House of Commons

Work and Pensions Committee

Oral evidence: The cost of living, HC 1058

Wednesday 9 February 2022

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Watch the meeting

Members present: Stephen Timms (Chair); Debbie Abrahams; Neil Coyle; Nigel Mills; Selaine Saxby; Dr Ben Spencer; Chris Stephens; Sir Desmond Swayne.

Questions 1 - 106

Witnesses

I: Robert Joyce, Deputy Director, Institute for Fiscal Studies; Peter Matejic, Deputy Director for Evidence and Impact, Joseph Rowntree Foundation; Rory Weal, Senior Policy and Public Affairs Manager, The Trussell Trust; Morgan Wild, Head of Policy, Citizens Advice.

II: Rt Hon Dr Thérèse Coffey MP, Secretary of State, Department for Work and Pensions.

Examination of witnesses

Witnesses: Robert Joyce, Peter Matejic, Rory Weal and Morgan Wild.

Q1 **Chair:** Welcome, everybody, to this meeting of the Work and Pensions Select Committee, taking evidence on the cost of living crisis. We are delighted to welcome the panel of experts who have joined us here in the Commons this morning. Thank you all very much for coming. Can I ask each of you just very briefly to introduce yourselves to the Committee, starting with Peter?

Peter Matejic: I am deputy director for evidence and impact at the Joseph Rowntree Foundation.

Rory Weal: Hi. I am the senior policy and public affairs manager at the Trussell Trust. We support a network of 1,300 food bank centres across the UK.

Morgan Wild: I am head of policy at Citizens Advice.

Robert Joyce: I am deputy director at the Institute for Fiscal Studies.

Q2 **Chair:** Thank you all very much indeed. Can I start with a question and ask each of you to comment on this? The Government have made a lot of use of local authority discretionary funds over the last couple of years with announcements from time to time of funding being provided to local councils for that purpose. How effective has that been, do you think, in getting help to the hardest-pressed households? More broadly, what role do you think local welfare assistance should play alongside and within the social security system? We will do it in the same order. Peter.

Peter Matejic: It does have a role, but we are worried about the arbitrariness of it. People have to know about the scheme and have to apply to it. There does seem to be a bit of disparity between councils as to what they are using the local welfare scheme for. We see it as a useful adjunct to the benefit system, but we certainly do not think it is a substitute for an adequate level of benefit. It is a safety net for those who fall outside or have very special circumstances, but we think it needs to be more accessible and more consistent between local authorities.

Rory Weal: From the perspective of the Trussell Trust and the food banks we work with, local welfare can have a really important role helping people with individual, one-off costs, for example, if a fridge packs up or similar. It can also have an effective role in linking people with local support and local services. I agree with what was just said; what it is not a substitute for is income replacement and helping people to afford the essentials, day in, day out. When it comes to a policy response to the cost of living crisis—the increase in prices that people are seeing—it really is not an effective substitute for ensuring that the social security system, for example, pays people enough to afford those essentials.

There are further issues that were just highlighted around how local welfare is delivered. It is a real patchwork—a real postcode lottery—and schemes in different areas look very different from one another. There is no centralised pot of money or centralised approach. When trying to get money out quickly to people, it is not the most effective way of doing that.

What we would like to see is a long-term look at local welfare to ensure that there is guaranteed funding so councils can plan and better develop their schemes and services, so that they might be better able to fulfil these functions. At present it is not the best way of getting people the money they need right now in the current crisis, and we would certainly be looking to other policy interventions through social security to ensure people can more effectively afford the essentials so that they do not need to use a food bank, for example.

Q3 **Chair:** Have you found over the last couple of years that people coming to food banks have taken advantage of the funds that have been provided?

Rory Weal: It is a really interesting question. The first thing I would say is that awareness of local welfare still remains remarkably low. When you look at people who are referred to food banks, only a minority are aware of or are accessing local welfare support. People are coming to food banks, often, before they are turning to their local authority. That is concerning because we do not want to see food banks entrenched as a response to this problem of hardship.

We have seen an uptick in the pandemic, more people have accessed it, and that is because—it has been really welcome—the Government have made additional funds available to local authorities, but we are still seeing it as something where awareness is too low, people do not know what is available and how to access it. There is a lot more work that councils, with central government, need to do to build awareness and ensure that people know what they can access and get that support when they need it, because it is still not something that is happening for most people who are turning to food banks.

Morgan Wild: I would echo what both my colleagues have said so far. It can be vital for people in particular forms of crisis. If you, for example, have no recourse to public funds and need support from your local council, that can be very helpful. If you, say, are in a financial crisis and waiting for your first Universal Credit payment, that can be very valuable too. There is definitely a role for local welfare, the local councils, to help people who are falling through the cracks in our safety nets.

The challenge is that it is not a holistic solution to a cost of living crisis. When everybody's costs are going up, support has to come through a general response in the benefit system. The Household Support fund has been very welcome over the last six months—£421 million disbursed in England—and is coming to an end at the end of March. It has been very welcome, but it is not a proper response to the rising costs that people are facing.

We share the concerns about the patchwork nature of the funding and the broad discretion that local councils have in how to administer it. It is helpful in some respects, in that local councils will know the types of need and the types of organisations that are best-placed to administer these funds in their local area, but it does create a lot of complexity and a lack of simplicity for people applying for these funds. In some local areas people cannot apply for the funds directly themselves and the funds are only administered through existing channels.

It is a challenging picture. We are involved in disbursing the funds in some locations and what we are hearing from advisers is that it is very welcome, but they are very worried about what happens at the end of March when the Household Support fund comes to an end. One adviser has told me that it is like a plaster on a gaping wound for people who have serious financial shortfalls: it helps them for a few weeks but does little to address the fundamental issue.

Q4 **Chair:** Can I just put an additional point to you as well? You may want to comment on this point. You have suggested using more up-to-date inflation data for social security uprating. How readily do you think that could be done?

Robert Joyce: On the previous points I probably do not have much to add. Some of my colleagues here are closer to how this works on the ground. In short, in terms of these local schemes, I think we need them but ideally they would be to help deal with some of the edge cases that are harder for national policy to deal with. A danger you want to avoid is that these become poor substitutes for creating national policy that is not more of patchwork and a confusing mess than it needs to be, particularly because one of the limitations of these local schemes, as has been touched on a little bit, is that there is no guarantee that even they get to the people who really need them most because of application procedures, publicity around them and so on.

On your question about national benefit rates and uprating, just basic context is that at the moment, by default, effectively, benefits go up in April in line with inflation to the previous September. In this instance that would mean 3.1% CPI inflation up to September last year. Of course, in a context where inflation rises rapidly after September and the situation we are in now, that means a real cut in benefits. The converse would happen in times like quite probably next year when inflation is falling back, by the way. This does not affect the long-run level of benefits; it is about whether they are keeping pace with inflation in something close to real time.

In the current situation it would seem like a very good time to somewhat update the way we do this. Historically, for reasons that have still never been clear to me, but I believe are real, DWP's computer systems would get very upset if you tried to change benefit rates at too short notice. Doing something like waiting until February to see what inflation is, rather than September, and setting benefit rates then would have been infeasible, apparently. However, under Universal Credit that is not the case.

I think this would be a good opportunity to move on from that anachronism. As I say, it would not in the long run change the level of benefits; it would just mean they keep pace in more like real time with what inflation is doing. In the short run, in this crisis, that would therefore help. Yes, it seems to me that would be an obviously good thing to do, long-term and short-term.

Q5 **Debbie Abrahams:** Good morning, everyone. Can I just pick up on that last point that you made, Robert? In terms of the triple lock for pensions, it was quite rapidly decided that Government were not going to increase state pension in line with wage growth last year. That was done like that, wasn't it? Is this more a political decision rather than a practical one?

Robert Joyce: Certainly my understanding is that, at least for the legacy working age benefits, it really was not possible to change them at very,

very short notice. As I say, I understand why, and it is to do with the computer system. That is one for DWP, really.

That is definitely not the case for Universal Credit. For pensions, even pension credit, I am not totally sure whether the same issues are supposed to apply or not. It would be good to know that. I am not sure whether that has been said publicly.

With the state pension, of course, the same issue applies. Even if we are not going ahead with the triple lock—I would be in favour of not going ahead with the triple lock for other reasons—still the price indexation of the pension this year will not be keeping place with actual price inflation. The same argument would apply there, I think.

Q6 **Debbie Abrahams:** Thank you. I will move on to my substantive question and that is looking at food prices. If we think of the 10% of households on the lowest incomes, I think I am right in saying that about 50% of their costs are around food and energy, whereas for people on the highest incomes it is about 11%.

Jack Monroe, I think, made a very pertinent point in terms of, "How could we possibly say that CPI, with a leg of lamb, champagne, television and furniture costs, relates to the people on the lowest incomes?" She also, in her article in January, highlighted the fact that many of the own brands of our supermarkets just are not available anymore. There is a disproportionate effect again, on top of this, from the unavailability of low-priced food.

First of all, do you agree with that? Secondly, what does that mean in terms of how we have a better assessment of the actual inflation that low-income households are facing? Who wants to start with that one?

Robert Joyce: I am happy to start. There are some different issues there, all of which you have touched on to some degree. One is a critique of only looking at aggregate measures of inflation because that does not necessarily represent the experience of different kinds of households. I certainly agree with that. For example, the fraction of spending on energy is about three times higher for the lowest-income household as for the highest-income households.

The ONS has in fact produced some disaggregated measures of inflation by household income level for some time. It discontinued that during the pandemic and has just restarted it. It was discontinued for data-related reasons—difficulty collecting data during the pandemic. That is not yet showing much difference in the inflation rate by income but that is because it is going up to December. By April it will show a difference, at least according to our analysis.

What is going on there is that so far, although, for example, fuel has already gone up in price and that affects lower-income households more, road fuel has also gone up and that affects higher-income households more. It is coming out in the wash to some extent so far but certainly by

April it will not do, once you have another 50% increase in the price of domestic energy.

That is the first issue: do not only look at aggregate measures. Then the issue is: how do you disaggregate? That gets to some of the more detailed points that Jack Monroe has made. She is arguing, effectively, in part, that inflation may differ across products at a very fine-grained level and that that may matter for the distributional picture across households. For example, the ONS does disaggregate based on some product categories like, say, bread. If the price of bread changes, and poorer people spend more of their income on bread, it can account for that. But what if sourdough bread is changing in price at a different rate than basic ranges? It does not disaggregate at that kind of fine level so it is not going to account for the fact that that would also have a distributional impact.

Debbie Abrahams: Even that has limits.

Robert Joyce: Yes, exactly. Even that has limits. That is an important point. There is some work from the US over the period of 2005 to 2014 that uses some of the new, very fine-grained data that is available from things like supermarket scanners that people take with them, so that you see exactly what everyone is buying. It did make a difference. If you account for inflation in this fine-grained way in that period in the US, it looked less positive for the poor and more for the rich. That is an issue that is worth looking at and there is some hope of doing that given, as I said, we do get better data now and there are better opportunities.

There is an issue about what happens when products just disappear completely that has bedevilled the poor people who have to try to measure inflation for many decades. I do not have an answer to that, but it is a real problem with inflation measurement.

Debbie Abrahams: I am going to have to speed up the answers, I am ever so sorry.

Robert Joyce: Sorry.

Q7 **Debbie Abrahams:** No, no, it is my fault. I should have said that at the start.

Perhaps in your responses you might focus on what we can do about this. We know that there is a problem in terms of how we are measuring inflation and particularly the disproportionate effect on lower-income households and how it is measured currently. What should we do about it?

Morgan Wild: I have less detailed views on the measurements. The fundamental challenge is that people on low incomes are seeing incredibly high, rising prices and no commensurate increase in their income. Over the past month, Citizens Advice has seen a record demand since the pandemic began of people coming to us for advice. We are seeing all-time records for crisis support, referrals to food banks and referrals to other forms of charitable support, and we are seeing record numbers on fuel debts. We are already at a very elevated level of financial stress for the people coming to us. That is in January 2022 before the significant increase in energy prices comes down the line in April, an average of £693 for the average household, which many families will not be able to bear.

The real key is making sure that there is effective Government action to help households. We saw a welcome start from the Chancellor last week to provide some support that will, although it is untargeted in nature, help people on low incomes, but we really think that challenge has not been grasped properly. The Government is going to have to come back over the coming months to help households who, at this baseline, are already drowning and face significant difficulties if they do not have further measures to protect them against increased energy costs and broader increases in the cost of living.

Rory Weal: I would definitely echo all of that. From our perspective, we know that around 95% of people at food banks are experiencing destitution, using the Joseph Rowntree Foundation standard definition for that. People are already having to essentially make these choices between heating and eating. The Jack Monroe debate has shone a spotlight on the costs that those at the very lowest incomes face and how the current crisis is having an impact on those decisions between heating and eating. We did a recent survey of people using our food banks and also on Universal Credit, and one of the respondents just came back and said, "There are no further cutbacks that I can make without simply going without."

When we are looking at solutions, I think the focus has to be: how do people's real costs relate to their incomes and what is the sufficiency of the social security system? I definitely echo all the points around the importance of uprating. This will be another real-terms pay cut for people on the very lowest incomes.

Long-term, Jack Monroe, working with economists and others, does point to how we need to look at what level of income the social security system should be affording people. I agree with the principle that no one should have to go without the very, very basic essentials, because this is a form of very deep poverty that sits well below the relative poverty line—that is why we talk about it as destitution—and that is what is driving the need for food banks. It is not relative poverty more broadly; it is that acute form of destitution. Focusing on that would be what we would encourage.

Debbie Abrahams: Thank you. I think many of us mentioned this on Monday.

Peter Matejic: I agree with all of that. The other thing I would add is the cascading effect of energy prices. You have this initial hit where, okay, your energy bill has gone up, but then production prices will also go up, you will have a food price increase and everything else that is being produced will increase as well. Already we are seeing, for instance, low-income single adults are spending over 40% of their after-housing-cost income on energy post April. That leaves them with £4 a day to spend on everything else. If then the food also starts going up faster because of energy we are really worried that, as Rory said, there is nothing else that they can go back. What are they going to do?

There has to be some sort of recognition that inflation is biting now and not to wait until April of next year to catch up so that people are having to go through those 15 months of inadequate benefits, in our minds.

Q8 **Debbie Abrahams:** Very briefly, come April, in terms of the Universal Credit work allowance and taper rate changes, are there going to be those who benefit and, if so, who are they? Could you also mention those who will not benefit, such as disabled people?

Peter Matejic: It is hard now because the inflation rate will start eating into the £1,000 that is a net benefit from the work and taper allowance, on average. Obviously that is money in the pocket but then equally all the costs will go up. We are worried that that will be eroded somewhat. I do not know whether it will tip the balance.

Certainly, we already know that workless families on benefits, including disabled people and carers, have seen the £1,000 reduction from the uplift and are now being further dragged down in terms of what that income actually buys. Then the disparities in the benefit system like the Local Housing Allowance, bedroom standards and stuff like that will continue to bear down on people. I would say it is the people who were already losing out being dragged further down and being swept away that we are worried about.

Chair: If we can move on I would be grateful, given the time pressure.

Debbie Abrahams: Thank you very much, everyone.

Q9 **Nigel Mills:** I will turn to energy costs, which we have touched on a fair bit so far. The feeling seems to be that it was a good start, but we need more. Is that fair to say? Is that the consensus of the panel? Everyone is nodding on that.

What more are you asking the Government to do? Are you asking them to run council tax in reverse again later in the year for a bit more money, or would you rather have a different solution? Morgan, do you want to kick us off?

Morgan Wild: Sure. We thought it was a welcome measure. Using council tax we thought was a bit unusual and untargeted. We would have preferred to take the same amount of money given to everyone in England in council tax bands A to D and used that money to target a one-off grant through the benefit system. We still think that would be a better targeted and more generous scheme for low-income households.

We would echo what has been said about benefit uprating. If we do use the 3.1% rather than the forecast 7%, that is going to be a real-term cut of hundreds of pounds to people on benefits.

Two other things that could be worth consideration. First, having decided to use council tax as a mechanism for targeting, the Government could consider targeting additional spend and support for people who are in receipt of council tax support already. Local authorities will have information on who receives that, and it could be a way to target additional support to some low-income households. It does not get around the challenge of the fact that many poorer households are in council tax bands E and above, but if you are committed to that mechanism it could be helpful.

We would also think it would be beneficial to revisit the design of the Warm Home Discount. The Government passed a package of measures last week and confirmed that they are pushing ahead with what we think are welcome changes to that scheme. It will better target fuel poverty as a consequence of the changes and go to a wider group of people. Given the scale of the challenge that we would expect to see in autumn and going into winter, with the reminder that the price cap is forecast to go up again by £270 in October, increasing the value of that Warm Home Discount and widening it out to a larger number of people on means-tested benefits would be another step that should be considered.

Nigel Mills: Anyone want to add or disagree?

Rory Weal: I am happy to jump in. I would agree with that. I would say that from the perspective of people who are accessing and need to use food banks, it is not a new crisis, so to speak. We know from our survey data last summer that over a third of people at food banks were already in arrears on their fuel bills and around 75% of people referred to food banks were in arrears on one other bill as well. This is on a continuum. and it is an acceleration of the kind of hardship that we are seeing, but it is not particularly new in that sense for that particular group.

The things that have been proposed are coming onstream soon are, unfortunately, a bit insufficient and come a bit late for many households too because we do really need to be getting money into people's pockets right now to avert the most extreme forms of hardship we are seeing. That is why I would return to the point around benefit uprating and looking at the sufficiency of social security, because we know that that is a way of effectively getting money to those who most need it. We know that for the majority of people at food banks that is their primary source of income, and that would be a much swifter way of getting that resource to people who need it. Then I would agree with the point on the Warm Homes Discount and other points that were just mentioned.

Q10 **Nigel Mills:** Just to make sure I am interpreting this right, any future support—and you think there should be some—should be done through Universal Credit and presumably either the state pension or the Winter

Fuel Payment would be the way to get that to pensioners in that situation?

Peter Matejic: Income-related elements. The council tax has chopped off the very top from some of the support but there has been a very broad base, and we think it needs to be more targeted at those who will really feel the pain. The other thing that we are worried about is delayed pain. Obviously you get £200 in October but then you are paying it back over the four years. That is almost presupposing that energy prices have fallen or incomes have risen. It is a bit of a bet on the future, which is worrying.

Q11 **Sir Desmond Swayne:** Rory, there appears to have been a slight reduction in the number of emergency food bank parcels issued in the first half of the financial year, albeit it is still higher than it was pre pandemic. Has that reduction been sustained into the second half of the year?

Rory Weal: Thank you, it is a really interesting question. I have been working with my research team quite a lot in the last few weeks to get an accurate answer to this.

The first thing I would say is just to briefly explain how the Trussell Trust collects and share its data. We share our data for each financial year. We also share our mid-year stats at the midpoint in the autumn, and as you say, that data from that period, April to September last year, showed a slight fall on the pandemic year of 2020-21 but an increase on the pre-pandemic year. What we have done is we have looked at what has happened since then. Obviously that mid-year period you are referring to comes a little bit before the cost of living squeeze and while the Universal Credit uplift was still in place.

From looking at data on our central recording system that records all the food bank referrals in the Trussell Trust network—that is an important point to emphasise, it is not all food banks—we have seen, in July to September 2021, using 2019 as a baseline, 7% more emergency food parcels given out. In October to December we have seen 13% more emergency food parcels distributed compared to 2019. We are seeing signs of an acceleration in relative need into the winter.

I again will say this is still interim data and we publish this in the spring, but from looking at the current records of food bank referrals and parcels in December 2021, it is looking like being one of the busiest months on record that we have as an organisation. We do not yet know exactly what the final numbers are—we will share them with the Committee in due course when they are available—but there are real signs of an acceleration of need going into the winter after some of the changes in the autumn that were made around social security and so on.

I think that is concerning for a couple of reasons. First, 2020-21 was a real outlier year with 2.5 million food parcels, significantly above anything we had seen before. It is concerning that some of the data now is looking closer to that year than it is to the pre-pandemic year. We would obviously hope to use the pre-pandemic period as a baseline as we move into a period of recovery and so on. That is the concern, and therefore the policy response should be in a similar space to where it was in 2020 because that data is looking similar. Hopefully that gives you a little bit of a sense of what we are seeing, but we will of course share the full data when it is all processed in due course.

Q12 **Sir Desmond Swayne:** In the first half of this financial year there was a significantly greater increase in the number of parcels for children, up by 15.4%, as opposed to adults, which increased at a rate of 7.7%. Has that been sustained and what is the dynamic there?

Rory Weal: It is interesting. Unfortunately, because of the nature of the data we are sharing more recently, we cannot share it by demographic or household type. That data unfortunately we cannot share at the moment but will be able to when we publish it. I do not think there is any reason, or I have not heard anything to assume, that the household composition is changing significantly so it would surprise me if there was a significant shift in that composition.

The reasons for it, to be honest, we do not fully understand. We have some sense that it is obviously driven by the inescapable costs that families face. We know that particular families—single-parent families and larger families—have always been heavily overrepresented at food banks. It is a continuation of that trend. That is one of the reasons why it is so important that we recognise that particularly larger families and single parents get that targeted support through the social security system at the moment.

Q13 **Sir Desmond Swayne:** No discernible changes in the composition of the user group?

Rory Weal: There were a couple of interesting things that happened in the pandemic. When you look at the composition type from 2019 to 2020, there were more single adults living alone. That showed an increase. We also saw the 25 to 45 population increasing slightly as well. They are the only two real, significant changes. The final group, if you are not looking at composition type but policy response, was that people with no recourse to public funds saw a significant increase in 2020 compared to 2019, for a variety of reasons.

Q14 **Sir Desmond Swayne:** What data do you have on the causes of the need for emergency food parcels?

Rory Weal: There are a few things we know about the causes of emergency food parcels that are driven from our work with Heriot-Watt University on our "State of Hunger" report.

The first thing is that the most common experience—it sounds like an obvious point but is worth reiterating—is extremely low income. To give you a sense of that, for a single person, an average of £57 a week after housing costs. That is the average income of a single person accessing a food bank. That experience of very low income, interaction with the social security system, is overlaid with adverse life experiences that around 75% of people have faced, a trigger point that will have basically pushed someone to needing to use a food bank. From that and from looking at what has driven that, it is clear to us that it is those very low levels of income.

We do not believe that there is anything inevitable about that. We do not believe that there aren't the policy responses there to boost their incomes—at the very least, to bring people out of that level of destitution. I think we can most effectively do that through the social security system because we see that in the experience of people at food banks there are some really common experiences, such as very high levels of debt to Government, for example, in advance payments and benefit overpayments. A majority of people at food banks are repaying debts to the Government. That is a very common experience. If the majority of people are experiencing that, that is one mechanism we know could effectively drive down the number of people needing emergency food. It is still a complex picture but there are definitely some clear, discernible drivers there that we can start to address.

Q15 **Neil Coyle:** Thank you, Rory, and to your army of volunteers at the food banks out there. The "State of Hunger" report is kind of the go-to for data on this, but you have just mentioned that you are not the only food bank providers: there is the independent network, there is the pantry model and there are all the mutual aid organisations that have been set up. I have Millwall Community Trust on one side of my constituency to Burgess Sports on the other and every tier in between.

Would it be worth the DWP having its own evidence base on this? I think they have promised to look into this before, failed to do so and failed to publish what they hold, but would it have greater value if the DWP was doing its own research?

Rory Weal: It is a very interesting question. I definitely think there is more the DWP could be doing. As you have touched on, the Trussell Trust is only a part of the supply, if you like, of emergency food and there is a lot of evidence that it is becoming a smaller part because of the proliferation of all these other providers. That makes the Trussell Trust's national data on need a bit less reliable. I still think "State of Hunger" is very reliable because of the fact that it has a very large sample size, and it standardises based on what our model is.

The thing I do think the DWP need to look at is measuring, essentially, destitution and the experience of emergency food. All our evidence suggests that destitution is a unique driver of the need for food banks. It is distinct from other forms of poverty and relative poverty in that. We would be really keen if the DWP effectively measured destitution and had a strategy to tackle and end destitution as an effective way of ending the need for food banks, because that is the core driver that underpins the need. Yes, there is definitely a lot more for the DWP to do on that front.

Q16 **Neil Coyle:** Do other panellists agree that a more effective measure of destitution would be useful in this arena? Are the Government's own measures of poverty heading in the right direction or doing enough?

Peter Matejic: The Joseph Rowntree Foundation funds the destitution study that Heriot-Watt do, and we have worked with DWP to try to lobby them to do the statistics. Their statistics are reliable, but they are a different kind of thing. Relative poverty is very different from destitution. We, in our destitution study, go out to as many services as possible to try to work out who is destitute in an area, scale it all up, and so forth. We do think there is a big evidence gap and we do think it is a growing problem.

We also, in the same way as the food banks, saw more families with children coming through the doors. We saw in the last destitution report for 2019 more families with children being in destitution as well. It does paint a stark picture and it is one that is needed to be looked at. It would be good for the Government to do that, rather than relying on a charity to do that really major data exercise.

Morgan Wild: The way destitution comes through most starkly in our data is through our debt advice and our debt assessment tools. We see a considerable number of people who have what we call a negative budget, more money going out than they have coming in. It is one of the major drivers of debt spiralling that we see in our advice work. That is driven by policy to a large extent. We see a lot of people needing greater referrals to food banks as a consequence of the cut to Universal Credit, for example. It would be very welcome, as part of any further assessment of destitution by the DWP, to try to get a handle on how many people are experiencing that particular financial circumstance because it is one of the clearest things in our data as a driver of financial hardship.

Robert Joyce: Not much to add. I agree this is a gap. It is harder to measure destitution than the typical poverty measurement, but it is important and the Heriot-Watt work is a good proof of concept that you can have a good go. I do think it would be a good thing for the DWP, a good challenge to take up. Income alone—if you try to measure it using something like people who have a really low income—is problematic for measurement-related reasons so that is not a good substitute.

Q17 **Chris Stephens:** Let me firstly declare my regular donations to the Glasgow SW Foodbank, which are a key part of the Trussell Trust, and Citizens Advice Scotland regularly have surgeries in my constituency office.

I want to ask some questions about the In-work Progression Commission. The Government's In-work Progression Commission identified childcare costs as a key barrier to people increasing their income through work.

What could the Government be doing to tackle that barrier? Who wants to kick us off? Morgan, you look keen.

Morgan Wild: Yes, I am happy to. We agree that this is a key barrier. It is particularly a barrier for families on Universal Credit. At the moment, as Universal Credit is currently structured, there is support for childcare costs up to 80% but families have to meet that cost in advance and then are compensated at a later date through benefit payments. That is a considerable barrier for families who often do not have the level of savings to meet those childcare costs up front.

Our evidence suggests that 320,000 families on Universal Credit—that is about one in six receiving UC who have children under 16—are either prevented from entering the labour market altogether as a consequence of that structure or are prevented from taking on additional hours that they would like to.

That is the key reform we would like to see, some way in which Universal Credit can be changed to allow for families to have that cost met up front. There is the Flexible Support Fund, which can be used in this context, but our experience is that take-up and awareness is very low and if every family who needed to use that as a way of meeting childcare costs used it, the fund would very quickly spend down.

Q18 **Chris Stephens:** We will come back to the Flexible Support Fund in a second. The amount of free childcare in Scotland is 30 hours per week. In England it is 15 hours per week. How do these systems compare in helping people increase their incomes through work, and would there be a net fiscal and economic benefit to people if they introduced a similar scheme to what happens in Scotland? Robert, I think you are keen to come in.

Robert Joyce: In England it is 30 hours for three and four-year-olds and 15 hours for low-income two-year-olds now. Because we have only recently extended it to 30 hours, the 15-hour entitlement was evaluated in terms of the impact that has on parental employment decisions. What has also been looked at is the impact of a child becoming school-aged and effectively the full-time childcare that happens at that point. That found a big difference between those two things. The kids are slightly different ages, of course, so you have to be a little bit careful, it is not perfectly comparable, but that found that providing part-time hours had no discernible effect on the number of parents who worked at that point whereas starting school, when you get full-time childcare, had a much more significant effect. There is at least some pretty good evidence there that going from part-time to full-time support makes quite a big difference.

Q19 **Chris Stephens:** I am going to move on to transport in a second. Morgan mentioned the Flexible Support Fund. Is that the best vehicle for free childcare or is offering additional free hours just simpler and more effective?

Peter Matejic: The fact that the Flexible Support Fund is discretionary, and take-up might be patchy is a worry. With many things, if you are relying on people to know about the support and apply for it, that is almost a barrier to start with. It is also only available for those out of work looking to move into work. There is that availability issue as well. We think more needs to be done.

Q20 **Chris Stephens:** One of the other barriers is available or affordable transport, which prevents people getting into work. How are rising transport costs likely to affect low-income workers or jobseekers? I am thinking particularly in rural areas of the United Kingdom. Would anybody want to pick that up? You are all conferring—Peter.

Peter Matejic: We have done some studies on almost the local transport networks and where poorer households and richer households commute to, and poorer households are commuting shorter distances. It is much more about local labour markets and more reliant on bus travel. We would support thinking about geographies in terms of levelling up and so forth, trying to think about what the transport infrastructure in an area needs to be to enable people to get to the employment opportunities. Housing can be in the middle of nowhere sometimes and there is no public transport there. If you are not living fairly close or you do not have a car, then you cannot get to that opportunity. That is quite a good vehicle to improve an area's performance.

Morgan Wild: It will not surprise you to know that this is an ongoing concern that we hear from our offices in rural locations. The focus is absolutely the right one. It is something you would expect to get worse and lead to worse labour market outcomes as transport costs increase. I think in December transport CPI was running at 12% versus the headline rate of 5.4%—over double. We would expect that to start feeding through as people come to us with more employment issues and more access to employment issues, particularly in rural locations.

Q21 **Chris Stephens:** Final question from me. The In-work Progression Commission reported that 87% of 18 to 24-year-old jobseekers interviewed do not have regular access to a car and also said the availability and cost of public transport influences the radius within which they may be able to work. You may be aware Scotland has introduced free bus passes for people under 22 years of age. What conclusions would you draw by joining these statements up? Robert.

Robert Joyce: Could you say the second statement?

Chris Stephens: The second statement is that in Scotland there is now free transport for people who are 22 years of age or under. That would help them, perhaps, trying to get into work, wouldn't? Is that something that should apply elsewhere in these islands?

Robert Joyce: I don't know about that, but one thing I would add on transport is that we do know that if you look at wages in the low-skilled labour market and also the gender pay gap as well, working locally is one of the things that is very heavily associated with lower wages and lower wage progression. It tends to hold people back in their careers. I don't know about the role of cost as opposed to other reasons why people do not want to travel far, that is why I am a little hesitant to be too definitive about this, but the geography of where people are looking for work is an important issue.

Peter Matejic: It is cost but it is also availability of transport. If you have regular hours of work, if there is no public transport to get you to the place with the job opportunity, then whether it is free or not you still cannot get there. What is the solution? It obviously has to be availability and affordability that is needed.

Q22 **Chair:** Can I just ask for a comment from one of you, if you could? We know there is going to be an increase in the rate of the national minimum wage. To what extent is that going to protect low-income working families from the cost of living crisis that we are discussing?

Robert Joyce: To some extent for sure, but more limited than I think people tend to believe. This is in no way a slight on the minimum wage as a tool for addressing labour market inequality, but as a tool for addressing low household incomes and poverty it is always much more limited because there is a mismatch between who has a low individual hourly wage and a low household income.

One way of putting it here would be that you could divide minimum wage workers into two groups. Those who are not on benefits do not tend to have super-low household incomes for obvious reasons, notwithstanding something like non-take-up. Almost by definition, those groups do not have particularly low household incomes. That is a lot of people who are on the minimum wage but are secondary earners in the household, for example, and not in a low-income household. Then you have the groups who are on minimum wage and who are on benefits. They are lower-income but that is precisely the group who only keep, typically, a minority of the increase in wages because they get benefits clawed back. For those two reasons as well as a couple of others, in terms of relying on that to limit poverty effects, I would always be pretty cautious.

Chair: Thank you. We have two more quick points, one from Selaine and one from Neil. Can I ask you both to put your points and then we will get combined answers? The Secretary of State may well now be here. Selaine first.

Q23 **Selaine Saxby:** Thank you, and thank you, witnesses, for this morning. Just listening to the evidence and the stratification of poverty that we have spoken about this morning, you have spoken about not every food bank user being from the group you have called "destitution". Looking forward, what else could we be doing to help those people move out of that? I understand there is a short-term need that involves support but certainly in constituencies like mine we have an incredible number of job vacancies. Is there an opportunity to help these people into work as part of that solution or are they a slightly differently defined group? I just wondered who was in there and what else we could do to help.

Chair: Thank you, Selaine. Neil's point.

Neil Coyle: They are neatly linked, I think, because one of the uses of Flexible Support Fund in London primarily is transport costs when somebody starts work, but it is not particularly well known by claimants and there is not strong enough guidance from DWP on using FSF in that way. Would you support better advertising of the FSF and guidance on how to use it, particularly for transport where there are significant costs—especially outside London; even greater, perhaps—and then monitoring of its use at a national level by DWP?

Rory Weal: I am happy to come in. To start with the question about destitution and how we support people in that position to progress, there are a couple of things I would say. From every conversation that I have had with food banks and with individuals, the extreme scarcity that people face is a real limiting factor in people's ability to move into the labour market or to be able to seek other forms of support. It has been a real theme through a project we are doing with people who are experiencing high levels of Government debt deductions. With the mental stress that is created when people are having to manage all these competing debts and so on, we have had many reports and many quotes from people who say it has been a barrier to moving into the labour market rather than an incentive or similar.

From our perspective, what we are looking to do is ask: what can we do to ensure that people who are currently accessing food banks get enough of an income that it keeps them out of that level of destitution, as a real minimum? When an individual is supported in that way, what other forms of support can we get them to ensure that if they are able to work, they can work?

The second point I would make is that the over-representation of groups who are not seen as eligible or fit for work is very high at food banks. We know that six in 10 people at food banks are disabled, to give an example of one of the hugely over-represented groups that we have. For those individuals there are real questions about how we ensure that the level of income through social security is sufficient to keep people from food banks. For other groups, there may be other points. Looking for work, I think it is about tackling destitution as a means of ensuring that that level of scarcity does not have too great an impact on an individual's ability, cognitive or otherwise, to engage with the labour market and seek work at a later stage.

Chair: Thank you. Very briefly on the Flexible Support Fund?

Morgan Wild: I was just going to make one small point on that, just to echo what Rory said. The impacts on disabled people cannot be overstated for the cost of living crisis. So 60% of people who received advice from us around fuel or fuel debts have a disability or a long-term health condition. About twice as many people who report having £20 or less a month after paying for their essential bills are disabled. That point about making sure social security is adequate and that we are protecting these people enough is crucial.

On the Flexible Support Fund, I completely agree that advertising what it can be used for more would be very helpful. At the margin, we would also say that the more you can build this into the rules of the benefit system so that people know that there is support available for transport costs, discretionary or not, the better the outcomes will be. If we are looking for ways in which we can use the social security system to boost labour market outcomes, I would put more on the rules-based support package and less on discretionary packages because they are always going to have lower take-up.

Chair: Thank you very much. Thank you all. That has been a very helpful session—a bit constrained on time, but thank you all for fitting within that. We are very grateful to all of you, and you are, of course, very welcome to stay if you want to. We are now going to welcome the Secretary of State to join us at the desk.

Examination of witness

Witness: Rt Hon Dr Thérèse Coffey MP.

Q24 **Chair:** I will start, if I may. You mentioned to us last year, a couple of times, the inter-ministerial group on the cost of living. What would you regard as its main achievements so far? Do you think it is going to take a more formal form with terms of reference, for example, and that kind of thing? Is it minuted? Do you think it might be in the future? What is being done across Government to make sure that those people who are already in poverty are protected in the course of the crisis that we are embarking on?

Dr Thérèse Coffey: The inter-ministerial group met four times last year. The way it works is that because I had had this informal roundtable, we got a slightly more formal structure so that you get some support, as all inter-ministerial groups do. They do not have formal decision making, unlike a Cabinet Committee, which does, but there is an element of secretariat support and officials getting more involved. It is not intended to be a definitive decision-making body or anything like that, but what it does is bring together, and has brought together, different Departments.

Some of the areas are so big, like energy or perhaps aspects of childcare, that although we might touch on them lightly to some extent, it is recognised that tackling aspects of the cost of living and poverty is spread right across Government. Although DWP is the champion, as it were, and pulls together all the elements in those sorts of discussions, we do not necessarily undertake every action. There have been some interesting chats about social tariffs and what we can do potentially, but it is up to DEFRA to look at stuff on water, it is up to BEIS to look at stuff on energy. BEIS already has a body—I do not know if it is statutory or if it is just advisory, I cannot remember quite its status, but they have a Fuel Poverty Advisory Committee who meet. I think their minutes are published. We do not publish minutes. There are probably some actions from things, issues we will look into next time, and that sort of element.

At the moment it is on pause because I have been pulling together some thoughts. Clearly, you will have seen a lot of response in the last few weeks as people develop it and there is other work continuing about childcare, recognising the cost of living and, from a DWP perspective, whether they are hurdles for people being able to enter into the labour market, in the first point, but also expanding, potentially, their career, or their hours or similar. There is quite a lot of overlap. That is why for these groups to come together.

Chair: It is minuted in a summary form but not for publication. Is that correct?

Dr Thérèse Coffey: Correct. It is a ministerial meeting.

Q25 **Chair:** A point for clarification about what the Chancellor announced the other day. Will people who do not pay council tax because they are on council tax support, or do not pay full council tax, perhaps, benefit from the £150 council tax rebate that was introduced?

Dr Thérèse Coffey: DLUHC were due to issue guidance earlier this week, I think on Monday. I do not know if that has actually happened. I am aware there is an extra £144 million pot to cover people who may not pay some of that or are not eligible, who may be in higher bands than band D. That is where there is discretion given to local government. I do not know the specifics on that, but DLUHC should have issued guidance, I think, on Monday.

Q26 **Nigel Mills:** Thérèse, how bad do you think the cost of living problem is and how much of a priority is it for the Government to find solutions that keep people who are just keeping their head above water on the right side of the water?

Dr Thérèse Coffey: I have talked to this Committee before about my general approach and thinking, "How do people try to get more income?" That can be through work. We estimate quite a lot of people would still be better off by moving to Universal Credit if they wanted to but I am conscious that not everybody has that confidence. It can also be increasing the amount of money that we can help people with, for example, child maintenance and other elements like that, as well as the costs of the services and utilities we enjoy. The third strand is about financial resilience. We are in partnership on that with the Treasury. Guy Opperman has things about financial inclusion, and I think Treasury deals with exclusion. Together, they team up.

I think it is fair to say you will have seen a significant change in the Budget with the change in taper rate, which is effectively reducing the taxation on people, with a substantial estimated cost of about £2 billion in terms of what OBR was prepared to score. They do not estimate any savings, as far as I am aware. We are trying to do that element of support in that way.

Q27 **Nigel Mills:** That is all good stuff, but it is all stuff that you could have said any year for the last 10, probably. Are we not now at the early stages of a pretty unprecedented shock of rising bills on a scale we have probably not seen for quite a while? Doesn't that demand a new, urgent and different response from Government on a different scale?

Dr Thérèse Coffey: It is the Chancellor who put together that £9 billion package on energy. I think that is pretty substantial.

Q28 **Nigel Mills:** Are you banging the drum, saying, "Our job is to give money to the poorest people, to pensioners and those who cannot work, and we need to make sure they have enough to pay all their bills"? A £700 energy rise—a £150 council tax grant and a £200 loan spread does not quite add up to £700. That is just one problem, let alone the knock-ons of every other bill we all have going up because of energy going up, even if nothing else was going on, which it is. Are you banging that drum and saying, "Look, these numbers do not add up"?

Dr Thérèse Coffey: What I have said to colleagues in Government is that it is important to try to push the energy reduction side. A lot of that is about energy that is lost. There are some things I am looking at. If you pay for a variety of bills monthly, most people would normally think direct debits help. Actually, for certain costs of living it seems to be a penalty. If you cannot, say, pay all your car insurance up front quite often you will see a surcharge in that, and it is quite substantial. That might only affect a small number of people comparatively, but on the wider things it is again those discussions happening—and we have seen this to some extent—about what will happen with Warm Home Discount next year or later this calendar year. That is still BEIS to lead on. DWP will do its bit to try to help with the automation with that refund—or rebate, I should say—by working with the energy companies, based on our data.

There is a number of different things where, as I say, we want to see even more people maximise their potential income. The Bank of England has this remit about inflation, and I am conscious of what others are saying but ultimately, as it was explained to me recently, we probably are going to hit a peak fairly soon and if you compare us to a lot of the G20, we are in the middle on where inflation is. Undoubtedly we need to try to get inflation back under control.

Specifically on things like energy, I do not know if BEIS were invited today—they are certainly not here—but it may be best to follow up with them on thinking some of that through, if that is okay.

Q29 **Nigel Mills:** We had the debate on Monday about the uprating orders for April, which one way or another ended up being, presumably, somewhere around half what inflation will be when we get to April. Do you have a real concern that that leaves people in an impossible position for the next year where they just will not be able to afford, in the year to April 2023, everything they have been able to afford to date? Were you asking for permission to be able to find a different basis or use your discretion to give a different rise, or was that not something that ever featured in Government discussions?

Dr Thérèse Coffey: I think the idea that you can forecast inflation reliably is not sensible. It has been debated in the other place a long time ago, trying to predict that bit. We have this consistent approach using the same index year on year. Inflation moves around and I think it was a reasonable approach to continue with that consistency.

Q30 **Nigel Mills:** Forecasting inflation is a little easier when your regulator has just increased one of the biggest bills a household has by 50%. I am cautiously confident that that will feed through to inflation. That is not a particularly—

Dr Thérèse Coffey: They have not increased the bills themselves; what they have done is increased the price cap, recognising the global market conditions. Again, if you want to talk to Ofgem about what they have done on the price cap, that is fine.

Q31 **Nigel Mills:** I am talking to you because you are the person that is the one in control of how much money we give people to pay these bills. That is not Ofgem or BEIS, that is the order that your Department put through on Monday. You surely accept that it is not going to be easy for people to be paying their energy bills and all their other household bills in March 2023, based on a 3% rise on the money they had in 2021. It feels this is an impossible position, doesn't it?

Dr Thérèse Coffey: I do not feel I am in an impossible position. I put forward what I thought was sensible, in line with inflation on our usual index, recognising an aspect of consistency. Sometimes that will be up, sometimes that will be down. We have already provided support right now. The Household Support Fund is open to people to go and get help on utilities.

What I have seen personally—I do not pretend in any way to be poor, and I am not trying to suggest that at all—is I did notice my utility suppliers all of a sudden significantly increased my standing order, anticipating, perhaps, rises. I have had to go back and get them to bring back down my standing order because it is not in line with my bills. People can ask for that to be reviewed and they can go to Ofgem if they want to make a complaint.

To some extent, I think some of the energy suppliers have started using billpayers as their cash flow. I do not want to make assumptions on behalf of all people who receive benefits on how they manage that, and I am not going to pretend that I can read everybody's meter. Hopefully when people get more smart meters we will be in a better place on how people can manage that and also how energy companies can be responsive and responsible.

Q32 **Nigel Mills:** Your message to the Chancellor after last week's announcements, was it, "Brilliant, Chancellor, problem fixed," or was it, "Good start but we might need to do some more to help the poorest get through the next year"?

Dr Thérèse Coffey: I think £9 billion will be a substantial support. As I say, right now the Household Support Fund is open. People need to contact their local authorities to deal with that.

Q33 **Nigel Mills:** That is not even a "the Government keep everything under review and will take more measures if we need them" answer. What is the position? Is that it? What the Chancellor announced last week, the Government think that is enough?

Dr Thérèse Coffey: I think the Chancellor thinks that £9 billion of support to people in the country is a substantial element.

Q34 **Nigel Mills:** Does the Government stand ready to do more if it is necessary?

Dr Thérèse Coffey: There has already been a significant increase in that level of support. I am not aware any more plans are there. That is not my decision.

Q35 **Nigel Mills:** Can I just ask finally about the decision to freeze Local Housing Allowance at the 2020-21 levels? One of the positive things that was trumpeted of the pandemic support was pushing that level back up to the 30th percentile. Doesn't it seem like a bit of a backwards step not to at least stick at the 30th percentile and allow that to go up in line with the market? Aren't we just putting people in a problem of their rent bills going up and their benefits not?

Dr Thérèse Coffey: The cash support is the same. I appreciate what you are saying with inflation. That was considered carefully, the boost at the time of Covid, overall, what injection of support could be given to people to help, especially when their incomes were dropping significantly. Now, we are continuing to do a variety of things. You will read in the levelling-up White Paper how we want to improve the quality of housing and consider other measures where we get rid of poor-quality housing. Our two Departments, with DLUHC, have been working on some aspects of housing for a little while now. We are still doing policy development on that. I think that injection and leaving it there, unlike the temporary uplift of Universal Credit, was the right approach but it is not our intention to restore it to a particular percentile.

Q36 **Nigel Mills:** We can expect this freeze to stay for longer than this year, can we?

Dr Thérèse Coffey: It gets reviewed every year. Right now I did not see the need to particularly change that.

Q37 **Nigel Mills:** Are you thinking that discretionary housing payments could be a solution for people if their rent is going up but their benefit is not? Is that what you think would happen, is that something you would like to see happen and is it affordable for councils to take that approach?

Dr Thérèse Coffey: Councils do use DHPs for quite a wide range of things. We are seeing people who leave people in a particular property. Others, from my initial analysis, look like they are much more proactive in helping people into new homes and using it for things like deposits. We see a wide variety of uses from my internal analysis.

Q38 **Sir Desmond Swayne:** When you set the value of the Household Support Fund at £500 million in September, what informed that decision? Does it need to be re-evaluated in light of the rate at which inflation has increased?

Dr Thérèse Coffey: The Household Support Fund comes to an end at the end of next month. Again, it is early days but from the initial information I have seen, councils are spending a lot of it and that is good. It is there to be used. In terms of how it was arrived at, quite a lot of things end up in discussions between Departments, with Treasury and the Prime Minister's Department as it is now. We ended up with that number.

Q39 **Sir Desmond Swayne:** It will not be renewed in March?

Dr Thérèse Coffey: It is not my expectation, no. If I think back, it was nearly a decade ago that, in effect, local welfare was devolved. We no longer have legal powers to issue those sorts of grants, which is why we are using the local authorities. About £130 million was put into the baseline, given as delegated money, and that continued. It is only in the last year that we have not drawn local welfare out specifically in the settlements of councils. It has been the case that the initial ring fencing happened but, as I say, local government finance has had, up until this financial year, a nominal line of £131.7 million—I will find the number—for local welfare assistance.

Q40 **Sir Desmond Swayne:** Thinking strategically, how do you see the future of those sorts of local authority schemes sitting beside the benefit system, given the difficulties that may arise with postcode lotteries and the different policies of different local authorities?

Dr Thérèse Coffey: Money has been provided in a number of ways, particularly during Covid. One of the reasons why DLUHC's predecessor wanted to remove the nominal amount as part of the local government settlement was recognising what has long been a particular view of that Department that we should not ring fence funding, we should leave it to local priorities. That is okay but that is one of the reasons why I used a particular form of grant in issuing some of the previous Covid funds. We could be a lot more specific on how it got used and conditions had to be met in order to get the money.

Moving ahead—I remember having this discussion a while ago—I think we all have community foundations. There are ways that people can be creative responding to local needs. There are all sorts of aspects of tax relief on social impact bonds and different elements like that rather than cash, but the answer of this Government will be for those people who can work, who are capable of work, we will do our best to get them into work because they will be better off financially and usually with their mental wellbeing too. That is our umbrella approach.

Q41 **Sir Desmond Swayne:** We have heard from a number of organisations this morning that although they welcome the money—they welcome the fact that it is available, aside from their concern about different implementation in different local authority areas—they do see it very much as something available for people who are in a particular crisis—the broken-down fridge that needs replacement or something of that sort—but it is no substitute for the meeting of basic needs over a prolonged period. Do you accept that analysis?

Dr Thérèse Coffey: No, I think we have a robust safety net. It balances the needs of low-income households and taxpayers. Every household has different requirements depending on their circumstances and that is an element of what our standard welfare system, but also some of the extra support funds, recognises. We are not going to tailor individual calculations specifically to one particular family over another. We apply rates, we do different things, recognising different characteristics, so I am confident in what we do.

Q42 **Debbie Abrahams:** Good morning, Secretary of State. I do not know if you were able to hear much of the previous witnesses' evidence.

Dr Thérèse Coffey: No, not at all.

Debbie Abrahams: All right, well, let me mention some of the things that they said to us. The Trussell Trust witness said that 60% of the people referred to food banks are disabled. Citizens Advice said that 60% of the issues they deal with in terms of fuel and food debt are disabled people, or people with long-term conditions.

Given that we have seen a 17% cut from working-age budgets—£34 billion a year since 2010—and that disabled people have been disproportionately affected by that cut, with £3 out of every £10 being lost, where do you think the additional impacts of the cost of living prices and the completely inadequate response in terms of the uprating that they will receive will be coming from?

Dr Thérèse Coffey: As I say we do not measure benefits or provide benefits by individual. There is a wide range of support for people, particularly on PIP, on the basis of their impairment—what extra support they need to live independently. That is what those rates are supposed to cover if they are deemed to need that extra support both as you will be aware with standard and enhanced rates. There are extra provisions. It is why we are spending more on benefits for people with long-term health and disability than ever before.

Q43 **Debbie Abrahams:** That means absolutely nothing, I am afraid, Secretary of State. The Government bandies about absolute figures instead of looking at the proportional impact. I have just given you figures showing the disproportional impact on disabled people, the most vulnerable in society, three times more likely to die than the general population, and if you add Covid on top of that a really vulnerable group of people, who our social security system is completely failing.

What assessment have you done on the impact of a 3.1% increase and the additional costs that they already face, one in five disabled people will face an additional cost of £1,000 a month by virtue of their disability and that includes additional food costs. What assessment have you done on the impact that this will have on the poverty, destitution and ill health that they will face as a consequence of this Government, of your decisions on Monday around the uprating order?

Dr Thérèse Coffey: Off the top of my head I cannot remember if an impact assessment was published.

Debbie Abrahams: It was not, I can tell you that straight away.

Dr Thérèse Coffey: I can't remember, Debbie. If I found out that there is something that we should have published alongside that then I will let the Committee know.

Q44 **Debbie Abrahams:** You have made a commitment in the past of doing your own extra costs analysis. Would you agree with the figures that I have just stated, or has it not been published yet?

Dr Thérèse Coffey: I do not know the basis of what some of your assertions are. I think when you read back at least one of them will be factually incorrect, but I am sure that is not what you meant to say.

Q45 **Debbie Abrahams:** I was quoting from Scope, who have done the extra cost analysis for a number of years. On average it is about £590 a month that disabled people will face, an extra cost, but one in five disabled people again by their analysis will face an additional cost of £1,000 per month. What analysis have the Government committed to undertake—an Extra Costs Taskforce—to get your own figures? What have you done to do that?

Dr Thérèse Coffey: I am not aware of this taskforce that you refer to.

Debbie Abrahams: All right. I will finish, thank you.

Dr Thérèse Coffey: I am not aware of the Scope analysis either.

Q46 **Selaine Saxby:** Good morning. As I think you have already touched on, the rise in energy prices affects everyone and every business in the country, but the impact of it is clearly greater on those people on a lower income and where it is a higher proportion of their monthly expenditure.

There has been a suggestion from some commentators that perhaps we could have helped people through the benefit system rather than the decisions that the Treasury have taken. What are your views on that as an option?

Dr Thérèse Coffey: The Chancellor and BEIS work together on this. I should not make assumptions. My expectation is that they would want to go further than people necessarily just receiving Universal Credit or other benefits, recognising the scale of the challenge that households face and taking an approach that is somewhat more universal than Universal Credit.

Q47 **Selaine Saxby:** I think there are many people who are grateful for that extra support, but some of the evidence we have had this morning has been quite disturbing about those people at the bottom rung of the Universal Credit system. For those people moving forward is there an acknowledgement we might need to do more, and might the benefit system be used at that point in time?

Dr Thérèse Coffey: One of the things that I have shared is that my understanding is the Warm Home Discount scheme will be expanded. There will be more people eligible and once that policy is formalised what we have been able to do successfully is instead of people having to apply for it I think it is nearly 1 million pensioners for whom that is just automated now, and we can share that information with the energy suppliers. I think I am right in saying we have offered to do the same, but we need to get the full details of that, and that will happen in due course. It will make it much more accessible is the best way I can put it across to you, instead of people waiting to apply.

Q48 **Selaine Saxby:** Looking forward through the year, although everyone is hopeful that longer term energy prices will revert to former levels, this year we are expecting further rises in the energy price cap. Is there a strategy or plans in place to review whether further support is needed in this area?

Dr Thérèse Coffey: That is a matter for BEIS and the Treasury.

Q49 **Selaine Saxby:** Linked to fuel, in my constituency we had data come through to show that fuel costs for my constituents had jumped, so we went back to double-check whether that was fuel as in household fuel or fuel as in transport fuel, and was quite surprised to find that in a very rural constituency like mine it is the transport costs that have shot up exponentially for people with the change in the price of fuel. Is there any work to understand how this is impacting on people being able to get into work or anything that is being looked at for people in the rural constituencies who do not have access to public transport who are seeing the cost of being able to work rise exponentially?

Dr Thérèse Coffey: As was pointed out in the levelling-up White Paper it is about 70% of people looking for work who do not have regular access to cars or other forms of transport. The DFT’s response is about the bus strategy, some of the powers coming through, and the different aspects of funding. I am conscious about that. That is why the Department for Transport was included as part of the inter-ministerial group in those discussions but that seemed to be their main response to it. You will need to speak to the Department for Transport on that.

Selaine Saxby: This next part of the question, again apologies if it is not you and it is within another Department—

Dr Thérèse Coffey: Everybody asks me all sorts of questions that I do not have the answer to, and you will have to go to the Department.

Q50 **Selaine Saxby:** As you are aware, as I have mentioned here before, because I can speak with more detail on my own constituency data, we have a very high number of job vacancies at this time and we have more people out of work than we had pre pandemic, yet we do not have many buses. We have one route that covers one section of my constituency and that is about it. Are there plans to try to find solutions or things that are already in place that people may be unaware of, to help those people in rural locations get to work?

Dr Thérèse Coffey: A number of different jobcentres facilitate or signpost towards something called Wheels 2 Work, where people get support to get a moped or something like that. In other parts of the country, in hospitality, there are some employers coming forward and putting on buses, either for their own workforce or I think I have heard of one now where there is a collective element of hospitality. I cannot quite recall where that is. One of them is definitely in Cumbria, where they are trying to group together to provide transport for people because if people cannot get to work they will not be able to fill those vacancies, so they are trying to be creative themselves.

Q51 **Chair:** Secretary of State, can I take you back to your answer to Debbie Abrahams a couple of minutes ago? The National Disability Strategy, published last July said, "As a first step, we will improve our understanding of disabled people's experiences accessing products and services in the UK. This will include commissioning research and exploring the extra costs some disabled people may face. BEIS and the Cabinet Office will set up an Extra Costs Taskforce—"

Dr Thérèse Coffey: There we go, bringing together Departments and setting up a taskforce. I do not recall every single one of the 105 commitments that are made.

Q52 **Chair:** Right. Presuming that commitment does still stand?

Dr Thérèse Coffey: I assume so. They made the commitment, so it is the Minister for Disabled People, Health and Work, Chloe Smith, who chairs the Ministerial Disability Champions and is tracking progress on the strategy. I know some things are behind, but I do not know the answer to what BEIS and the Cabinet Office have done yet.

Q53 **Chair:** It is as you say Chloe Smith and the Department that leads on the

National Disability Strategy so we will perhaps try to find out. This is one reason why we are interested in the NatCen report the Department published because it is in this area that that research was carried out. To complete the quote it says, "BEIS and the Cabinet Office will set up an Extra Costs Taskforce, bringing together disabled people, regulators and businesses, to better understand the extra costs faced by disabled people, including how this breaks down for different impairments—by summer 2022."

Dr Thérèse Coffey: Okay. They have made the commitment. I expect them to honour it.

Chair: We will be keen to see that when that emerges.

Q54 **Neil Coyle:** Thanks for being here this morning. The In-Work Progression Commission reported that about one third of women surveyed had been forced to leave a job as a result of not being able to afford childcare. Are the Government concerned that rising energy bills, rising shopping costs, a new tax and rising inflation will lead to more parents, especially mothers, leaving the labour market?

Dr Thérèse Coffey: I am not anticipating it due to those reasons. I am very mindful of the costs of childcare. There is overall about £6 billion across the different aspects of Government that basically support the cost of childcare, with the most popular offer of course being the three and four-year-olds, which is a very simple one to enter but it is DFE that lead on childcare. I am interested in terms of access to labour, people being able to enter the market, because we want people to be able to progress in their career but also to potentially do more hours, if that is what is appropriate for their family so they will be better off financially.

Q55 **Neil Coyle:** I am glad you have that focus because as we just heard in the Devon example there are employers who need people to stay in work who have children and there are people who want to go back to work who have children. We know the evidence base; we know that in London, for example, it is a much higher level of people receiving the childcare payment—Universal Credit at the highest possible level. Is your Department looking to support employers with this at all or support people back into work in this aspect at all?

Dr Thérèse Coffey: I think there is a substantial amount of support already, as I was trying to refer with the financial support that goes in. DFE is leading on childcare. We are working on some policy potentially coming forward in the future, but we have not resolved yet what it is to do.

Q56 **Neil Coyle:** So there is work under way looking at this? You accept that there is a need to do this. You think there is some support—

Dr Thérèse Coffey: We considered it on the IMG. We recognised this is a substantial issue and so there is a separate group within Government considering childcare.

Q57 **Neil Coyle:** Is the Department feeding into that and making clear the views of employers who are struggling to get people who may be on benefits back into work or take up more hours?

Dr Thérèse Coffey: To be candid, my focus is more about the people trying to get in or increase their hours of work. Formally BEIS represents employers, but clearly we do not operate in silos. Yes, there is that combination and of course there are statutory duties on local government to make sure there is enough provision, but it is led by the Department for Education and the Secretary of State there.

Q58 **Neil Coyle:** You have not said a timeline for the work that is under way, and if you can give an indication, that would be helpful, given the pressures that people face especially ahead of April.

Dr Thérèse Coffey: I understand, I wish we could come to firm conclusions soon, but I think it is still going to take quite a bit of time to work through.

Q59 **Neil Coyle:** Parents of disabled children already have much higher costs for disabled childcare, a lack of access to the employment market and, of course, high care needs. Are they a focus at all in terms of supporting parents with childcare costs and supporting employers of people with disabled children?

Dr Thérèse Coffey: The new Minister for Children—who is not that new now, is he? He is six months in—has all the advantages of having been at DWP in the past, as a predecessor. That will shape some of the thinking that he can bring to lead that work alongside Nadhim. A lot of things are being considered and we are contributing into that. I do not have anything more to say, because it is DFE that leads on this.

Q60 **Neil Coyle:** There is not a lot of detail here. Are you committing to raise your own awareness of Government activity on this, given your answers to Debbie and the Chair's polite response about the disability strategy?

Dr Thérèse Coffey: I do not necessarily remember all the 105 commitments. I do not pretend to.

Q61 **Neil Coyle:** That is all right for other Departments and junior Ministers, but you are the top of the tree, aren't you?

Dr Thérèse Coffey: Overall, DWP has an important role in this. I have stepped forward to help on some of this. But absolutely, it is a cross-Government issue. I do not know who else you invited to give evidence today, but I am not responsible specifically for childcare.

Q62 **Neil Coyle:** Are you suggesting that we should have invited one of your more junior Ministers today, rather than you, to answer this question?

Dr Thérèse Coffey: No, I didn't say that. But I would not expect somebody working for me, like David Rutley, Minister for Welfare Delivery, to be answering questions on behalf of another Department.

Q63 **Neil Coyle:** There is an issue here about the amount of support, as well as process. We have heard evidence that the way childcare costs are reimbursed under Universal Credit is also a barrier to people finding work or increasing hours. Have you considered any changes to the way Universal Credit supports parents with childcare costs?

Dr Thérèse Coffey: One of the things the team has been working on is what is happening with UC and reimbursement of costs. I am not aware of the detail on that, but I am aware that we want to try to improve some of that operation. It is not our intention to change the policy of the separate, up-front payment, reflecting the fact that Universal Credit is a dynamic benefit. We are still in legal proceedings at the moment, so I cannot particularly say any more.

Q64 **Neil Coyle:** There is a known barrier the Department has evidence on, but you do not have a plan to make any changes to support employers or parents better.

Dr Thérèse Coffey: I think the offer on Universal Credit, in terms of up to 85% reimbursement, is a better offer than people on tax credits, where it is about 70%. But there are differences. Universal Credit does not apply to people who have capital over £16,000. It then starts to change over £6,000.

Q65 **Neil Coyle:** One of your predecessors specifically said that they would change how Flexible Support Fund was used under Universal Credit to better support childcare costs. How has that been rolled out? How has that been used?

Dr Thérèse Coffey: The Flexible Support Fund is open to potentially doing that sort of payment. You end up then with an aspect of double payment, in a way, for a limited time of childcare. Under the Flexible Support Fund a lot of discretion is given to work coaches with their managers on how they can use that funding. We have really opened that up quite substantially into what it can be used for. I know some people use it to help pay towards the initial up-front payment of childcare. Childcare suppliers, particularly nurseries, seem to want you to pay before you receive the service. Okay, that is their business model. It varies. With some businesses you tend to pay when you get the service. We are trying to respond through the Flexible Support Fund, if it is proving a barrier for people to be in work.

Q66 **Neil Coyle:** It is. There is an underspend of Flexible Support Fund as well. Will you be improving guidance to work coaches and jobcentres, and will you be better tracking how FSF is used on a national level to make sure that more parents are supported in this way?

Dr Thérèse Coffey: I will ask one of my colleagues to look into it. Because we have, I think, now over 800 jobcentres, I do not know what tracking is done that gets aggregated. Part of the thing is that we trust and empower our work coaches and our jobcentre leaders to deliver. I do not know that we have that collection of information readily available, but it is available. I will check if the guidance needs any strengthening or simplifying. We have done that very recently. I have made sure, for example, that we can pay for DBS checks for people going into the care sector, because we were not applying that and that seemed an easy win to help people get into work where there was a barrier. That is what we are trying to work through.

Q67 **Neil Coyle:** It sounds like there is an open door there, so that is a positive. What is the overall budget spend on Flexible Support Fund?

Dr Thérèse Coffey: I cannot remember off the top of my head. I will let you know.

Q68 **Neil Coyle:** I am a bit concerned that you say you are not tracking it at the moment. Given Universal Credit has the highest fraud and error rate of any benefit ever introduced in this country, is this another area we should be looking at more closely for potential fraud? I know the Government has wiped off £4 billion-worth of fraud elsewhere. I hope it is not being ignored here as well.

Dr Thérèse Coffey: I cannot remember the size of the Flexible Support Fund. If you are suggesting there is fraud, that fraud would be on the basis of work coaches paying for things they should not.

Q69 **Neil Coyle:** The problem is just general oversight, isn't it?

Dr Thérèse Coffey: No. I think we know how much money gets spent on it, I just do not have the figure to hand. What I do not know is whether we track the individual bits. We are talking about potentially £50 here and there. Flexible Support Fund money might get spent on buying new clothes for somebody to go to an interview or if they have just failed their MOT because of two tyres, so we might do that. It varies around the country. It does not mean everybody will get their tyres replaced thanks to Flexible Support Fund. I wonder quite how much level of detail we capture in that regard.

Q70 **Dr Ben Spencer:** Going back on the topic of how childcare is being paid, what about direct invoicing? The evidence we had a few weeks ago was quite clear that that would make a big difference. Why can't we just crack on and allow childcare providers to directly invoice DWP?

Dr Thérèse Coffey: Universal Credit is a dynamic benefit, so it is not automatic that you get 85% of childcare. It will vary. It is one overall payment. You might have a situation that I think gets called tax-free childcare. It is really, probably, a childcare top-up through a different system. I do not know how that works because that is administered by another Department. My recollection of tax credits is you make an estimate of the year, you get given that amount in tax credits, you then work out what happens and adjust your tax credits for the following year, depending on whether you have been underpaid or overpaid on some of this stuff. That is why, understandably, the most popular form of childcare is through the three and four-year-old offer.

Q71 **Chris Stephens:** Secretary of State, I want to ask you about food poverty. Food banks have reported a rising need for emergency food parcels, especially for children, and the Trussell Trust reported last May a 33% increase in supply from the previous year, and volumes are still above pre-pandemic levels. The Department committed 18 months ago to placing in the Commons Library a copy of its evidence-based systemic review on food bank use. We have waited patiently for 18 months; where is that report?

Dr Thérèse Coffey: I will have to go back and check. I know there was something that we were starting to do, but stopped because of Covid. I will have to go back. Perhaps the Clerk can refer me to the specific issue you are referring to.

Chris Stephens: We look forward to that report.

Dr Thérèse Coffey: Within Government, DEFRA leads on food poverty and food insecurity. That is why they were responding to the debate yesterday, partly because of their strong relationship, not necessarily just with food producers but also food retailers and similar. There is that aspect.

Q72 **Chris Stephens:** What policy interventions have you considered, Secretary of State, to alleviate food poverty?

Dr Thérèse Coffey: For the first time ever in our Family Resources Survey we started collecting questions on food insecurity, to get that picture and that will continue. We apply the general benefits process. As I say, DEFRA leads on food poverty within Government.

Q73 **Chris Stephens:** Is the reason for food poverty, perhaps, some of the policies instigated by the Department for Work and Pensions, for example, to pick one, the five-week wait before the first payment of Universal Credit? Has there been any analysis done as to that policy, the five-week wait, and food poverty?

Dr Thérèse Coffey: You will be aware that payment five weeks after your first claim recognises the calculation that then happens, recognising Universal Credit is a dynamic benefit. But, of course, nobody needs to wait for financial support; they can apply for an advance, and they can then spread their annual support from Universal Credit either over 13 payments a year or, as has been recently extended, to 25 payments over two years. It is a phasing issue.

Q74 **Chris Stephens:** In 2018, before the recent cost thresholds, the Food Foundation said that the poorest 10th of households in England would have to spend 74% of their disposable income if they were to follow Government guidelines for a healthy diet. Should households that cannot increase their disposable income simply choose a cheaper and less healthy diet, Secretary of State?

Dr Thérèse Coffey: I do not think that is the case but DEFRA leads on food poverty, food policy overall, and food insecurity.

Q75 **Chris Stephens:** The wealthiest decile in society spends only 6%, not 74%, of its disposable income on food. How do the Government plan to—to borrow their phrase—level up that imbalance?

Dr Thérèse Coffey: I think you are talking about if somebody has an income through support of £15,000—do not be surprised if they spend considerably more of that on those sorts of things, like food or energy, as a proportion of their income, compared to somebody who earns £100,000. I do not understand the response you expect. People who earn a lot more may not spend quite as much of their income on food.

Q76 **Chris Stephens:** That is right. But the poorest spend 74% of their income on food. Basically, the question, Secretary of State, is: should those who have less disposable income simply choose a less healthy diet? Is that the Government's expectation?

Dr Thérèse Coffey: I have already said no, and I have already referred you to DEFRA, who lead on food poverty, food insecurity, and food strategy overall.

Q77 **Chris Stephens:** In tackling food poverty, then, describe to me, Secretary of State, the joined-up Government policies for health, social security and, indeed, DEFRA. What is the link between the Departments for health, social security and food policy?

Dr Thérèse Coffey: We have had some of those discussions in the inter-ministerial group. My job is to try to help people to increase their income. That is why we have set about a number of activities to try to help more people into work. I cannot quite remember if it was announced in the spending review or budget, but from this coming April the door will be wide open for people who receive Universal Credit and are working above a certain number of hours to come into the jobcentre and get support from work coaches, to try to make progression in work or some of the other help we can offer, whether that is sign posting to skills or thinking about training and progressing in work. There are a number of initiatives where our focus on the frontline is largely about how we help people build their income.

Q78 **Chris Stephens:** In the inter-ministerial group—we have heard that they discuss things—have they considered further expanding entitlement to free school meals for Universal Credit claimants?

Dr Thérèse Coffey: We did not discuss free school meals. That is very specifically a DFE policy.

Q79 **Chris Stephens:** My final question to you, Secretary of State, is linked to my first question. Do you commit to publish any reports the Department has on food bank use or on food aid, and make them available to the Committee?

Dr Thérèse Coffey: As I said, if the Clerk could write to me with what you referred to earlier, I will respond to that.

Q80 **Neil Coyle:** Let me predict that you are going to say it is not your job, in terms of levelling up. But if the report today is accurate and one million more children will go hungry as a result of increasing food-price inflation, and part of the issue is inadequate income and the failure for benefits to rise with inflation, there is a specific role for DWP and levelling up is a collective Government aim. Can you level up with rising food poverty and insecurity and will you do more to monitor this problem or destitution as the first panel all collectively asked for?

Dr Thérèse Coffey: ONS data suggests there is virtually no difference in CPI rates by income decile or pensioners versus non-pensioners. Going back to the point about levelling up, which is ambitious with a series of missions and the overall aim being for people to have better opportunities, particularly local to home—feeling they do not need to leave their communities—but it is driven by wanting people to be more prosperous. We have a role to play in that, but I thought I had already answered the question of the consistency and inflation approach that we have taken over the last decade.

Q81 **Neil Coyle:** You do seem to be saying that you do not think there is going to be a problem, particularly in April as bills and new taxes are imposed?

Dr Thérèse Coffey: I flagged our role in that is to try to help maximise income for people principally through work.

Q82 **Neil Coyle:** Do you think you have delivered in that role?

Dr Thérèse Coffey: Yes, I do. There are more people on payrolls than prior to the pandemic.

Neil Coyle: But less in self-employment.

Dr Thérèse Coffey: We don't know that. There is a survey. We will start to see better admin data. The ONS estimates some other aspects about people choosing not to work, and I am hopeful that when HMRC start getting more of that quarterly data from submissions of self-employed people we will get a better picture.

Q83 **Dr Ben Spencer:** My question is about looking at the labour market and particularly those long-term unemployed. In my constituency something that comes up is older workers and getting them back into the workplace, and particularly people in hospitality. What is your Department doing about that?

Dr Thérèse Coffey: We have launched Way to Work, which is a new driver within our Department but taking an approach, elements of which certainly worked in Kickstart, of trying to bring employers a lot more in to the jobcentre—a lot more job fairs instead of almost having quite a long job process. One of the benefits we hope to get from that is not only are people showing up for interviews, seeing employers there, but they are trying to get much quicker decisions on employment offers. Also where people do not have a job, we get that feedback much more quickly from the employer. It is a large drive towards pushing that.

In terms of long-term unemployed, part of our plan for jobs, we started last year the Restart programme, which is focused on people who are unemployed for more than 12 months. We have recently changed the criteria, so we have reduced that to 9 months in order to help people get that extra support because with Restart the expected level of funding increases at that point. The other thing we have done is to open that up to people on the legacy Jobseeker's Allowance as well, to bring them into that criteria. There is a big shift on what it is we can do to get people into work.

Q84 **Neil Coyle:** In January you announced the Way to Work campaign, targeting the recently unemployed to get them back into work within four weeks. Why did the Government choose that particular group?

Dr Thérèse Coffey: Thinking back on what happened, if I think back to the start of Covid, for a lot of people the opportunity was not there. Let's be candid, a lot of people do get themselves back into work without needing that much intervention, but one of the things we have noticed or have noted is the extra intensity of support in those first four weeks can make a difference. It is a shift in that regard. We do have a lot of long-term unemployed and the longer you are out of work the harder it tends to be to get back into work. That is why a much more rigorous approach on what I am led to believe used to be the process, almost the A, B, C approach—any job, get a better job and that helps you get a career. That is our purpose with Way to Work.

Q85 **Neil Coyle:** Is there a capacity issue here, because you have jobcentres and work coaches out there trying to do Kickstart, Restart, which have not met their targets, and now you are throwing in another scheme? Is there sufficient capacity and how will you measure the success of this policy, which, by own admission, is lower-hanging fruit? Do you expect this to be more successful and how will you measure success?

Dr Thérèse Coffey: The challenge for us is to get 500,000 people out of the intensive work search regime and into work. They may still be receiving Universal Credit. These are people who are not working and that is the 500,000. It is a challenging target, but we are determined to get it done and it has had a lot of good reaction, I would say, from work coaches. I was talking to my own focus group again yesterday who had a lot of positive views there. Kickstart is still working and, as I have explained to work coaches and others, I appreciate it is not 250,000 but we made those estimates early on. We did not quite know what the scale of the unemployment was going to, it was predicted to be a lot higher than it has ever reached. There are still Kickstart jobs to be filled. The difference, of course, being they are subsidised jobs, they are additional jobs and right now estimates show over a million vacancies that employers want filling.

There is an element of some pretty key jobs at different levels of skills but a lot of, I would say, entry level skills required. Things like warehousing, jobs perhaps in care and health and similar. We are pumping it up—I suppose is the best way of putting it—in how we help people get more quickly back into work.

Q86 **Neil Coyle:** I visited Blackfriars jobcentre in my constituency—you will be pleased to know I have decided to stick with this job—and they said 51 jobs were—

Dr Thérèse Coffey: I am sure you would make a great work coach. I am conscious your electors think you make a great MP as well.

Neil Coyle: Fifty-one Kickstarts last week is good, but it has not delivered on the target within London or nationally so how are you going to be reporting on the measurements, on those stepping stones of the 500,000? When will we see data?

Dr Thérèse Coffey: That data comes through what is on the IWS and I think that is shared monthly. It is just about bringing that down.

We have an interesting situation where as people move across to Universal Credit—sometimes people who have been on legacy benefits—where all of a sudden two people in the household will now be required to look for work if there are two people there and neither of them working, so there are dynamics in that shift.

Q87 **Neil Coyle:** In 2019 your Department told this Committee, in response to our report, that an evaluation of the effectiveness of sanctions for claimants would be published in late spring 2019. That was recommitted to by Neil Couling in June last year. The Department has now said that it will not be published. Why not?

Dr Thérèse Coffey: There is some internal analysis, I think, that was done that it was insufficient.

Neil Coyle: You are doing more?

Dr Thérèse Coffey: I don't know what the next plans are with that, to be candid.

Q88 **Neil Coyle:** There is a pattern here, isn't there, because with the disabled people's research, with the food bank research, and there are commitments to do this, there are commitments to publish and then the Department turns secretive? Why is this? What is being hidden? Why is this approach being adopted?

Dr Thérèse Coffey: This internal analysis will help with aspects of policy formation. That is often known as a private area as we consider different policies. The NatCen report is still part of the policy formation, and we still have not made the conclusions on our White Paper, but the Committee has chosen to use its powers. I expect it is out there in the public domain, but it is only one element of what we do in consideration of our policy and is now out there in isolation compared to other internal analysis that we have been doing as well.

Q89 **Neil Coyle:** The Department has gone from willing to publish to not publishing on policy formulation. Most people do not think that policy formation is a particularly secret process. It needs to be effective and deliver outcomes for employers, for the taxpayer and the Department keeps withholding it. The NAO has said sanctions do not necessarily work and do not represent value for taxpayers. This is a new cost to the Department of imposing sanctions—new damage to the Department in terms of trust with some benefit claimants—and is it because there is a headline being sought rather than a solution to issues?

Dr Thérèse Coffey: No, I do not know where you are getting your costing element on the changes there, but the sanction rate is pretty low compared to where we were prior to the pandemic because of the approach we took there. My experience is that work coaches are very reluctant to recommend people for sanctions, but it is one of the tools that gets used in a rules-based approach. People make a commitment to do something and when they do not honour that commitment without good cause, I think it is reasonable to say, "You are supported to do these things," so you make the commitment on that basis and if you don't, then that may be removed on a temporary basis.

Q90 **Neil Coyle:** On the statistics point, this from the NAO, if you were withholding DWP information on this it is a bit rich to question the statistics and evidence that others provide. I will take that comment not just with a pinch of salt but a whole sea full.

You told us in response to the report on the disability employment gap that the Department was trialling a warning system or yellow card on this issue of sanctions and their decrease. That yellow card was meant to help rebuild trust after the controversial decision to impose sanctions on a greater number of disabled people. That was paused in the pandemic, so is the plan to resume that system?

Dr Thérèse Coffey: In effect, people will be well aware if the work coach is intending to make a referral. As I say, my experience of work coaches, they do not come into work every day thinking, "Great, I am going to sanction somebody." There is an element of judgment that gets applied, the decision is principally made elsewhere to try to get a consistency across the country—

Q91 **Neil Coyle:** Is the answer yes? Are they coming back? Is it being resumed?

Dr Thérèse Coffey: Is what being resumed?

Neil Coyle: The trial and the warning system.

Dr Thérèse Coffey: I don't think so because it already happens informally.

Q92 **Neil Coyle:** So there is an informal system, but the informal system would have been there before the trial. What was trialled, Secretary of State?

Dr Thérèse Coffey: I don't recall, I will find out.

Q93 **Neil Coyle:** You do not know what was trialled by your Department that was paused during a pandemic. Disabled people are worried it is coming back now.

Dr Thérèse Coffey: I don't recall exactly what was said to the Committee before.

Q94 **Neil Coyle:** I am at a loss really. You are saying it will continue on an informal basis: that advisers will have discretion not to impose sanctions. That is what you seem to be saying. Is that correct?

Dr Thérèse Coffey: What I will say is work coaches themselves refer decisions to a decision maker to try to get that consistency across the country in the approach. My experience of work coaches is it is not the thing they turn to automatically to apply sanctions. You can see that in the amount of sanctions that do get applied.

Neil Coyle: They were offered this system of a yellow card—

Dr Thérèse Coffey: I have tried to say to you, Neil, I don't recall the specific details and I will come back to you.

Q95 **Neil Coyle:** I have to say it is very disappointing that you have turned up and been unable to answer so many questions. It is embarrassing.

Dr Thérèse Coffey: I have answered questions largely where I can answer them. There are some things I don't recall specifically, and you are asking me questions that other Government Departments are responsible for.

Q96 **Neil Coyle:** There was a rumour the Secretary of State was going to resign. Is that the reason you cannot answer any questions today—you have one foot out the door?

Dr Thérèse Coffey: Don't be ridiculous, Neil. If you want to bring up gossip, I could bring up other stuff that happened downstairs. I don't think that is appropriate for this Select Committee. Thank you.

Neil Coyle: Happy to discuss that stuff any time.

Q97 **Chair:** You have hinted a couple of times that perhaps we ought to have had other Ministers here in front of the Committee. I think your office made that—

Dr Thérèse Coffey: I think I had made that recommendation to the Committee.

Chair: What happened was your office did issue invitations to other Ministers and they were followed up by the Committee and for whatever reason nobody came. We certainly did what we could to try to secure the presence of others, but in the end it is a matter for the Government which Ministers come to the Committee.

Dr Thérèse Coffey: Okay, I thought it was up to the Committee who they invited. I am happy to try to get answers from the other Departments.

Q98 **Dr Ben Spencer:** I have a follow up to my questions around programmes for longer-term employment and supporting people into the work of different groups of the labour market. I want to do a big shout out to the employability and learning hub at Brooklands College—it is in my patch, and we visited last week—which hosts the Weybridge Youth Hub that works across my constituency. There is a man there called Ben who is leading on that and is absolutely phenomenal in terms of getting young people in my constituency back into work. That is a huge success. I am very pleased and thank you so much for the Department's support for the projects in my constituency.

Is there a role for doing similar things for other groups in the market, particularly people who are older workers and particularly perhaps focus specifically on different types of employment? I go back to my question on hospitality, which I hear all the time from business about the difficulties that they are having in terms of recruiting going forwards.

Dr Thérèse Coffey: I hope Way to Work—the initiative where we bring the employers into the jobcentres—will help with that activity, because we want people to get more money and that will help them tackle their cost of living challenges. It varies around the country on what is needed.

Q99 **Chair:** I have a couple of final points. I was very interested in what you were saying a minute ago about the labour market statistics. What the ONS say at the moment is the total number of people in work is something like 600,000 less than it was before the pandemic. The number of people on payrolls is greater, but the number of self-employed people is significantly less, and the net effect is at the moment the numbers in work are significantly less. I think you were suggesting that those figures may not be accurate. Is that right? Do you think they may underestimate the number of people who are self-employed at the moment?

Dr Thérèse Coffey: I don't know that. What I am saying is that ONS has a methodology—it is largely based on surveys—and from that it will a methodology to try to get its numbers.

What you will have seen in the last year is more use of admin data. It included admin data in its figures as well and that has been made easier from the RTI feed from PAYE. The ONS has its methodology and, as we know, it often works to continue to try to improve it. Some of that will become easier with the quarterly tax returns of self-employed. Everybody is constantly always looking for more accurate data but quite a lot of what we have are based on surveys. I don't know how big the employer survey is or the other elements that the ONS undertake.

Q100 **Chair:** It sounds as though, potentially, the ONS figure is quite a significant underestimate of the number of people who are self-employed.

Dr Thérèse Coffey: I would not say that; I just cannot say with confidence. We have a number of people who are self-employed who get Universal Credit, so I have confidence on that. The ONS undertakes its methodology. I am not saying it is particularly wrong; I am just saying it is an approach, and I prefer to work more off admin data.

Q101 **Chair:** Potentially that is quite serious if you think the numbers are very significantly more than—

Dr Thérèse Coffey: My job is to try to help people that are out of work to get into work and then what is increasingly also happening is about people who are in work, how we can help them progress in work in our relationship with claimants. Other parts of Government are doing things like the lifetime skills guarantee—people's access to adult education as a way to help people progress—but my principal people are the people who are not working or working very little right now. Of course we do support self-employed people through Universal Credit, thinking about the minimum income floor, but on self-employment, again, policy around that is led on by BEIS.

Q102 **Chair:** We took some evidence from some labour market specialists a few weeks ago and they made the point that quite a lot of people left the labour market during the pandemic and do not seem, so far at least, to have returned, particularly older people. Perhaps they were furloughed and just decided they did not want to go back into work when and if the opportunity arose. Is the Department is working on the challenge of how to bring many of those people back?

Dr Thérèse Coffey: Anecdotally that correlates with some of the aspects or thinking within my Department and elsewhere as quite a lot of it is focused on people who, as you say, were furloughed, have saved enough money, and do not necessarily feel the need to go back into the job market. My priority are people who are actively looking for work and do not have work. Once I am through that, then we can reassess about what is it that we need to do to increase economic activity more broadly.

It is not off the agenda, but it is not my top priority when we still have 1.7 million looking for work right now.

Q103 **Chair:** Also 1.2 million vacancies, so you would think that part of the solution needs to be to get some of those people back?

Dr Thérèse Coffey: Indeed but employers need to do their bit in pulling people back in to fill their vacancies. My priority is the people we support financially. Ultimately it would be fantastic when they no longer need Universal Credit at all.

Q104 **Chair:** A final point, I think you made the point at the beginning that the work of the inter-ministerial group on cost of living has been paused for now. Is that right? Given the scale of the crisis coming you would think this would be a very busy time for the inter-ministerial group.

Dr Thérèse Coffey: We came together again in quarter 4 just to pull together some thinking of where we were on different strands of work. I am still processing that internally and am due to be discussing that with policy at No. 10 but in the meantime some of the substantial work—the big-ticket items—Departments had already been working on. For example, this work that started on childcare, to which we are contributing but it is led by DFE, so some of these big-ticket items are already well under way I would say.

Chair: When you say quarter 4?

Dr Thérèse Coffey: Calendar-wise.

Q105 **Chair:** Right, so do you envisage there will be another meeting in quarter 1 of this calendar year?

Dr Thérèse Coffey: There may be, I think what is proposed next or what I am trying to do is to have that discussion now with the new policy director of No. 10. A bit like a number of activities, it may have served its purpose at that point for that particular group to meet if a number of those policies that have now been developed to help with the cost of living can be put into place. Again, that will be different Departments pulling that together.

Q106 **Chair:** We will be very interested to follow your progress on what emerges. Secretary of State, thank you very much indeed for coming in front of us this morning and for the responses you have given to all our questions. That concludes our meeting.

Dr Thérèse Coffey: We will do our best to get answers to the other ones.

Chair: We will follow up with a letter on some of the points that have been raised. Thank you very much indeed.