivot our UC system to make sure our customers received payment.

It is also important just to draw out as well that our jobcentres did remain open during the pandemic for our most vulnerable customers. In the main, we stayed open to ensure those customers who were unable to access support in any other way were supported. Then we saw across Government the schemes kick in in terms of CJRS, the job retention scheme, and the SEISS. Of course, added to that, DWP put in place a number of easements—for example, with self-employed customers, the removal of the income floor—to ensure that we supported people. From a particular Wales perspective, we did not see the volumes double to the same degree as the UK, and we were able to improve payment timeliness a couple of percentages above the UK average.

Q220 **Beth Winter:** How adequate were the levels of benefits?

**Sarah Pearson:** I am not sure whether that is for me to comment on as a civil servant in terms of the levels of adequacy. I think the Minister can cover that, in terms of the levels and the uprating that normally happens.

**Beth Winter:** Thank you. Does anybody else want to come in?

Q221 **Chair:** Let us move on. Before I go back to Geraint Davies, could I just follow up on this question of adequacy, Minister? It is a term that gets used a lot by organisations working in the field of tackling poverty. Is it a meaningful concept within the Department? When people talk about adequacy, does it have a particular definition within the Department and, if it does, what are the metrics that are used to measure that?

**David Rutley:** I think one of the key things is we have got a system that has been designed to help people through various challenges in their life; it is designed as a safety net. We can have all sorts of debates about what is adequate, and I think it is interesting to note that the Joseph Rowntree Foundation and others have tried to tackle this issue with a minimum income standards approach. We then have a really interesting debate about what those minimum income standards are. They highlighted some issues as Netflix subscriptions, jewellery and wine. As a non-drinker, I would say that wine is not something that is a minimum requirement, but I am sure most people around the table would say that it absolutely is. We can have these debates, but ultimately what we are trying to do is to create this safety net, and it has been developed over time with conditions, and then help people get on their own two feet. That is the key dimension that we are looking at. As Sarah has talked about there is of course the uprating that comes through

in April, which will be at 3.1% this year.

**Q222 Geraint Davies:** I would like to ask you about statutory sick pay. It is about £95 a week, and obviously it was made much higher during the pandemic, at about £500 a week. If someone is on minimum wage, they are earning about £400 a week. How is it realistic to say that the NHS is free to everybody if somebody has to lose £400 if they have to take a week off because they are ill, and they only get about £100. Do you think we should perhaps increase statutory sick pay to levels nearer to the European average, for instance?

**David Rutley:** In the UK, statutory sick pay needs to be looked at in the round with the rest of the benefits that are being paid. It is wrong to look at it in isolation. We need to look at what is available within UC, and at other payments for individuals, especially if they have a longer-term condition; it might be more applicable, through UC, for them to get additional payments. Andrew is an expert on these matters, in terms of disability and health-related conditions. Is there anything you want to add, Andrew?

**Andrew Latto:** In terms of financial support, it is not just statutory sick pay, there is also Employment and Support Allowance and Universal Credit, as the Minister has said. For self-employed people it is only Employment and Support Allowance or Universal Credit because by definition they cannot get—

**Q223 Geraint Davies:** How much do they get a week if they are sick and they take a week off because they have severe flu, for instance?

**Andrew Latto:** I would need to look up the weekly wage of Universal Credit, which I do not have here.

**David Rutley:** It depends on the individual, doesn't it?

**Q224 Geraint Davies:** The Government stepped in during lockdown to say that if you have to isolate because you have symptoms, they were paying £500 a week. Indeed, in Wales, I think it was up to £750 a week. In normal times, if you were highly contagious with flu, for example, you would lose a lot of money staying at home—let's put it that way—and therefore risk infecting people and becoming more ill. In light of the experience in the pandemic, do you think we should change statutory sick pay, perhaps?

**David Rutley:** We were responding to a particular, unique situation, and we had to really step up to try and anticipate what might happen. That is why we had to put the temporary uplift on Universal Credit. We did not know what was going to happen. It was a pretty blunt instrument that was given to everybody. In hindsight, perhaps a more targeted approach would have been appropriate, but we just needed to get money to people. Similarly we needed

to do the same with statutory sick pay. It had implications for the individual, and also for the rest of society. To say that because of that unique situation, we need to change statutory sick pay completely—pre-pandemic, the economy was in good shape and employment prospects were improving, and that is where we want to get our economy back to, so that people have the financial resilience to be able to cope with a week off for flu, or whatever it might be.

**Q225 Geraint Davies:** Would you accept that if you or I are sick and we have to take time off our work, we will be paid, but a self-employed builder or whatever will not be paid, so in that sense the NHS is not free, is it? That builder or self-employed person has basically got to lose their pay, and we do not.

**David Rutley:** No, the NHS is free at the point of delivery.

**Chair:** We have a section on self-employment later on, so let us move on.

**Q226 Robin Millar:** Good morning, and thank you all very much for your time. I want to move the conversation on, please, to the question of stigma. We have this terrible tendency to “other” people—I think that is the phrase—to create groups and then say, “You’re over there and we’re going to do this”, or, “You need that”. With that, unfortunately, comes stigma. How significant do you feel this issue of stigma is in helping those who need it? Perhaps, Minister, I could start with you.

**David Rutley:** That is an interesting question, and I think the challenge with the legacy systems that we have had is there is stigma attached to that. With Universal Credit we have designed something—I am sure we will discuss the design more in due course—but the aim there was to simplify and to provide a system that would not just help people who were out of work, but help them get into work and then progress in work. The aim is to get rid of that stigma and to show that this safety net can help across the board, and it can signpost people to get some of these amazing employment opportunities that are out there now and help them have the confidence to do that.

Through the pandemic, more people have been touched by and experienced UC, and they have worked with our fantastic work coaches. We have recruited many more—13,500 in the UK. I hope what that that they have had a positive experience with Universal Credit. It worked; it was there for people, and they can see that it can help them with their progression as well. I am quite excited about the plan for jobs and particularly our response, in due course, to the in-work progression review that took place. That is where I think we need to move forward so that we can genuinely have a higher skilled economy—to Geraint Davies's question about how we reskill and equip people for the latest phase in our economic development—and improve productivity, and then we have higher wages. There is a virtuous circle there

that we have to get on to. For people to access that support, they need to be able to walk in and get help. We have to destigmatise. I think that many of our work coaches have done that through the pandemic.

Q227 **Robin Millar:** Ms Pearson, would you like to add anything to that?

**Sarah Pearson:** Certainly. One thing I would like to pull out is that part of the claimants commitment, particularly under UC, is about a conversation that they will have their work coach. That work coach conversation will take into account those individual circumstances, so it is not about stigma; it is about how we can help that individual to most productively look for work. For example, the claimant commitment will be tailored to take into account any physical or mental health provisions that we need to understand. It will take into account any caring commitments that they may have. That claimant commitment will be tailored to the individual because, ultimately, it is not about setting people up to fail; it is about making sure that we have a tailored commitment that the claimant understands and is able to commit to, and we are able to support them. It is very much driven by a conversation with the claimant.

That is why the relationship between the work coach and the claimant is so important, and it is about recognising each individual as an individual claimant within that. That is ultimately how we approach that with our work coaches: it is about having a conversation with an individual to make sure that we take into account all of the things that will impact it, and that we need to consider as part of that claimant commitment.

**Robin Millar:** I am reassured to hear that this is something that is at the front of your mind.

Q228 **Rob Roberts:** Just to stay on this topic for a moment, and staying with Ms Pearson, stigma is an interesting concept. For me it revolves around two things: first, that other people know about your situation, and, secondly, that there is some shame somehow in needing help. When I was in primary school, my parents had a difficult time and were on welfare benefits, and I got free school meals. None of our neighbours knew and none of my school friends knew. Do you feel that rather than looking to the Government to do something about destigmatising the system, the real solution is to help society to understand that there is never any shame in needing help and asking for it?

**Sarah Pearson:** I would agree, and I think we try to do that through things like our social media. I think we try to do that in terms of being accessible on the high street. This week we saw Martin Lewis tweeting and encouraging people to claim for Universal Credit. I think it is about being approachable and about making sure that we understand that we are supporting

customers. I think it is also around the fact that we have a community-based approach. This is why we have our jobcentres in all of our communities, so they understand the community with which they are working. I think all of those help and build towards trying to remove a stigma, and recognising that it is a safety net for all.

**Q229 Rob Roberts:** I would like move on and ask you, Minister, what your assessment is of the stresses that were placed on the social security system by the pandemic. The Chancellor said that the uplift was part of a "significantly strengthened safety net". Why was that significant strengthening a necessary response?

**David Rutley:** I think I have highlighted some of the background to the situation already. This was a totally unprecedented situation, and the Government knew that it needed to support people in work to avoid what could be an absolutely catastrophic situation. Credit to the way that the Government worked and the response and support of the Welsh Government, as a result of the Coronavirus Job Retention Scheme and the equivalent for self-employed, and through the work that we did with the £20 uplift for Universal Credit, we have been able to help people to get through the worst of that time.

The situation has now changed, and what we need to do is get those people into work. It has been an incredible response, but we need to again be agile as we come out into the recovery phase. Even now, with the latest variant, we still have to be light on our feet as to how we respond. Thank goodness we have proved that we can be agile and that we can be responsive to the needs in different parts of the country, and across the country as well.

**Q230 Rob Roberts:** What do you feel are the reasons for reducing the strength of that safety net, if the Chancellor said it needed to be significantly strengthened, post-pandemic?

**David Rutley:** Because the situation has changed, and now we have 1.3 million vacancies across the UK—37,000 just on one platform in Wales—and we need to help people get into work. We know that—as we have all experienced in our own lives, but also as we work with our constituents—work is a route out of poverty, but it is also the route to prosperity and people being able to stand their own two feet. I think one of the challenges with the pandemic, and I have certainly seen it myself, is that some young people and some older people lack the confidence. They have been isolated for a long period of time, and they need that extra bit of support to be able to take on a new opportunity or look at a new sector. We have an incredibly powerful scheme called Restart, and we have developed the equivalent of SWAPs in Wales, working collaboratively, so that people can look at new sectors. Again, that is a real testament to the joint working that can take

place in the approach that we have to help those people find work and stand on their own two feet. Through the Budget, the Chancellor set out those plans, which have now been implemented, with the taper rate and the work allowance, meaning that people can keep more of what they earn. It is a powerful work incentive at a key time to get people into those job opportunities.

**Q231 Rob Roberts:** The UK Government has frozen the Local Housing Allowance and frozen things like the winter fuel allowance rather than continue to link them to circumstances where fluctuations in rent can be accounted for with the Local Housing Allowance and fluctuations in energy prices with the winter fuel payment. Why have those things been frozen?

**David Rutley:** During the pandemic we increased Local Housing Allowance to the 30th percentile, and that led to a big investment which, on average, helped people to the tune of about £600 a year. That is being maintained at a cash level, so that benefit has seen through. Again, we have to balance out what we need to do to help people, and also how we can keep our public finances in order at this stage of the recover. Of course, a lot of the things we have talked about here cost hundreds of billions of pounds, and that is the balance we have to strike. We will have to make some very difficult choices here, but we have increased that housing allowance so that there is that average benefit of £600 for people, we have put the taper rate into place and we have changed the work allowance. For the most vulnerable, we have put the extra £500 million in place to help people as well.

We have sought to cover this off, and in Wales that means £25 million. Again, I do not know all the details of how the Welsh Government are going to be allocating that money, and how they have linked it in with other pots and funds, but that is how that will help people who are in genuine need. There are obviously discretionary housing payments, too, which can help people where there are challenges in paying the rent. We are looking at all those areas, but recognising that there genuinely is no magic money tree, and we have pushed the outer edges of Government borrowing. We have got to change that now.

**Q232 Beth Winter:** Minister, I am struggling to understand why, if people needed that support during the pandemic, they do not need it now. People's circumstances have not changed, and they have actually become worse. We have 10 million to 11 million people using food banks, and we have a cost of living crisis. Surely, a better approach would be to continue to provide the additional income to struggling households to enable them to find work, because their circumstances will not change until they actually access that employment. I do not understand how you can justify cutting UC, and not extending it while people find employment. It is a political decision.

**David Rutley:** I had a go at this, but I will give it another go. I think we might agree to disagree on this one. Where we are as a Government is that we had to provide that support at a critical moment in the economy and the health of the nation. We did that. It was done in a way that went out to all benefit claimants, and that number increased, but what has happened is that we are now in a totally different phase.

**Beth Winter:** We are in a worse phase.

**David Rutley:** No, we cannot be in a worse place. A year ago was a bad place to be, and we are now in a better place. I understand your concerns, but we are not in a worse place; we are in a better place. The economy is in a much better place and the health of the nation is in a better place. Now we need to move forward, and we have put the different mechanisms there to help people get those work incentives. What we need to do is work collaboratively across different agencies—using that word “partnership” that I talked about—to help people get the confidence to get into those jobs. There are at least 37,000 vacancies in Wales. My priority, working with the Minister for Employment and the Secretary of State, is to help fill those vacancies, because there are businesses in your constituencies—certainly in my constituency—who are crying out for people to come and do the work, and at the moment those vacancies are unfilled. We will probably have different ways we want to achieve that goal, and I respect those differences, but that is all I can say at this stage. I have tried it twice, but I do not think I am going to convince you.

**Chair:** Minister, you raised an interesting point there about job vacancies, and over the last couple of months I have heard Ministers talk repeatedly about the record number of job vacancies. In terms of the Welsh data, which I have not seen, but presumably you have some data in front of you, are the number of vacancies currently in Wales on a par with the rest of the country? Or are there less jobs being posted up in Wales? It comes back to Geraint’s opening question about the socioeconomic differences in Wales. Are you noticing any particular differences in the labour market?

**David Rutley:** It is a really good question. The vacancy data is not available on a constituency level, like the UC data or the unemployment statistics. I would love to be able to say to Beth that there are x thousand or x hundred jobs available in her constituency.

**Chair:** Yes, but Wales-wide?

**David Rutley:** That is what I was trying to say. In Wales we have a number of platforms, and we know how many vacancies are on them. That is why I looked at Adzuna this morning, and there are over 37,000 vacancies there in Wales. I do not know how that compares with the rest of the UK. I am unable

to give you a definitive answer now, but I will write back to you on that, if that is okay.

**Chair:** That would be interesting to see.

**David Rutley:** What is interesting is that in Wales over the last year, the number of unemployed, which is currently at 58,000, is down 12,000 in a year. I definitely understand the point that Beth has made. I have a lot of empathy and sympathy with the point she makes, but we are at a different point in the economy now. If we had had this conversation a year ago, would we have expected 12,000 jobs to have been filled, or unemployment to have come down by 12,000, in a year? We would not. It just shows that there is a dynamism in the economy that we need to now harness to help people in these challenging circumstances.

**Chair:** Before I bring in Rob Millar, Geraint has a very short supplementary.

Q233 **Geraint Davies:** Would you accept, Minister, that the increase in vacancies does not reflect an increase in jobs; it is just that a lot of people have left the country? For instance, 1.4 million people from the EU who registered to stay here are staying in the EU. We have a lot of empty jobs which are coming up as vacancies, so this is not a sign of success, is it? They are just empty jobs, not new jobs, aren't they?

**David Rutley:** Good question. I cannot give you a definitive answer about what was empty and what is new, and that would be very difficult to analyse. There are a large number of vacancies—1.3 million—and there are huge opportunities for the unemployed across the UK to fill those jobs. That is not to say there is not a skills mismatch, and that is why we want to match those things, through the plan for jobs. On both sides of the Committee, I know people passionately want to do that skills matching, and where it does not match, then we have to train people up. That is where Restart and SWAPs come in. Sarah is very clear on what is going on in Wales. Do you want to provide an update on this?

**Sarah Pearson:** I am very happy to. Skills in Wales is devolved, so the SWAPs, which are our sector based work academies—activities for people who are looking to move across sectors—are devolved to Wales. Working with the Welsh Government and our partners, we package those together. The only discernible difference is around the guaranteed interview at the end with the employer, but in the main, most employers are happy to do them. We work with our Welsh Government colleagues through our employer partnership network, and we engage with Welsh Government, local providers and local employers, and then look at what the labour market is telling us through the Regional Skills Partnerships. We then identify where we need to start to build skills to make sure that we have skills to match our workforce.

I am delighted say that it is an incredibly close piece of working that we do with Welsh Government to make sure that we have things like, for example,

an aligned youth offer for our young people. We worked in collaboration with Welsh Government to make sure that all of the elements of Plan for Jobs for our young people were aligned with Welsh Government and we had one pathway, to make sure that our young people in Wales ultimately got the best opportunity of both the Welsh Government and the UK Government provision.

Q234 **Robin Millar:** I have a question for the Minister, and I will follow up with Ms Pearson afterwards. Cast your minds back to that moment when we were told the country was locking down, and the Prime Minister said that we had to stay at home and businesses would have to close. I certainly remember a sense that we really were standing at the edge of the chasm, not knowing what was in front of us. I am very interested to know what the feeling was inside the DWP, with the thought that you might suddenly be exposed to a massive onslaught of claims, and so on. I am really interested to dig into what your thoughts were at that time, and, in particular, any assessment you might have done now of the resilience of Universal Credit to handle that onslaught of claims, perhaps against what legacy systems might have done.

**David Rutley:** I will have a go, but to be honest I cannot claim credit for all this. I have only been in post for two months, and there are colleagues here—Sarah and Andrew—who lived through that whole experience. I think it is important to highlight that it was all hands to the pump, basically. A lot of other systems in development and other initiatives were put on the backburner, and everybody turned their attention to how they could help fulfil these claims—so much so that people who are now in my private office turned to the frontline. It was an extraordinary pivot in the organisation to respond to that overwhelming need.

It is incredible that nearly 5.6 million new claims for Universal Credit were processed across the UK between March 2020 and January 2021—5.6 million. I think what that highlights, and you will have heard this from your other witnesses, is that whatever people think about Universal Credit, it stood the test. It was agile, it was dynamic, it was responsive and it was built to last. I think we can take great credit from that, and great pride. At that point, all I would say is a huge thanks from me, as a Minister, to the DWP team, our work coaches and everybody who has made that possible. I think it is probably better to hear from Sarah, in particular, how that happened. I would be extraordinarily grateful if through the report that you will be producing in due course—far be it from me to put words into the Chair’s mouth—we could highlight the contribution that has been made by what I think are a large number of unsung heroes. That would be much appreciated.

Q235 **Robin Millar:** Mr Latto, your name was mentioned by the Minister, so perhaps I can come to you, and then after that, Ms Pearson, we would be very grateful if you gave us an account of what is happening in Wales. I must just add my own thanks to Jobcentre Plus and the team in Llandudno—my

own constituency—for the work that they did there, because their efforts were extraordinary.

**Andrew Latto:** Can I just make one personal reflection before we hand over to Sarah? Sarah will know much more about this than I do but, having worked in DWP for 20 years, one thing that I did not expect was that people actually appreciated what Jobcentre Plus staff were doing in delivering Universal Credit and getting money into people's pockets. In some cases, as Sarah was saying, people were coming into jobcentres and getting to talk to somebody. That helped the morale of the Department, but it was not a good thing to happen to help the morale of the Department, if you see what I mean. Sarah will know much more because she was on the frontline, and I was in Caxton House during all of that.

**Sarah Pearson:** I think the first thing to say is that our overriding priority was, of course, to keep our customers and colleagues safe; that was always our starting point. As a DWP department operating in Wales, where we have different rules, it has been our overriding priority to make sure that we stay safe within the Welsh Government guidance as well.

I will just step through a couple of things. The pandemic hit, and that meant that we had to pivot. UC stood up, as the Minister said, so we were able to move from face-to-face delivery to making payments and payment timeliness to make sure that we were able to deliver. Across a number of our benefits we moved from face to face into digital. To enable our network to continue working internally we had a huge IT distribution to make sure that colleagues who would usually come into the office were enabled and able to work from home to be able to help our customers. DWP-wide, obviously we made a huge investment in our estates to make sure that we were able to support colleagues coming out of the pandemic. We have signed the lease on 188 additional jobcentres, and around six of those are planned in Wales. On top of that, we recruited over 13,500 work coaches to make sure that as we went through the pandemic and came out the other side, we were able to support customers in our priority areas.

All of our Jobcentres are Covid secure, and they remain Covid secure now for both our customers and our colleagues. It was all about changing into a digital and telephony delivery overnight. But as I said earlier, we always remained open for the most vulnerable in society, making sure that those who could not engage in that way could engage face to face. It was about mobilising our workforce to be able to deliver digitally and via telephony, making sure the most vulnerable were supported, expanding our estate and expanding our work coaches, and all the while making sure that we were operating in a Covid-secure environment.

Q236 **Simon Baynes:** Thank you, Minister, and members of the panel. I very much appreciate your presence here this morning. I add my thanks to those

of my colleagues to the DWP and everybody else who has worked so hard to provide Universal Credit and support for people in vulnerable conditions through the pandemic. We are very grateful for all the work that has been done on that front, particularly for my constituents in Clwyd South.

I want to continue on the subject that my colleague Robin has asked about. In view of how flexible Universal Credit can be—I think that has been very much demonstrated during the pandemic—is there an argument that the Welsh Government should have the flexibility to choose how frequent the payments are and who they are paid to?

**David Rutley:** The system is flexible, but I think it is important that we have a single system that makes payments to individuals on a basis that is across the board. It is a reserved matter at the moment. Those payments are equal across the UK, and I personally think it has stood the test well. In a way, it highlights the pooled resource of being linked to the wider UK economy. That meant we could respond at those moments and make the extra payments when required, and then withdraw them when they were no longer required and the focus needed to turn to work incentives. I think we have got a good, agile system, but I do not think it will be ideal or even appropriate to get to the point where we have different levels in different parts of the country.

Q237 **Simon Baynes:** Thank you very much. Moving on to self-employed claimants, I wanted to look at what lessons you have learned from the pandemic about how sufficiently the benefits system supports the self-employed. As we all know from our constituents, this was an issue during the pandemic. Specifically, will you review the capital savings limits in light of the experience of many self-employed people during the pandemic?

**David Rutley:** I think we have learned more there, but at this stage there are no plans to change the capital limits.

Q238 **Simon Baynes:** Secondly, what training do work coaches receive about how best to support claimants who run their own business?

**David Rutley:** That is great to see, and we can get Sarah to provide more information on that at the frontline. When I have been out to jobcentres, it has been great to meet work coaches whose job it is to support the self-employed. We have given extended periods where people can prove the concept of their business and help them through that. There are also minimum income floors, because we want to encourage people to make sure that their business is viable and we will give them that support through work coaches too.

It was interesting to see as I was preparing for this that there is a self-employed mentoring service in Wales. One of DWP's partners, Intuitive Thinking Skills, is doing that, and that is something I would like to see

applied in our jobcentres—I am sure it is not an isolated situation—where we have the work coaches and then creatively, locally, we can provide some sort of mentoring in different areas. Before I came into this place, I found that mentoring has been hugely helpful, and local solutions can be created there that can help the self-employed with different aspects of their skillset. As they are having to do everything within their business, they sometimes need extra support. I think that is something that we can look at but, again, I would not just look to Government for that. I think that is something on which chambers of commerce locally can work in partnership with jobcentres, and we can help those people more. Sarah, do you have any local input you want to provide?

**Sarah Pearson:** Yes, certainly. We have spent a huge amount of time and effort in upskilling our self-employed work coaches. We have around 6,300 specialist self-employed work coaches, and we increased that number as we started to see some easements come back in after Covid. As an example, during the pandemic there was a suspension of the minimum income floor. We extended start-up periods. For those who started self-employment during Covid, pre-Covid they might have had to stop trading. We have now re-engaged with them and extended that start-up period.

Ultimately, all of our self-employment work coaches will signpost self-employment customers to specialist support, as you referenced, Minister. In Wales, they will also target and direct them to Business Wales, who will provide them with mentoring support to start up and to grow their business. On top of that, our national employer and partnership team use their platform to engage with all of our national employers and partners to help in terms of where they can identify partners who can help with self-employment. For example, Rebel Business School helps us support self-employment customers who are new to that area of work. A huge amount of work and effort has been put in to make sure that we are able to support self-employment customers, particularly as the economy reopens.

**Chair:** Can I appeal to our witnesses to make your answers a bit more concise? I am conscious that we have half an hour left and still quite a way to go.

Q239 **Dr Wallis:** I want to touch on young people and youth unemployment briefly. I have done a lot of work with local employers on the Kickstart scheme and it has been very well received in my Bridgend constituency, with one large employer's recent press release saying, "We're delighted with the success of the scheme to date." That is Parkdean, which operates Trecco Bay in Porthcawl in my constituency. When I have asked witnesses in this inquiry about the scheme, however, they seem reluctant to give any indications as to what their thoughts are on it. What initial assessments have you made of the success of the Kickstart scheme, and what indications are there of how effective it has been at tackling youth unemployment in Wales?

**David Rutley:** Across the UK we are now at 100,000 Kickstarts in place, and those that I have spoken to have found this invaluable as a way to help move their career forward. Some employers found the system a bit complicated to start with but once they had navigated it, they found that it is a great way for the Government to fund somebody for six months, so that the employer can get familiar with them and then bring them on to their team in a risk-free way. That was really important to help young people gain confidence to get into the workplace and to give employers the confidence to employ young people. We know that at the point of an economic recovery, there is normally a lag in young people getting into jobs because older, more experienced people often fill them. It has been an invaluable tool and really important. I am just trying to find the stats for Wales. From memory, I think we are at about 5,000.

**Sarah Pearson:** That is correct. There are over 5,000 Kickstart jobs in Wales. Could I just start by thanking the Chair and the MPs around the table? You have all been incredibly personally supportive in Kickstart. I know lots of you have come to our jobcentres or to our job fairs, or helped us virtually to secure Kickstart vacancies. It is part of our plan for job offers around youth, so that includes things like our youth hubs, which are there to help our young people in society. Kickstart is a £2 billion programme. We are really pleased with the success of it, and we have seen young people who have moved into roles who would not necessarily have got them. For us Kickstart has been incredibly successful in terms of our young people.

Q240 **Dr Wallis:** Minister, very briefly, would you agree with that characterisation that the scheme has been a success?

**David Rutley:** Yes, it has. We will always want to learn lessons on how we can land things even more effectively at the beginning. Nothing is 100% perfect, but the response that I have had is excellent. The fact that we now have 100,000 in place and it is motoring in Wales is really, really important.

Q241 **Ruth Jones:** I thank all of you on the panel for your time today. It really is invaluable. Can I start with the Minister? I am looking at those with disabilities and long-term health conditions. Obviously, the pandemic has brought particular issues for them. I am thinking of things like the ability to go online versus paper—it has been hard for them—and things like specialist assessors perhaps not being as available. What lessons have you learned from the pandemic in terms of how those with disabilities and additional needs have been able to access the benefits system?

**David Rutley:** We have sought to find creative ways to communicate with people digitally. Paper assessments are important, but face to face is key, and I think it is fair to say that that has been a challenge during the pandemic. We are working very hard to overcome those challenges now, as Sarah said, in the employment space, but equally in the disability space and

the health condition space. We want people to get the assessments and the payments they need as quickly as possible. We are currently, I think, around 20 weeks with PIP, and we are working very hard to speed that up. But it is challenging to get those assessors in place when obviously there are competing demands in the health economy for some of those people who work in other health-related areas. We have hopefully got through the worst of the pandemic, but there are clearly competing demands for those skillsets. I have been talking a lot with Sarah ahead of this, and she can give us some more information on the ground.

**Ruth Jones:** How do you juggle online versus paper? We know that those with a long-term disability submit online, but when they go for an appeal, the denial is overturned in the majority of cases. How do you reconcile that with the ability to work online versus in person in the jobcentre?

**Susan Pearson:** To go back to your original point, which was about what we have learnt during the pandemic, I think our initial findings from the move between the channels is the outcomes are broadly the same regardless of channel. During the pandemic, for example, we quickly put in a digital online service for those who were in receipt of Employment Support Allowance to make sure people were able to access that. We also work in partnership with things like Citizens Advice in Wales on help to claim to make sure that people are signposted and supported all the way through that first phase. Of course, our jobcentres are open and are going to help and support that.

The point I would make is that we are looking at everything that we had to put in place because of the pandemic to understand what are the best lessons to learn from that. We are still considering that at the moment, but, ultimately, the bottom line is that our jobcentres remain open to help. There is help and support there from Citizens Advice, and we are looking at the different channels to understand what that tells us.

Q242 **Ruth Jones:** Thank you. Mr Latto, we have had NGOs talk to us about the difficulties between implied and explicit consent, for instance—people with additional needs needing help to access the application process. Have you got any thoughts about that coming forward, in terms of the health and disability Green Paper and things like that?

Q243 **Andrew Latto:** I was going to mention the health and disability Green Paper, because that is where we are consulting on exactly these kinds of issues about disabled people and people with health conditions having access to the benefits system. We welcome all contributions about that. Some of the changes we made during the pandemic were things we were looking at piloting anyway, like video and other means of assessing people. As the Minister has said, the face-to-face contact is the opportunity to build a case. Quite often, you might find that there is a hidden condition—possibly a

mental health condition—behind the physical condition. In that case, the assessor maybe does not have the opportunity to assess that if it is done remotely, which is why we are keen to return to face to face.

I will say just two other things, if I may. We have a really interesting opportunity now with the Scottish Government; it is a replacement of Disability Living Allowance and Personal Independence Payment with different benefits. The benefits look quite similar in the first instance, but the way they are assessed is going to be different. Both Governments can learn from each other in that. Ministers in both Governments have said that we want to do that, because we are dealing with the same client group with a very similar benefit structure, but delivering the service in a slightly different way.

The other thing to mention is Attendance Allowance; that is in my direct portfolio, which I am responsible for. That is entirely done through paper applications at the moment. During the pandemic, we introduced the opportunity to claim online Pension Credit, which is the means-tested support for pensioners. We have never tried a digital approach to that client group before. We were quite surprised to find that quite quickly 50% of claims to Pension Credit were made online, some of which may be for the reasons we introduced it—because people do not want to go to the post office and they cannot get hold of people on the telephone—but there seemed to be less resistance to a digital approach for some people in that client group. We are quite interested to look in that territory; not just working-age disabled people, but older people as well.

**Q244 Ruth Jones:** Anything that will help people take up Pension Credit—obviously, we know that is a massive hole at the moment—is to be welcomed. Minister, the consultation period for the health and disability Green Paper is now closed. Do you think it is ambitious enough? Will it be going far enough? Obviously, it is a generational paper. What do you think?

**David Rutley:** We want it to be ambitious. We are going to be looking at the responses. It is not my area; obviously, the Minister for Disabled People will be responsible for that, along with the Secretary of State. Along with the disability strategy, the momentum we have already got in this space is something that we all want to see further improvement on cross-party. We are very clear that we want an ambitious response, absolutely, and a major step forward.

**Q245 Dr Wallis:** Mr Williams, how would you characterise the UK Government's working relationships with the Welsh Government and local authorities? Could you briefly touch on how those relationships evolved during the pandemic?

**Geth Williams:** Certainly. We have a good working relationship with the Welsh Government; the Secretary of State for Wales, and the Parliamentary Under-Secretary of State for Wales meet Welsh Ministers regularly. During the pandemic, that certainly went up a notch. As we discussed earlier, it was all hands to the pump, frankly, in April and May 2020. There were frequent bilateral meetings between the Secretary of State for Wales and the First Minister and Welsh Ministers more generally. There were also multilateral meetings, chaired by various UK Ministers, in terms of handling the pandemic.

Since then there has been a very good working relationship. The Secretary of State for Levelling Up has a weekly meeting with the First Ministers to talk about Covid but other issues more widely. That is attended by the territorial Secretaries of State, including the Secretary of State for Wales. We have the outcome of the intergovernmental review, which means more meetings at official and ministerial level on specific issues between Departments and the Das—the Welsh Government, in this instance—including DEFRA and BEIS, so we are ramping up intergovernmental communication quite significantly.

Q246 **Dr Wallis:** Thank you very much, Mr Williams. Mr Latto, do you have anything to add to that?

**Andrew Latto:** From a DWP perspective, our relationship has always been close on the operational side because skills is a devolved issue, so we work closely with the Welsh Government. We encountered a number of bumps in the road with the Welsh Government during the pandemic. For example, at one point there was a mismatch between the notifications on self-isolation that came from the Welsh Government and what we needed to process statutory sick pay and other benefits. It was pure lack of communication; we just did not know the right people to talk to. We needed to reach out—in our case into the Welsh Government, and in the Welsh Government's case into DWP—to find the right people to talk to to sort that out, so that people did not suffer inadvertently as a result.

Coming out of the other side of this, certainly in the policy side of DWP, there is a much greater awareness of the devolution settlement—of what is devolved in Wales and what is not. There is also a greater propensity, which I really welcome, from my colleagues in the Welsh Government to engage with us earlier when they are making policy design questions to see how it is going to interact with the reserved system.

Q247 **Dr Wallis:** Thank you. That is very helpful. Ms Pearson, do you have anything to add to that?

**Sarah Pearson:** Thank you for the opportunity to contribute. I would say at an operational level we have got a really good working relationship with Welsh Government, not least because skills are devolved to Welsh

Government. It is imperative that we work closely with them to ensure that we get the right skills provision for our people of Wales. I mentioned a little bit earlier that we have a youth journey in Wales that aligns Welsh Government and UK Government provision. We work with them hand in glove with Careers Wales who help and support us. Kickstart and Careers Wales will help us to make sure we have got our young people Kickstart ready. They would support us when the young Kickstarters come back in, to ensure that they were ready for apprenticeships. I would say, on an operational level, our working relationship is strong and something we are really proud of.

**Chair:** We are going to have to really up the pace if we are going to get through everything that we need to.

Q248 **Ruth Jones:** Going back to 2020, care workers in Wales were paid a £500 bonus, which was taxed. In 2021 they were paid the £500 full amount, but it actually cost the Welsh Government £735 per person. I am just following on from Dr Wallis's questions about the discussions that were had with the Welsh Government, thinking ahead now to the £100 winter fuel payment. How much engagement had there been with the Welsh Government prior to that announcement being made? Perhaps I can start with Mr Williams.

**Geth Williams:** Sorry, but I think that is more a question for DWP to answer.

**Ruth Jones:** That's fine; I will move on to the Minister.

**David Rutley:** Within the way that Universal Credit is designed, it is very flexible and responsive to changes in income. There are some disregards that are put into place for very extreme circumstances, such as Windrush or Grenfell compensation schemes, but they are quite rare and extreme situations. I was not privy to the dialogue because I was not around at the time, but with the £500 bonus that was given in Wales but not elsewhere in England, for example, within the way that worked in Universal Credit, that is recognised as earnings. If the Welsh Government wanted to do something to respond to that, that is the approach that they would need to take, because it would be recognised as earnings in the way the system is designed. As I said in very rare situations there are opportunities for disregards, but it is in quite extreme situations. Andrew, were you party to those conversations or aware of it?

**Andrew Latto:** Yes, I was not going to mention the £500 payment, because I think that for both Governments it was maybe not our finest hour. We could have talked a bit earlier on, so that at least there was not a surprise when it came out, either on the HMRC side or on the DWP side. The issue there was that the £500 is a bonus—it is paid income—and that is how it falls to be treated in the tax and benefits systems.

The £100 winter fuel payment will be capital. I imagine that very few people have got so much capital in Universal Credit that £100 is going to push them over the edge, so it is much less likely to affect their Universal Credit. Whether it is taxable is a matter for the Welsh Government and HMRC. That is what I was alluding to earlier about colleagues in the Welsh Government coming to us, and us going to them, at an earlier stage in the process so there are no surprises.

Q249 **Ruth Jones:** I think you have highlighted the crux of the problem there. If issues are discussed early enough, problems can be ironed out. Obviously, David TC Davies is not here today, but the Secretary of State for Wales specifically said there was no communication with him. I just wanted to be clear where the communication blockage was.

**Geth Williams:** All I can say on the matter is that it would have been helpful if the Welsh Government had approached us on the policy earlier. I am afraid I cannot give you any dates.

**Ruth Jones:** Thank you very much for that. I will hand back to the Chair now.

Q250 **Chair:** Ruth, thank you very much. Can I just follow up very quickly on Ruth's question about the Secretary of State not being consulted? When we had Minister Jane Hutt in front of us last week, she seemed to indicate, "Look, there is no problem here. We talk to HMRC and we've got very good relationships with DWP." Mr Williams, are you able to help us understand a bit more what the role of the Wales Office is, if any, when it comes to those day-to-day communications between the Welsh Government and different branches of DWP? We know that the Wales Office plays a facilitatory role in some of the issues that we have looked at as a Committee between the Welsh Government and the UK Government. When it comes to social security and the welfare agenda, is there a role there for the Wales Office?

**Geth Williams:** The role for the Wales Office in that is no different than the role of the Wales Office in anything else. As you say, we are there to facilitate; we are there to oil the wheels. We are there to support intergovernmental relations. We are certainly not a block in terms of Welsh Government talking to UK Government Departments directly, and we would not want to be. Where there is an issue or a potentially high-profile problem, you would expect the Secretary of State to be aware and to get involved in order to help sort it out.

**Chair:** Thank you.

Q251 **Rob Roberts:** I would like to move on to talk about the basic income pilot, which is planned in Wales. I am interested to know what discussions Welsh Government had with DWP—and indeed HMRC and the Treasury—regarding the pilot. I am not sure who might be best placed to answer what discussions

took place.

**David Rutley:** Andrew is best placed on the discussions, and then I will come on to the substantive point.

**Andrew Latto:** In terms of discussions, yes, my counterpart in the Welsh Government did get in touch with my team quite some time ago to talk us through what they had roughly in mind at that time. I think there has been an announcement now about the kind of pilot that the Welsh Government might be seeking to run. We were providing advice about the impact of—we do not know exactly what it is going to look like, but when we do know, how will that interact with Universal Credit? The people that are probably going to be in this pilot are more likely to be on low incomes and probably in receipt of Universal Credit, and this will be an additional income coming into them, so that brings us back to that point earlier about whether something is income or capital—those sorts of things.

Q252 **Rob Roberts:** Where did we get to in terms of what the potential impacts are on people who are participating in the scheme?

**Andrew Latto:** The Welsh Government Minister has written to the Secretary of State to set out what the pilot might look like and to ask explicitly how that will be treated in the calculation of benefits, so we need to respond to that letter. Frankly, we really need to see in quite a lot of detail—including the legislation—exactly what it is before we can work out how it is going to interact with the reserved benefit and HMRC with the tax system.

**David Rutley:** I have followed with interest some of the other witnesses that have come to the Select Committee on this particular point about UBI. To me, I just think it is not the best approach; it is not that well-judged. I know that other countries like Finland have tried it and they have just said, “This doesn’t work.” This is a very micro pilot, it would seem, with care leavers, who obviously are a cohort that we want to really take care of because their outcomes in life are often very challenging. I know that the Chair has worked hard in that space in the past and probably still does, and it is an area I care about. There are different ways we can support those people through the covenant and through the charter that we have in place, and through some of the other changes that we are doing about the shared rental arrangements. I cannot quite remember the title of that; forgive me.

This approach does not provide the right incentives for people to work. It is incredibly expensive, and then the complexity it would add, as Andrew said, with regard to the disregards that will be in place—I just think before this is taken forward, it needs to be incredibly well worked through. The advice from all those people who have come to this Committee, from those people who have tried this out in Finland and examined it in other parts of the world, is that it is not a good approach. What we already have in place is working well.

Obviously, it can be fine-tuned and we can look at what else we can do for care leavers, but this approach is not the optimal one.

- Q253 **Rob Roberts:** Finally on this point, as I understand it, Universal Basic Income at its core is aimed at widespread societal benefits. Do you agree, Minister, that a widespread societal benefit can never be measured by small trials because they are neither universal nor a basic income? Surely, it is only ever an all-or-nothing approach, and wasting money on a small-scale trial would not really tell us anything about whether it works at all.

**David Rutley:** I think you have said it all, and that links in very well with your other expert witnesses that have come here, who know more about these subjects than most. The point I was making about care leavers is that the exemption from the shared accommodation rate and other things that we are doing really can help that group. Let us look at those other areas. This is incredibly complicated, very unlikely to work. I would have thought that all the intellectual firepower that is required and the resource should be better targeted to figure out what we can do for those individuals. That would be my advice.

- Q254 **Simon Baynes:** In a sense, Minister, we have touched on my next question, so it will be a brief question and you can give a very brief answer. What do you see as the difference between the devolution of the administration of welfare and the devolution of policy? Obviously, this does link into what we have been discussing on UBI, where I think it was striking in a lot of the submissions that we had before the Committee that there was, at best, lukewarm support for UBI, particularly from the experts in the field.

**David Rutley:** We have seen that in Scotland there is a different approach where there can be further devolution. Personally—as we have had this conversation, as I prepared for this meeting and as I spoke to people about what is actually happening on the ground in Wales—I think we are in a good place. We have got a system where two Governments are working well together. Yes, there are occasionally some bumps in the road, but when I see the degree of collaborative working between the two different Governments and when we see the work that is happening locally as well—with support from Members of Parliament from both sides—to me this is a system that is working. It has been stress-tested during the pandemic. Let us continue with it and let us always seek to improve it, but I do not think devolution is required and it would not help in this situation. We have got a good working relationship. Geth may have a view on that too, in lieu of our legendary David TC Davies, who is not here; I am sure that he, with great eloquence, would say these things with more vigour and verve than me.

**Geth Williams:** And compared to me as well. The UK Government thinks it has a settled position when it comes to the Welsh devolution settlement. We

are not minded to agree significant additional devolution. The wording in the Welsh Government-Plaid Cymru co-operation agreement in terms of seeking devolution of administration of welfare is very interesting. We will await further detail, but with any approach from the Welsh Government we would start from a perspective of not being minded to devolve significant additional powers.

Q255 **Simon Baynes:** I am aware of the need for brevity, so I am going to bring this to a close, but as a border MP for Clwyd South—given that up to 25% of the people working in the border areas go across to England for work—I do think that universality of benefits is extremely important. It would create all sorts of problems for people living in my constituency if that was not the case.

**Chair:** I am going to bring in Geraint Davies very quickly for a supplementary, but I will grab the opportunity, Minister, to ask you this. Given what you were saying earlier about the differences in the Scottish situation, does it feel to you like we are on a one-way track to greater devolution of benefits? Do you think there is a risk of what has been, up to now, a highly integrated UK-wide benefits system fracturing?

**David Rutley:** No, I do not see that. I think all of you are closer to the politics in Wales than me; I am not a Welsh MP. My concern is that this debate could be a real distraction at a point where we have got a system that is working well; let us make it work even better. With the partnerships that we have heard about, and the fact that Sarah can say with confidence that Members on both sides of this Committee are engaged in making it happen—when I say “it”, I mean helping people and helping people into work—I think it would be a huge distraction, at a time in our economic cycle when we need everybody focusing on getting these people into work. I hope we do not see more of this. I really hope that we can build on those partnerships that we have. I am encouraged by the things I have heard in preparing for this and what I have heard also is this is not an issue on the doorsteps in Wales. Certainly, it has not been when I have been on holiday. I have spent a lot more time in Wales over the last two summers and this was not a burning subject in the conversations I had. Thank you very much for having us here and for taking such a keen interest in this important subject.

**Chair:** We are not going to let you go just yet; we are going to finish off with two very quick questions.

Q256 **Geraint Davies:** Minister, the Welsh Government decided that if people are still in arrears after three months, they will not be evicted, but the Welsh Government in fact pay their rents, subject to checks. They found that this was much cheaper than allowing them to be evicted in terms of the wider public sector costs of social services and the like. Therefore, given that they

are able to act holistically in the interest of public expenditure—and obviously of human wellbeing—is there not a case for further devolution, because we are not doing that at the UK level where Departments are siloed?

**David Rutley:** I think it is for the Welsh Government to look at how it can respond in particular situations and develop approaches it thinks are best for people in Wales. I must confess I do not know enough about this particular area, so let me take a look at that rather than flannel around at the end of this Committee meeting. Thank you for raising that issue.

Q257 **Beth Winter:** How can you say the current system is working when we have got 10 million people using food banks in this country?

**David Rutley:** We have got a system that, pre-pandemic, was helping a lot of people into work. We were at good employment levels and Universal Credit was helping those to get into work and to progress in work. We responded to the pandemic. I think we could argue at the fringe but, on the whole, it was a very positive response to the pandemic economically, from a health perspective and through social security too. Now we have got a system that is responding and enabling people to get back into work. We have already talked about the successes—12,000 fewer unemployed people in Wales. To me, that is really moving in the right direction. We have got the support in place for those people who are vulnerable, and there is a £51 million scheme, of which £25 million came from the UK Government, to help those vulnerable people.

Q258 **Beth Winter:** Finally, it sounds as though you have not had much discussion with the Welsh Government yet regarding the devolution of administration of welfare. Are those discussions forthcoming? Are they going to be happening, given the co-operation agreement?

**David Rutley:** It is for the Welsh Government to approach the relevant Secretaries of State in the UK Government, and then we will see how that develops. As we said, and I want to underline this, we have got a system that is working well here. Seeking to devolve further matters would, to me, be a big distraction when there are so many other big priorities ahead of us—economic development, healthcare, social care. Let us move forward with them.

**Chair:** It is still 11.30. Rob, you had a question—if you can promise to be super quick.

Q259 **Rob Roberts:** Thank you, Chair; I shall be less than a minute. Minister, given that wage standards, educational standards and health standards have done nothing but plummet in Wales over the last 20 years, can you fathom any particular reason why we might devolve more powers to Wales to harm the country in more ways?

**David Rutley:** We have all got responsibilities in Government that we need to deliver on, and there are areas for improvement within the Welsh Government's responsibilities. We are working hard in UK Government, too, but I think you are just reinforcing the point I am trying to make, which is that if you look at all the priorities before us, devolution of social security would not be a big priority to me. Members around the table can determine capacity and capabilities in doing that, but, for me, if something is working, let us get on with other priorities rather than getting distracted by arguments around devolution in this particular space.

**Chair:** Excellent, thank you very much. That was a very useful session. We are grateful to you, Minister, and we are grateful to your officials Mr Latto, Mr Williams and, virtually, Ms Pearson. Thank you very much for your time. Geth Williams, if you would take our best wishes to David TC Davies, the Parliamentary Under-Secretary of State, we would be grateful. Thank you, and we will bring the meeting to a close.