

Work and Pensions Committee

Oral evidence: Welfare safety net: follow up, HC 1539

Wednesday 13 February 2019

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[Watch the meeting](#)

Members present: Frank Field (Chair); Heidi Allen; Ruth George; Steve McCabe; Nigel Mills, Chris Stephens; Derek Thomas.

Questions 108 - 183

Witnesses

[I](#): Peter Tutton, Head of Policy, StepChange Debt Charity, Sumi Rabindrakumar, Head of Policy and Research, The Trussell Trust, and Deborah Garvie, Policy Manager, Shelter.

[II](#): Sheila McKandie, Benefits and Welfare Manager, Highland Council and Veronica Dunn, Cabinet member for Resources, Newcastle City Council.

[III](#): Michael Griffin, Senior Policy and Campaign Adviser, Parkinson's UK, Sally West, Policy Manager, Income and Poverty, Age UK, Elliot Kent, Member, National Association of Welfare Rights Advisers, and Fran Bennett, Member, Policy Advisory Group, UK Women's Budget Group.

Written evidence from witnesses:

[StepChange](#)

[The Trussell Trust](#)

[Shelter](#)

[Highland Council](#)

[Newcastle City Council](#)

[Parkinson's UK](#)

[National Association of Welfare Rights Advisers](#)

[UK Women's Budget Group](#)

Examination of witnesses

Witnesses: Peter Tutton, Sumi Rabindrakumar and Deborah Garvie.

Q108 **Chair:** Welcome. Could we begin with you, Deborah, identifying yourself and go down the list and then I will begin the questioning, for a change.

Deborah Garvie: I am Deborah Garvie and I am Policy Manager at Shelter.

Sumi Rabindrakumar: I am Sumi Rabindrakumar, Head of Policy and Research at The Trussell Trust.

Peter Tutton: Good morning. I am Peter Tutton, Head of Policy at StepChange Debt Charity.

Q109 **Chair:** Very good. A general question to all of you. We are looking at how best to measure poverty. Do you think we can settle on a single one, or should it be a number, and that role now should the Social Metrics Commission's proposals play in our deliberations, please? Who would like to begin? Deborah?

Deborah Garvie: We certainly support a single measure of poverty. There is currently no clear definition, and what that means is there is no consistent frame of reference for debates and energy is wasted debating whether the definitions are appropriate or not. We think what is much more important is getting on and looking at the solutions and spending energy on that.

In terms of the Social Metrics Commission's proposal we have had a look at that and we welcome it and we think that it should be taken up.

Q110 **Chair:** Do you think that should be the single measure now?

Deborah Garvie: Yes, we do support that.

Q111 **Chair:** All right. Very good, thank you. Sumi?

Sumi Rabindrakumar: Certainly at The Trussell Trust we have found the previous suite of measures around measuring poverty quite useful. There are no longer official statistics, and we echo what has been said around the Social Metrics Commission measure. We think that is quite a robust approach and in particular for The Trussell Trust, understanding those inescapable costs of living, particularly for families with children, like childcare costs, people with disabilities—they are the people who are overrepresented at food banks—it makes sense that we are measuring those more accurately.

Peter Tutton: Similar. I quite like what the Social Metrics Commission is saying, in particular the inescapable costs. They propose things like unsecured debt commitments. Looking at our clients, we did a rough assessment—41% of our clients in poverty—but if you take on the debt commitments they would have to repay, that would put that number up



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to 75%, so that is money not available to people. We think that it is very good, looking at those inescapable costs.

In terms of one measure or many, I think a central measure is a good one. The suite of measures before had value—the Scottish Government seem to have retained that—and finally, as well as measuring poverty in broader terms, what sort of measures might be useful in terms of vulnerability to poverty? We are a debt charity, where people are hovering just above, so if anything happens to them—a shock—then they are pitched into trouble. We don't really have good measures to understand the financial resilience or the financial vulnerability of people who are just above, which would be useful for policy.

Q112 **Chair:** Do you not think we should try to get an agreement on a single definition first?

Peter Tutton: I think that is right. The first thing is to get an agreement on that single central definition and then think about the things around it. The Social Metrics Commission talks about debts and persistence and things, and it is about them thinking about stuff around that.

Q113 **Chair:** Do you think we should have a definition of destitution? We will stay with you, Peter.

Peter Tutton: I think it is useful and the JRF has done some work on destitution. Certainly what we see with our clients are people who struggle with just the basic essentials. That is quite useful to have a definition of destitution. It raises a different sort of set of policy questions, so when we see the proportion of our clients, about 40%, that, even after budgeting counselling, cannot afford to pay their fuel bills or their rent or their ongoing food, it raises a different set of questions. Whether that is how you do that different from debt for poverty, the idea of having a measure that looks at particular things—"Can you access?", "Can you afford essentials?"—would be quite useful. It would focus policy on that group that are the most vulnerable.

Q114 **Chair:** It could tie in with your other point: what do we look at for people who are going to be kicked down to the very bottom?

Peter Tutton: Exactly.

Sumi Rabindrakumar: We agree that it is quite valuable to look at destitution—not as a replacement for looking at poverty, but just as an additional factor—in particular the chronic nature of deprivation. It is something that at The Trussell Trust we are talking about more internally—about chronic hunger and about whether people are forced to use food banks for longer periods of time than we would have expected in the past—so that depth of poverty measure, persistence of poverty, is quite an important one.

Q115 **Chair:** When you say "longer periods of time", it is really three helps, and then that is the end. That traditionally was your policy. Are you saying



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the pressure now is such that you are changing it?

Sumi Rabindrakumar: The three parcels policy is not fixed in stone. Obviously if people come to our food banks and they have been referred then people will be helped and supported, but there are rumblings and a few food banks have talked about increasing numbers of people who have been referred multiple times, more than the typical three times, within a few months.

Q116 **Chair:** Is there any data on that, the numbers?

Sumi Rabindrakumar: That is a piece of work that we will look at internally, about whether we can put any numbers to that and whether it is a real change or not, or whether it is more anecdotal and more disparate, but what is important is that The Trussell Trust network is not all of the emergency food provision. We can only capture a small part of the problem, which is why—

Q117 **Heidi Allen:** That is a good question. We always have to remind ourselves that you are not statisticians, you are food banks, so you are not there to do everything, but if you were able to capture how many times they have come to you and perhaps another question could be, “And have you been somewhere else as well?” at a lower level.

Sumi Rabindrakumar: Exactly. That could capture some of that broader support or other avenues that people are forced to use. I think there is a value in a central measurement system, so that it is not just reliant on a volunteer-run network.

Q118 **Chair:** You do keep data, do you not, on numbers that come only once or come twice or three times? I have seen the data. This would be more than three, would it not?

Sumi Rabindrakumar: Exactly, so more than three, we can look at the flags, where there are more than three parcels. We know that there are caveats with our data. It is not always recorded consistently, which is why we are quite clear that this is something that needs to be done centrally as a statutory measure rather than just a reflex.

Chair: We might follow up with you afterwards on that, if we may.

Q119 **Ruth George:** In my local area they have food clubs, where you pay £1.50 a week and then every week you get food that has been donated, whatever has been given. Does The Trussell Trust run anything like that or is it simply emergency food parcels?

Sumi Rabindrakumar: Some food banks in our network do run other forms of support as well, so they could take part in community cafés, they might have an equivalent of a social supermarket or something similar to that, or at least be involved with other providers who are running similar things in the local area. First and foremost we are about emergency food provision, but certainly there are examples of that wider support in the network.



Deborah Garvie: To go back to the Social Metrics Commission, the reason that we support it is because it is an after-housing-cost measure of poverty, and we think that is absolutely vital. It also includes people who are rough sleeping—it counts those as being in poverty—and it is really important that we measure after-housing costs in order to see how much housing costs are pushing people into poverty.

In terms of destitution, we support the Joseph Rowntree Foundation definition. Destitution is distinct because it means you cannot even afford the absolute bare essentials and that would be on an ongoing basis. We are regularly now seeing parents who are going without food in order for their children to eat and sitting all evening in the dark because they cannot afford to have the lights on, so it would include that kind of thing, a very basic need.

Q120 **Heidi Allen:** I would like to tease out your views. What is the crunch thing? What is the thing that we need to fix, if you were the Chancellor and you had a choice of where to spend the money? Whirling around my head is the benefit freeze.

Chair: She is not trying to lead you.

Heidi Allen: Yes, sorry, “In my head”, so tell me my head is wrong. Okay, stop it, Heidi. For example, the benefit freeze: I do not believe, and commentators have suggested, that we need to dump that last year. We have spending reviews coming up and we need to get rid of that instantly. I am interested in how you think the Local Housing Allowance is in the mix of this, and then people’s affordability of houses, just building on your point, Deborah, about how you are pleased this metric is after housing costs, and then—it is not in the questions, but why not?—the Universal Credit five-week wait. I would be interested in your views, or is there something else that we are missing? Those are the three things that occur to me as the big ticket items. Perhaps we could start with your thoughts, Deborah.

Chair: Are there other than those three issues that the Chancellor should concede on? Deborah?

Deborah Garvie: Certainly Housing Benefit is the most important way that you can prevent homelessness, so Local Housing Allowance, which is Housing Benefit for people who are renting privately. Our analysis shows now that if you are looking for a modest two-bedroom home, then in 95% of areas that is not affordable to you on Local Housing Allowance, so it has become an absolute crisis.

Q121 **Heidi Allen:** It is no longer London and Cambridge, where I live, that are the expensive places?

Deborah Garvie: No, absolutely not. Apart from a few areas, Cumbria and places like that, it is pretty much the whole country and it is, no doubt, causing homelessness. It is pushing families who want to self-serve, who want to compete in the market and find their own private rental, into homelessness and very expensive and absolutely atrocious



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quality temporary accommodation. It is pushing people on to the state, at much greater cost both to the household and to the local authorities, who have to accommodate them.

We absolutely want to see the freeze ended as it is due to end in 2020, but it is vital that the rates go back up to the 30th percentile at the very least, which is Government policy, because they have fallen far below that in many areas. So, for example, in Hackney where we have a hub service 3% of rentals in Hackney are now available to Local Housing Allowance claimants.

Q122 Heidi Allen: Do you have some statistics across the country that you can share with us to show that gap of reality versus what the allowance is? That might be useful for us to illustrate the point.

Deborah Garvie: Absolutely, yes.

Q123 Heidi Allen: So, the Housing Allowance—from your point of view, Sumi?

Sumi Rabindrakumar: I think one of the big drivers, certainly that we see from our data from food bank referrals, is that low income is a big reason why people come, so there is a fundamental issue around the adequacy of the safety net. With that in mind, although there are lots of things that we want improved, there are three standout items. One is the benefit freeze, because that is about basically the safety net keeping up with the cost of living. Particularly when low-income families have already been hit hard by cuts, with Brexit on the horizon and the consensus around possible inflation, it makes it even more imperative that that is lifted for the last year of that freeze.

Touching on the Local Housing Allowance, there was some research that we commissioned from Oxford University on the proportion of people who were struggling with rising living costs, and I think around 28% of that was around rising rents. It showed that private sector tenants were struggling more than the social sector, so there is that issue around the Local Housing Allowance that we certainly see.

The second issue, as you have touched on, is Universal Credit. Again, there are lots of issues there, but for us the priority is that five-week wait. There is a danger that it sets people up to fail in terms of their financial security. We have launched a campaign on this recently. We think there are tangible ways in which you could solve that problem and make sure that people get money sooner.

Q124 Heidi Allen: Money that they do not have to repay, presumably, not the advanced loan payment, which is not the answer?

Sumi Rabindrakumar: Exactly. The current solution is not really a solution. It loads debt on to low-income families, which is not the right way forward.



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The third thing that I want to flag was around local welfare assistance schemes. We have seen that those have been really depleted in many areas. It means that that crisis support, the emergency stopgap that was supposed to be available to people—

Q125 **Heidi Allen:** Would that be local authority-driven?

Sumi Rabindrakumar: They are run by local authorities. That was devolved after the Social Fund was devolved, but the central funding has disappeared in some cases in terms of there is no targeted ring-fenced funding that comes from central Government for local government to then disperse, so the Scottish Government is a good example in terms of comparison. They have a Scottish Welfare Fund, which then can be drawn down, so there are examples that exist in the UK to learn from in terms of running that much more effectively.

Q126 **Heidi Allen:** That was something that Frank and I saw in Morecambe last week. There was as much talk of the local authority not being able to do anything anymore. It was very much there are no local fixes, the money has just gone.

Sumi Rabindrakumar: Sorry, to add, the real concern that we have in terms of food banks is that food banks are now seen in some areas as the first port of call. It is normalising a form of support that should not be seen as the mainstream, and that is a really worrying trend.

Peter Tutton: Much the same for our clients. What we know about debt is that small margins make a massive difference. If we can get people so they have a bit of budget surplus and they can pay their ongoing bills and maybe do something about their debts, in that context a few pounds either way can make a huge difference.

We estimate that the benefit freeze currently is costing about £33 a month for our clients in reductions, so these are people with not much, so it is very significant. Likewise, Local Housing Allowance about 90% of our clients who are in the private rental sector are having to top their rent up through their benefits, and when you think that about one third of our clients in the private rental sector are people who have other vulnerabilities, like mental health problems, physical health problems, so you have a highly vulnerable poor who are likely to be in more persistent poverty struggling to meet their basic essentials and that problem seems to be growing. We are seeing more of it, not less, so I agree on that.

I agree on the access to emergency cash point with local welfare not really working in terms of about 3 million people using high cost credit to meet essentials like rent, food, fuel and things like that. The Treasury in the Budget announced a pilot for looking at a no-interest loan scheme to better support people on low incomes. There is something important there that the Chancellor could do to see how we could better support people who have need for emergency expenditure, which does not mean



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going to high cost credit. Government debt would be another thing about how Government acts, and we will come to that in a minute.

Q127 Heidi Allen: One thing that I forgot to ask, on the Housing Benefit not matching reality, discretionary housing payments within local authorities, do they fill that gap? They should be a temporary one or two-off, they should not be a constant each month-by-month. Do they do anything, Deborah?

Deborah Garvie: They are helpful if you can achieve them, but they are trying to plug shortfalls in so many areas. They are plugging shortfalls with bedroom tax, they are trying to plug shortfalls with Local Housing Allowance and then the benefit capped households as well, large numbers now, over one-third of benefit capped households now are destitute and are going without basic essentials. They have to stretch so far and in our experience it is usually only a short-term offer, so they might give you three or six months. It is not something you can rely on to make up shortfalls.

The other thing I would add is back to Local Housing Allowance the shortfalls are not something you can budget around, so in 25% of areas people in need of a two-bedroom home, the shortfall is over £100 a month, so it is not a matter of shaving a couple of pounds off your shopping bill or something like that, and this is month after month. It is people in work, over one third of Local Housing Allowance claimants are in work, they are already working, so we are now seeing 55% of homeless families are in work. It is people who are homeless and they are getting themselves to work every day.

Q128 Nigel Mills: You just touched on the approach to recovering debt. Perhaps, Mr Tutton, you could make suggestions for how you think the Department should change its approach to recovering debt. I think you suggested that we should not put people in debt at the start of their UC journey. Is there anything else that you would like to see them change on that, perhaps on the rate of recovery?

Peter Tutton: There is a range of different things that both DWP and the Government more generally can do. You are right and colleagues will talk as well about the wait at the beginning of UC; if people have to wait weeks and weeks before they get some money, it is going to put them into debt. It is not going to be sustainable and certainly when people are ringing us up very often we are referring people to The Trussell Trust because they have no money and the wait is a real problem.

Once people get their benefit there are some specific problems—so, deductions from benefits for things like debt recovery or repaying advances or budgeting loans. We found that when we asked our clients, 71% of them said that deductions from benefits cause hardship, so we are in a place at the moment that it was welcomed that the maximum was reduced from 40% to 30%, but even so the Department is not working on an affordability basis. Elsewhere in the debt world, it is really



important that creditors only take what people can afford, so we would like the Department to move much more towards an affordability framework. The reduced maximum is good, but for our clients 30% is a huge amount to swallow and it will put them into hardship, so there is more that needs to be done there.

At the moment, Treasury have just finished consulting on schemes to support people with multiple debts, breathing space and statutory debt management plans, which will be really significant in helping people. We need Government to commit. We think that Government debt will be in, but DWP debt needs to be in there as well, and there needs to be a facility to stop third party deductions where that is unaffordable.

More generally across Government there are some fairness principles being developed and they have to land and become effective, so this is about ensuring that the way that you deal with debt does not make debt problems worse, takes account of vulnerability and takes account of affordability. They are excellent principles that the Government need to roll out.

Finally, it is worth saying a bit about bailiffs. The Ministry of Justice are consulting on bailiffs at the moment—local authorities send out over 2 million bailiff warrants a year—particularly with reference to council tax support; which, with council tax benefit, council tax support is less generous. It is effectively a tax rise for people who are highly vulnerable. IFS reported the other day that people are just unable to pay the council tax liability as a result of that effective rise in tax. Local authorities may respond by issuing bailiffs, so what you have is people who are highly vulnerable being asked to pay a liability they cannot possibly pay and then when they cannot pay it they are subjected to an extremely intrusive and expensive form of enforcement. It is quite extraordinary what we have there.

There is a range of things that both the Department, the DWP, and other Government Departments can do to relieve the pressure on some of the most low-income households.

Q129 Nigel Mills: I suppose the first thing is not overpaying people in the first place, so that we do not have to recover any money that maybe they should not have had. That would be a good start, wouldn't it? Do you accept that at some point there has to be confidence in the system? If people have had money they should not have had, there needs to be some way of trying to get it back. It is a balance of how long a period you take and how big a proportion that you take each month. That is the balance we are trying to strike here, is it not?

Peter Tutton: Absolutely, and it is all about this point of affordability. Going back to the point about the Social Metrics Commission, if you look at our clients, and you take the debt repayments, it doubles the poverty rate. If you are taking an amount out of people's benefit that is going to massively increase their hardship, it is counterproductive. So what they



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will do is they will start borrowing or they will juggle their bills and fall behind on other things, and that cycle of disadvantage just continues.

Deborah Garvie: As I have already said, because of the shortfalls in Local Housing Allowance, people routinely have to dip into their subsistence benefits to make up the shortfall, and those are very large shortfalls. So if you are trying to then claw back rent arrears debt and other forms of debt and overpayment of Universal Credit on top of that, you get to the point where there is nothing left.

Q130 **Chair:** Sumi, do you have anything new to add?

Sumi Rabindrakumar: We definitely agree in terms of looking at affordability as a starting point for deductions. I think, just taking a step back, there is an important question about what role Government policy plays in terms of creating debt in the first place—so, going back to the issue around the five-week wait, around council tax support, around sanctions, for example. Those are all Government policies that the Government have some kind of leverage over to make sure that they are not creating debt in the first place for low-income families.

Q131 **Ruth George:** Given all that you have just said, and the very specific problems for people that add up to affect so many people who are on benefit, do we still have a functioning safety net?

Deborah Garvie: We would say no. If you think of basic needs, perhaps if you think of Maslow's hierarchy of needs, the most basic need of all is having somewhere to live. Increasingly, as I have said, we have families in work now being pushed into temporary accommodation and councils really struggling to find affordable housing for them as well and, on top of that struggling, then to afford to pay for basics, so in a state of destitution. So no, we would say that it is failing people very much at the moment and that it does certainly need addressing.

Sumi Rabindrakumar: From our perspective, in terms of what a functioning safety net is, a system that is fair and compassionate, we would agree with the Secretary of State on a system that gives people enough income to stay afloat, that treats people with dignity. On those principles, we are still quite far from having a functioning safety net, particularly for specific groups. Deborah has covered a lot of it, but for specific groups, from their perspective, it is definitely not a functioning safety net. People with disabilities, single parents, those groups have been really hard hit by successive cuts over a number of years. From their perspective on what the safety net provides, it is far from functioning.

Peter Tutton: It is worth starting by saying that for our clients a safety net is unbelievably important. About 60% of our clients, maybe a bit more, are coming to see us because they have suffered some major shock to their income. The fact is that there is some sort of safety net; if the benefits were not there, they would be doomed. However, of those



clients who are receiving credits or benefits 41% have a deficit budget. So it is almost half the benefit system and the safety net is so close to the ground that there is still a very hard fall.

Echoing that, we are seeing the number of, for instance, single parents—about 23% of our clients are single parents, compared to about 9% of households—massively disproportionately represented in debt statistics. They are really struggling. A lot of our clients, about 55%, are households somewhere in work, which goes on to talking about what the safety net is for. If the safety net is about helping people recover from shocks, a telling thing, and I think it was in the Social Metrics Commission, is the very small number of people meeting the poverty definition where you have two adults in work. Less than 2% of our clients meet that definition, but people on low incomes now need two people working to make ends meet. Something happens to one and you fall over, so the safety nets are not protecting people from that shock.

Finally, what are safety nets for? Are they to stop people falling into destitution or do we need policy to think more about prevention and financial resilience? What can public policy be doing to help stop people falling all the way? That is perhaps where there is a big policy gap.

Q132 Ruth George: What do you think that forward-going policies are likely to do as far as we can see? We have another year of benefit freeze; we have Universal Credit being rolled out, albeit with a raised work allowance. Let us go back the other way, starting with you, Peter. If there are no changes to what we have planned at the moment, how is that going to impact?

Peter Tutton: We are likely to see more of what we have been seeing. Over the last six, seven, eight years, we have seen more households coming to us who are struggling with things like council tax. It has gone from 11% of people with council tax debt to over 30%. We are seeing more people with rent arrears and more people with fuel payments. That will carry on. We are seeing more people in insecure jobs, uncertain hours, all that. It all adds together to the number of households facing almost permanent income insecurity.

Some of the changes talked about are taking off the benefits freeze, making Universal Credit work well and work with the reality of the kinds of lives of the people that we see, who cannot go a whole month without income, who constantly have different changes and their incomes are so low that they are going to get periods where they are without money. If you make those periods very long, then people cannot survive them. So there are some immediate things that can be done to ease the pressure. There are some things going on in terms of safety nets elsewhere. We are seeing things like fuel bills with social tariffs and bits of the safety net coming out of the benefit system and coming into areas almost like corporate welfare. How those things link together is another thing that needs to be looked at.



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Sumi Rabindrakumar: I think when The Trussell Trust looked at its own data, in our last cut from April to September last year, there was a 13% rise compared to the previous year. Our concern is that that figure risks continuing to rise unless there is some significant mitigation put in place by the Government. Universal Credit is an opportunity to tackle some of those issues and it is welcome to see some of the changes that are starting to be announced and some of the change in tone around Universal Credit. That needs to be followed up with some more concrete action, also thinking beyond Universal Credit—so, things like the benefit freeze and local welfare and understanding how those other bits of the puzzle fit together. I think I would echo what Peter has said. The issue around financial resilience is a critical one and I think there is perhaps some rebalancing to do around how we design our policies to look at exactly what people on low incomes really need to have a secure life. It is not enough to be bobbing around on the edge. People need more than that to survive and thrive.

Deborah Garvie: We have seen a 44% rise in families in homeless accommodation in the last five years. We are very supportive of the Government's targets to reduce and eradicate homelessness, but we really fear that they will not be met unless there is a properly functioning safety net. People need to be able to compete in the private rental market and they are just completely unable to do that at the moment. It is women and children who are the most severely hit. The vast majority of families in temporary accommodation are lone mother families. I fear we will see it go up. Again we are very pleased with the changes that have been outlined with the rollout of Universal Credit, but it is the freeze to Local Housing Allowance and some of the other functionality problems, particularly the five-week wait. Those things absolutely have to be addressed, because we are now dealing with people at crisis point and what we need to do is to make sure that people do not get to crisis point and that is what Housing Benefit is for. We would also like to see a big increase in the amount of social rented housing, but Housing Benefit is an absolutely vital part of any kind of safety net to avoid homelessness.

Q133 **Chair:** Brilliant. A last question to you, Sumi. Does The Trussell Trust fear that we will run out of food for our food banks, or enough food?

Sumi Rabindrakumar: At the moment there is no change operationally. We have said publicly that in the event of a no-deal Brexit, for example, there are some critical concerns and we are having discussions internally, operationally, but for the moment there is not a crisis response or anything like that.

Q134 **Chair:** Assuming there are no changes, going back to Heidi's questions, no changes therefore we are going to see more people in desperate conditions, do you think you will be able to meet their needs?

Sumi Rabindrakumar: On that basis we will struggle, if it is just continually, year on year, an increase in demand. Food banks are already overstretched in terms of their capacity; at the same time we recognise



the generosity of the public in terms of donations, so I think we would struggle if there was a never-ending increase in food bank referrals. That can be mitigated. We have seen announcements that would help already, that would help to mitigate that, for example work allowance. It is just about keeping up that momentum and tackling some of those big problems, like the five-week wait, like the benefit freeze.

Chair: Great. Thank you all very much. Thank you.

Q135 **Ruth George:** Can I just ask? Food banks are much more of a challenge in rural areas. We cannot assume that they cover everyone who needs them. Are there particular groups, particularly in rural areas, that will be falling through the gap?

Sumi Rabindrakumar: I think rural poverty is a concern and we would certainly recognise that food banks cannot cover a full geographic spread. In terms of access to support, there are groups like that who will be worse-served.

Q136 **Chair:** Can we write to you about that? Whether in fact you think there are areas of the country that food banks still do not reach?

Sumi Rabindrakumar: Yes, certainly. I think we can comment on our own network, but there are independent networks as well that will cover some of the gaps.

Chair: Then we will match it with what Ruth has got from her constituency. All right, great. Thank you very much.

Examination of witnesses

Witnesses: Sheila McKandie and Veronica Dunn.

Q137 **Chair:** Welcome. Sheila, could you introduce yourself?

Sheila McKandie: Sheila McKandie, Benefits and Welfare Manager at the Highland Council.

Veronica Dunn: Councillor Veronica Dunn, Newcastle City Council. I am cabinet member for resources.

Q138 **Chris Stephens:** Veronica, if I can start with yourself, obviously Newcastle has taken the voluntary decision to adopt the socioeconomic duty, meaning the council is required to take into account the effects of its policy on socioeconomic disadvantage, so it is just to ask you how that has influenced the way that Newcastle makes its decisions on local support in respect of that?

Veronica Dunn: It is a really interesting exercise for us. I don't know whether the Committee is aware, but the Labour administration took over the administration of the council in 2011, so one of the first things we did as a council was, even though it was not a statutory thing as part of the Equality Act, we did decide to adopt a policy of socioeconomic duty, because we thought it would be a catalyst for change in the way that the



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council operated, the way the council thought, the way the council prioritised its services. It is a huge thing. It can improve people's life chances, how they get on at school, go into further education or training, their employment prospects and their health. It was worth doing for us.

I suppose one of the first things we did was to establish a Fairness Commission. I do not know whether you have heard of that but there is a report of the outcome of the Fairness Commission in the city, broadly endorsed by all of the partners that we work with across the city, whether they are anchor institutions, other public sector bodies, residents, business in the city, broadly accepted as a good model and something that they wished to support.

If I can point to four specific outcomes from that Fairness Commission, it said what should guide our decision-making was fair play, fair share, fair go and fair say. That is at the root of the lens through which we look to everything we do.

I suppose what I am looking for today is to give some idea of the way in which Newcastle operates, so that it can contribute to our shared understanding of the issues and the absolute need for a welfare safety net, and the impact that does have on people's lives. Listening to some of the earlier contributions—I did not hear them all unfortunately, but I did hear a question about whether the safety net is still important. It is absolutely vital. We see it on a daily basis. I am not a policy adviser to the council. I am a local councillor. I believe in fact that Heidi and the Chair are due to come to my ward at some point in the future. You are coming to Byker, which is the ward I represent, which is a very deprived ward—one of the most economically deprived wards in the city—so we pay special attention to that ward.

What we have been trying to do through our conversations that we have across the city involving people, all of the organisations I mentioned earlier, which I don't need to repeat to you, is to talk to them, for example at budget time—we are in the middle of setting our budget for next year, so we talk to people about what our budget proposals are—and consult for a lengthy period with all of those organisations. We produce what we call—I think it is a fairly common term—integrated impact assessments. So, we look at the impact of our proposals through that lens of the Fairness Commission—the fair say, fair go, fair share—and we look at the impact of those proposals and then we put all of the different proposals together and the individual impact assessments and produce a cumulative impact assessment. So we have an evidence base that shows us or that we can use to tell us what the impact of our decisions is going to be.

Q139 Chris Stephens: Would that be an economic impact or—

Veronica Dunn: Whether people with protected characteristics are covered by the Equality Act, the impact on the city economically, the impact on our income, the impact on the services that we deliver. We



look at all of that through the lens of saying we want people's lives to be better, not worse.

Q140 Chris Stephens: Veronica, when the council is doing that exercise, is it looking at some of the things that are happening elsewhere? For example, Scotland takes a different position and a different view on a lot of this. Are you looking at what is happening in Scotland or looking at what is happening elsewhere maybe as a model and a guide in terms of the engagement you are having with the community?

Veronica Dunn: There is best practice to be observed wherever you can, and certainly our officers are very conscious of the fact that Scotland did adopt the socioeconomic duty and look at some of the strategies—I hate the word “strategies”—plans, policies, to ways of working that can be applied in other places and we have those conversations and we try to apply them wherever we can, given the reduced resources that we have. It is a very difficult financial situation that local councils find themselves in, and I am sure Sheila probably finds that particularly so in her role.

I think what we try to do is learn from that best practice and see what we can do, but because inevitably demand is increasing all the time and we have to protect our statutory services, children's, adults, we have seen a massive increase in the demand for those services and in their costs. The Committee will be well aware that councils have had the ability over the last few years to apply a social care precept, but that simply increased the amount of money they have to pay out on top of their council tax, for example, and that is something that the council cannot stop. We cannot do anything about it. We need that money in order to continue delivering those services, but there is a cliff edge that is going to appear there. Certainly in Newcastle's case, we know that when the Better Care Fund, the improved Better Care Fund, ceases in 2020 we have an £11.5 million cliff edge and we do not know how we are going to deal with it yet.

Q141 Chair: Veronica, how near are you to not having the money to carry out your statutory duties?

Veronica Dunn: We are not. It is very dear to my heart. We produce a balanced working budget and have done every year since we were responsible for the administration. Our internal audit says we deliver best value. We deliver good services. All of our surveys of residents tell us that they welcome the level of service we deliver to them; it is the right service. We have had to make significant savings, £280-something million, since 2010. A lot of money, 50% of our budget, has gone. Inevitably that impacts on services, but because of the way we have managed through our chief executive—you may have come across Pat Ritchie, excellent chief executive—through the leader of the council, Nick Forbes, through our section 151 officer, we have worked as a team to put together transformational work in the council, looking at the way we deliver our services, trying to make efficiency savings where we can. We have lost 40% or 50% of our staff. Our staff are struggling to deliver the



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level of services that are needed through demographic change in the city, through different needs, through people falling through the welfare net.

- Q142 **Chair:** My question was not meeting those, I am totally aware of that, but after all these efforts, how near are you to saying, "We have done all these cuts, we have done everything, but we cannot meet anymore our statutory duties"? How near are you to that?

Veronica Dunn: We have changed the level at which we deliver services, so that they are only now delivered to people who are in critical need, whereas before you would have been able to cover a much wider range of the population.

- Q143 **Chair:** If need goes up, Veronica, either one raises the threshold still further or not just Newcastle, all of us—who know what is going on in our local authorities—will know that local authorities at some stage will not, in any meaningful way, be able to fulfil their statutory duties.

Veronica Dunn: We have not reached that stage. We have a very limited amount of reserves, £10.1 million, which is at minimum level according to our external auditors and the independent chair of our audit committee. We have other dedicated reserves that we use for transforming the way the council delivers services. We are not anywhere near the point at which we would fall over, but I think there are a number of councils who are and that is a worry.

- Q144 **Chris Stephens:** Sheila, Veronica has touched on a lot of this but I just wanted to ask you: what are the barriers that local authorities face in maintaining a local safety net? Obviously Highland Council was one of the first to have Universal Credit put upon it. What are the barriers?

Sheila McKandie: The challenges are very different between urban and rural, and the Highland Council area covers both. We have high concentrations of poverty and deprivation in our urban areas in Inverness and Inner Moray Firth, and the rest of Highland is more rural. It is more hidden in rural communities, so it is more difficult to tap into. Quite often you also find in rural communities there is not that word of mouth support. There are not families speaking to families and saying, "We got this. You might get this." You do not have that measure available there.

We have looked at: what is it we are responsible for and have influence over, what is it that we can do within the council and who else do we need to work with? Very much we need to work with partners. We cannot achieve this as a local authority on our own. One of the things we look at is Housing Benefit, for example. We are best in Scotland for our speed of processing. Processing changes in circumstances, again we are the best in Scotland. Those are the things we have control over and can influence. There are other examples.

One of the barriers is, for example, the funding. At the moment, DWP is funding the local authority to the level of 60% and the local authority is having to fund that other 40% to administer Housing Benefit. That 40%



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is money that could be spent on frontline services. Working with partners, there are lots of faith groups in Highland that are now delivering food. That is either hot meals or equivalent to The Trussell Trust, and we do have Trussell Trust in Highland. We do work with them very closely. Our local radio station funds community food initiatives. We have an initiative about to start within the Council to support local food initiatives.

There are a number of things that we are doing in Highland, but I have to say, as a local authority, we cannot achieve it on our own. It very much is working much more closely with partners than perhaps we did a number of years ago, pooling the local resource and ensuring that we deliver services where people are instead of expecting people to come to us. Public transport can be limited in Highland. It can also be very expensive. We cannot expect people to come into local council offices or advice agency offices to access services. We need to take our services to these people. We also do lots of home visits in Highland, which can be resource-intensive and expensive, but we feel it is really important to get that level of expertise and advice into people's homes so they do get the entitlements they are entitled to.

Last year within the council's welfare team, we supported people to the value of £6 million. That was additional benefits that we got for people that they otherwise would not have received and that is another £6 million in the local economy. There are wins across, and that is what we are trying to achieve in Highland, looking at the fundamental things we can do at grassroots level to help individual families but also to help the local economy to try to attract more employment into the area so that more people can get employment. We are very reliant on seasonal employment in Highland and we are a low-wage economy. That is something else we are looking at, trying to lever in more professional employment opportunities in Highland.

Q145 **Heidi Allen:** Sheila, I think you have started to cover what I was going to ask. How long did it take you to get here today, by the way?

Sheila McKandie: We came yesterday.

Q146 **Heidi Allen:** All right. Good. I grew up in a rural community in West Yorkshire but I dare say it is not on the level of a rural nature that you are familiar with in the Highlands. What things would someone who lives in central London or Manchester not appreciate about the extra challenges—what people call the “rural premium”—that people have who live in really rural areas? I know, Ruth, that is perhaps describing your constituency more than mine. I have rural poverty, of course I do, but Highland is a quite different landscape. Just list us out some of the things that perhaps we would not have thought of that make life more difficult from a poverty point of view.

Sheila McKandie: Sheer travel distances. To get to a local jobcentre could be more than two bus journeys away. It could take you all day to attend your local jobcentre, to see a work coach, from leaving the house



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in the morning to getting home at night, just because of the public transport provision. You have your childcare commitments mixed in with all of that. Many families need a car to either get to work or stay in employment. It is essential in Highland, it is not a luxury. The other costs are access to services. To access services, you have to travel quite significant distances. There is not always a local service where you can go to. That is just the sheer scale. The cost of living in Highland is more expensive in our rural parts of Highland than it is in our more urban areas.

Q147 **Heidi Allen:** Because fuel is more expensive.

Sheila McKandie: Fuel is more expensive, local shops do not have those economies of scale, they do not have the range. Just everything is more expensive in a rural community.

Q148 **Heidi Allen:** Where do you find funding from? You are obviously turning the local authority model on its head and you are going out to people.

Sheila McKandie: Yes.

Q149 **Heidi Allen:** How sustainable is your ability to fund that?

Sheila McKandie: We are very fortunate within the council. Obviously we have adopted the socioeconomic duty because we have to in Scotland and we have integrated that with our equality impact assessments. When we are doing our EqIAs we are also doing our socioeconomic assessments as well. We are very fortunate in that our elected members recognise just the sheer importance of welfare and how that impacts on health, life opportunities, educational attainment. It cuts across so many different responsibilities we have on the council. It is the bedrock, if you like, and we have taken that very seriously in Highland.

Heidi Allen: Thank you.

Q150 **Ruth George:** I am from a rural constituency in the Peak District but we have nothing like the distances that you have in the Highlands. You did not mention housing cost in your list. I do not know if it is an issue in the Highlands. It certainly is in a lot of rural areas—my area and probably Derek's in the south-west. There is quite a lot of second home ownership and housing costs are very high, which means that people cannot afford to do basic, minimum wage-level jobs because of the housing costs. Is that an issue?

Sheila McKandie: It is an issue in Highland, yes. We do have a very high level of second home ownership, as you say. We also have a lot of people retire to Highland. They have come from other areas where perhaps they have been able to accrue more savings. Therefore they buy houses in Highland and it pushes up the whole cost in the private rented sector. We are very good as a council at building council houses and our housing associations are also very good, so we do have a housing development programme for social housing, but the private rented sector is very expensive and we do pay a lot of discretionary housing payments



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to fill that shortfall between the LHA rate and the rent. We have a budget in Highland of £1.7 million for our discretionary housing payments and of course in Scotland we have a duty to ensure that anybody affected by the Social Sector Size Criteria receives that payment from the discretionary housing payment. We are trying to manage this £1.7 million budget to cover many things within that benefit cap, many things; but yes, housing costs are a factor in Highland.

Q151 Ruth George: Thank you. Veronica, what do you think Government could be doing to help you as a council to tackle poverty?

Veronica Dunn: We are about to submit to the Fair Funding Formula consultation. Obviously councils just need more money. They are facing more and more demands. They are facing demographic changes in their population. I was just thinking one of the things I noticed—and I cannot find my note about it—that we have had almost a 50% increase in the broader north-east in, for example, looked-after children. That is the new cost pressure on councils. We have had increased duties placed on it but no money to deliver them. If anything, I would say in terms of the Council it just needs more money to do what it needs to do.

Government can help some of that—can help stop or reduce the levels of deprivation, poverty and destitution in our communities. One of the things that really impacted on residents in the city, because we have quite a high level of social rented housing, social housing in the city, was the introduction of the Social Sector Size Criteria. We all call it the bedroom tax, but it had a big impact on residents in the city. It is an unfair tax. We have housing that was built in the 1930s, 1940s, 1950s. Very little has been built since then, although we do have, like Sheila says, a housing investment programme and our core strategy identifies that there will be another 30,000 homes built in the city up to 2030; but the houses we have are the houses we have. People have been in those houses for a long time. They do not want to leave them, but it is causing pressure and causing some people to end up in destitution, really struggling to meet their costs. That would be one of the things that I think Government could look at.

Q152 Ruth George: Thank you. Can I just ask Sheila before we finish this session? You are obviously doing huge amounts as a rural council. Both of you as councils are going above and beyond. Are there reasons why other councils could not be doing this? For instance, I assume you are a unitary council.

Sheila McKandie: Yes.

Q153 Ruth George: In most of England we have split authorities in rural areas. Would that prevent the holistic approach that you have been taking in the Highlands?

Sheila McKandie: As local authorities we are very good at sharing. We do share across our professional bodies, we do share between local authorities and we are very good at looking at what has worked



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elsewhere and trying to import that in. It does not always work because the demographics can be very different and local challenges can be very different. It is not as easy as saying, "That has worked in Newcastle so let us import it to Highland" or vice versa, because there are differences between local authorities, but I think we are very good at saying, "They have done that well. Let us go and learn about it and import it in". We do already do that.

Q154 **Chair:** Can I just ask you a last question? If there was one thing the Government could do to relieve this relentless pressure on people pushing into poverty and destitution, what would that one move be, please? Veronica?

Veronica Dunn: For me—I am trying to think of the correct terminology, but I will just say what I think. The cap on benefits has had a regressive effect on people who are already struggling. We are moving towards the final year of that cap on benefits. It really should be stopped.

Q155 **Chair:** Great. Very clear. Sheila?

Sheila McKandie: I am going to fudge this one. I don't think there is any one single thing that will crack this increase in poverty. There are a plethora of things that need to be done to drive down poverty. It is going in the wrong direction at the moment and there have been a number of drivers to that. Yes, there are quite big, chunky things you could do, but to do it properly there are a range of things that need to be done.

Q156 **Chair:** Very good. Thank you both very much. We will see you in your home territory.

Veronica Dunn: Yes, I hope so.

Examination of witnesses

Witnesses: Michael Griffin, Sally West, Elliot Kent and Fran Bennett.

Q157 **Chair:** Welcome. Sally, could you begin by introducing yourself?

Sally West: I am Sally West and I am Policy Manager at Age UK.

Michael Griffin: I am Michael Griffin. I am the Senior Policy and Campaigns Adviser at Parkinson's UK.

Fran Bennett: I am Fran Bennett. I wear various hats but I am here today as an active member of the Women's Budget Group.

Elliot Kent: I am Elliot Kent and I am here today as a member of the National Association of Welfare Rights Advisers, NAWRA. In my day job I am a benefits adviser at Shelter.

Q158 **Steve McCabe:** Good morning. What do you think are the main drivers of poverty and how do they differ between the different groups that you represent?



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Michael Griffin: I will start. The main driver of poverty for people with Parkinson's and other disabilities is living with a long-term health condition. Almost 50% of people in poverty live in households where someone has a disability. For example, the cost of living with Parkinson's is £16,582, on average, a year in the UK. That is only going to increase the likelihood of living in poverty, that extra cost. These could be prescription charges if you are of working age, social care costs, alterations to homes or energy costs. These are costs that people cannot avoid. Prevalence of Parkinson's is increasing by 23% over 10 years, which is going to lead to more working-age people living poverty. The other side is income. You are less able to increase your income through work if you do have a disability, so the cuts to benefits do have quite a dramatic impact on people's poverty levels. For people with disabilities, increased costs and decreased income as a direct cost of living with a health condition are the main drivers of poverty.

Sally West: For older people in general, whether you are in poverty on a low income in later life depends on what has happened in the rest of your life. It is a life course issue. I was listening to your earlier witnesses. Clearly if you have been struggling with debt, homelessness and need to go to food banks, then you are not going to be able to save for your retirement. You are struggling to meet your basic needs. Where people are unable to get a decent wage or they are unable to work at all for long periods of time, those are the kinds of people who become our clients later on in life.

In addition, there are shocks that happen, income shocks. If, say, in your 50s you get a serious illness, you have to leave to care, if there is divorce or bereavement, the kinds of major life events that force you to abandon any retirement plans you have, it is very difficult to recover, particularly when something like that happens later on in life.

The third thing, linking into what Michael said, is costs. If you are in later life and you have substantial social care costs, disability costs or other major costs, even though your income may look reasonable or modest, those are the sorts of things that put you into hardship and poverty.

Fran Bennett: Many causes of poverty are similar for women and men, but not all. In particular, some of the things that we miss if we look at poverty on a household basis, which we often do, are unequal sharing within the household that may indeed result in hidden poverty, particularly for some women, within a household that has an income, as a whole, above the poverty line. It may also hide the unequal sharing of the cost of caring, which quite often fall on women because they tend to be the shock absorbers of poverty within the family. Also, combining paid work and care is a struggle and that particularly falls on lone parents, although not just lone parents. For example, the under-25 rate for lone parents is lower and so that is even more of a struggle.



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I think it is worth saying, in terms of gender analysis of the situation, which is what the Women's Budget Group does, that it is not necessarily just something to do with gender. It is not necessarily something that is just going to affect women, or indeed sometimes men; it may be something that affects both.

For example, in-work poverty is often talked about. When you talk about "in-work poverty", it sounds as though the problem is the low wages of a breadwinner or perhaps not enough in-work benefits, but if you look at the situation, particularly for couples, quite often the problem is either that there is no second earner in that household, which is quite often something to do with gender issues, or that the second earner in that household is out of work but does not have an income themselves, parental leave payments, for example, or the employment and support allowance for the work-related activity group. The contributory bit has now stopped after a year. If you look at it just as "in-work poverty", you might think it is an equal thing, but there are issues that are gendered, if you like, which would mean that you could do something about poverty for both men and women.

Elliot Kent: It might be helpful just to point out for the record that I have been given quite a specific brief today that is relating to nationals from the European Economic Area and their experiences with the welfare safety net. What we find is that the experience in terms of the needs of this group is more or less similar to British nationals, Irish nationals and so on, but what we find is a unique experience and a particular driver of poverty in this group is that they have a very precarious relationship with the benefit system, in that there are rules they have to be able to meet in order to be able to make claims. There are a lot of cases—we have discussed some of them in our written evidence—where people from the European Economic Area are making claims for benefits and having extraordinary delays in getting their first payments. Although there is not necessarily a lot of data on it, I think that is the unique experience of that group and a specific driver of poverty.

Q159 **Chair:** Elliot, did we give you that brief or did your group give you that brief?

Elliot Kent: I was invited on that brief, yes.

Chair: Very good.

Q160 **Steve McCabe:** Michael and Sally mentioned the notion of unavoidable costs and the Committee heard earlier from the Social Metrics Commission about their concept of inescapable costs and the poverty measure. How do you identify the unavoidable costs for the groups that you represent?

Sally West: That is a really important issue but it is quite difficult to do. Both of us in our client groups would be particularly interested in measuring disability costs and it is very welcome that the Social Metrics Commission is looking at that, in recognition that poverty is not just



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about the income that are coming in but, as you say, the inescapable costs.

It is a good start to do what the Social Metrics Commission has done. What they do is ignore the value of the Disability Costs Benefit, which given the data is a perfectly reasonable thing to do because if you are giving some money in order to cope with disability costs you need to take the costs or ignore the income, which they are doing, but it probably does not give the complete picture because your costs may be higher than that, they may be different than that or you may not receive benefits. For example, if you are over the state pension age, you cannot claim any help with mobility costs. Whatever your costs for mobility are, they will not be taken into account with the Social Metrics measure because you do not have a benefit to be disregarded. The measurement does not take into account social care costs, sensibly it takes into account childcare costs but your social care costs probably far exceed any attendances you have. It is a good starting point but we probably need to look in more detail at how we can look at those costs.

Michael Griffin: I would mirror what Sally has said. The inclusion of those unavoidable costs is a move in the right direction, but it is likely to undercount the costs of living with a disability. Going back to the figure, £16,582, that is about £300 a week that someone with Parkinson's would need to spend to live with the condition. Scope's Extra Cost Commission found a similar figure for people with physical conditions. Now, the same year that they did that study, 2015-16, the maximum amount you could get for Personal Independence Payment was £140. That is less than half the actual cost that they found in their studies. The way they calculate that, by excluding those costs from the disability benefits, is a difficult measure to use. It is a good start but it is difficult because if you are basing it on the Government's payments, if the Government cut PIP in half you would not see an increase in the levels of poverty but we know in reality there would be an increase in levels of poverty. What we would like to see is a regular independent survey to see and check what those extra costs of living with a disability are.

Q161 **Chair:** That would ideally be built into the definition, would it not? In other words, it will not be dependent on your having a relevant benefit, it will be that you have a relevant need. That may be offset by the benefit but if you do not get the benefit it will not be offset and therefore the extent of your poverty will grow accurately.

Michael Griffin: I still say that I think it would undercount. There are people who should get the benefit who do not get it.

Q162 **Chair:** No, what I am saying is that when we are proposing changes—as you have explained it, you are saying that your cost of disability only goes into the new definition if you are getting a benefit to cover the disability, whereas the costs of disability remain whether you get benefit or not.



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Michael Griffin: Yes.

Q163 **Chair:** That is what needs to go in.

Michael Griffin: Yes.

Sally West: Yes.

Fran Bennett: I was just going to say about childcare costs, which are particularly relevant to the group we are talking about, of course. Yes, we welcome the fact that the Social Metrics Commission has proposed that. A lot of us have been suggesting that this should be included for some time in the measure of poverty. I think it is important to say “measure” rather than “definition”. It is a measure of poverty we are talking about.

It is a good thing. I think it will still understate the problem, as my colleagues have been saying about disability. That is partly because Donald Hirsch did a study that was trying to see how many extra people would be in poverty if you did take account of childcare costs. He found that the numbers were not enormous, but the reason he found that was because he thought people were avoiding paying for childcare where they possibly could because they knew the negative impact on their income would lead them into poverty. There may be a behavioural effect that you are not capturing by looking at childcare costs.

It is certainly a very good start, as my colleagues said. It is particularly important, because although we have 85% covered under Universal Credit, that used to be 80% under tax credits before it was cut to 70%, which is not said very often. The other thing is that the cap is on two children, of course, so more children do not attract more benefit, and also the ceilings have not been increased for some time. Therefore the amount of help you would get with childcare costs is not necessarily increasing with the costs. We do have quite a good account of the costs for childcare, of course, because what is not now called the Family and Childcare Trust, but used to be, does an annual survey of childcare costs.

Elliot Kent: Yes, it is certainly a very good point that Michael has made in respect of the costs of disability not necessarily correlating exactly with Personal Independence Payment or DLA. Very often people will have those costs and they will not be met by the benefit in that regard. That is an important point. Other than that, I do not know that I would have anything specific to add further to what everyone has said.

Q164 **Derek Thomas:** This is a bit of a challenge but, very briefly, can you each explain how your organisations have changed in recent years as welfare reform has—I am going to say “progressed”, but you might not agree with the word. Basically, how has the way you work or the way you engage with people changed?

Michael Griffin: For Parkinson’s UK, we have had to increase the provision of local advisers, people who can give advice and support to people to navigate the system as it has become more complex. We now



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have some benefit and employment advisers who are more specialised to be able to provide that support.

Fran Bennett: We are not a support organisation in the same way. Women's Budget Group does gender analysis of budgets and spending reviews and specific policies, and the way in which I think it has changed us over the last few years is that we have done more analysis of specific policies. I, in particular, have been working on Universal Credit since 2010, and a lot of the work that I have done on that has been anonymous but it has been under the Women's Budget Group label. We have found it essential to focus on specific policies because they are affecting the issues and the group about which we are concerned.

Elliot Kent: Certainly NAWRA represents a wide range of people, so there will be different changes around the country. In my experience, it has been the case that there has been a lot more involvement in crisis work. There have been a lot more people approaching you with very, very low incomes that are not going to get any better. We are routinely referring people to food banks, which we would not have done five, six, seven years ago, and it is becoming a matter of routine.

In that sense, there is a much greater level of urgency to people's problems and there is a much greater impact on their lives, I think, from the cumulative changes that have affected people.

Sally West: At Age UK we provide a lot of information and advice, both nationally and through our local organisations.

To some extent, pensioner benefits have been reasonably stable. We are now increasingly seeing people who are under what is now state pension age, so one of the things that we have to do is, in a sense, expand the support or the information and advice we give.

We are starting to see more people coming for issues about Universal Credit, ESA, and all the issues that the other organisations have been talking about. The pension age has been going up and with it pension credit age, so people who are now in their early 60s who a few years ago would be expected to be able to claim Pension Credit without all the conditionality and the hoops for that, so we are starting to see people in those situations and from May, unfortunately, it looks like we will also see pensioners who have been drawn into the Universal Credit system through the changes to mixed age couples. That is something that we are starting to see.

The other thing, more generally on information and advice, is pressures on local services. With local authority spending cuts there is perhaps less information advice locally. That means the organisations that are there are struggling to pick that up. The other big issue that we get all the time is issues with the care system, and that is where we are having real difficulties in people accessing social care. Again, those are the kind of things that—



Q165 Derek Thomas: Yes. I asked that because obviously we are talking about the welfare safety net, and I wonder whether you have a view on what the balance should be between central Government, local government and the voluntary sector. I am in West Cornwall and AG Care are a fantastic effective organisation, but those of you in the voluntary sector are picking up more and more responsibility for stuff that previously would have been the state or the local authority. What do you think the balance should be? I don't know that it is an easy one to answer, but we have this welfare safety net. Is it co-ordinated across the three, the Government, local authority and yourselves, and what should the balance be? Who wants to tackle that? It is quite a challenge. Carry on, Fran.

Fran Bennett: Yes, it is quite a challenge. One of the important things to say is that, in terms of the role of central Government, it is not just the welfare safety net, which I think of as very much the means tested benefit last resort benefit, but actually non-means tested benefits, which are at the moment providing a safety net, particularly for a lot of women.

For example, they are living on their Child Benefit because of the Universal Credit five-week wait. It is the monthly assessment that is the issue. They are living on Child Benefit, for example, or they are living on their Carer's Allowance while something like the means tested benefits are actually going wrong or they have to wait for them and so on. I think it is important to say that central government's role in maintaining those non-means tested benefits is absolutely crucial.

I do think local government is important but, in particular, in terms of the local welfare assistance, which I know your previous report was about, I think what you called for there both the ring-fenced funding and the minimum service standards for that is really important. I come from Oxfordshire and there is an example of what has happened to local welfare assistance there, which I won't go into but it proves the need for those things.

Then I think support groups are clearly essential, partly to help people claim their rights from central and local government, partly to have a support group, which means that people with similar experiences can share that and so they know they are not alone, and partly to help people with voice to raise demands on the local and central Government.

Michael Griffin: I would completely reflect what Fran said. Charities are there to provide support for people, so that people can navigate through the system, but they should never be taking over these services. It will lead to different levels of service in different areas. That again will be reflected in the balance between central and local government.

Generally, where we have seen a move towards local authority provision, there has been increased complexity and accessing support has become more difficult and there is variation across the country, which has led to a postcode lottery of welfare services. The Social Fund is a great example.



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That was devolved to the local authorities. After a few years the funding was withdrawn and the expense was put onto local authorities, and so now you have a situation where some local authorities have an equivalent social fund in place. Others don't have anything, so it is very, very much different depending on which area that you are in.

They were talking about localising attendance allowance, but, when we pointed out the increased complexity and variation that would cause, they did withdraw that and not go ahead.

Q166 Derek Thomas: Is there anything you want to add, Sally?

Sally West: Well, I agree with that. As a voluntary organisation, we like to be seen as maybe an independent and trusted organisation. People may come to us when they don't go to a central or local government. Then we can look beyond the presenting problem, which is what advice services do all the time: somebody comes along and says, "I can't pay my gas bill", we would look at the benefits, "Are you on the right tariffs?" And then it perhaps comes up that they are struggling with finances because their husband needs a lot of care at home. It is that overview and helping to get people to the right support and services and navigating the systems, as Michael said.

Q167 Derek Thomas: Elliot, is there anything you wanted to add?

Elliot Kent: No, I entirely agree with what everyone has said, the voluntary sector, and the local authorities. For the voluntary sector, in particular, the role is more of a navigator rather than a provider of essential services, really. For local authorities the concern is obviously that these costs that are being taken out of the national Government are very often, one way or another, falling on the local government. There isn't necessarily the funding there to deal with that.

Q168 Derek Thomas: It is really important that we keep a very clear line between the voluntary sector and what you do and not being part of the system, so I completely agree with that.

Finally, in terms of striking this balance between the three and the role that you have, what policy changes are you looking for from central Government that would help to ensure people have a safety net and that you can do your work effectively?

Michael Griffin: The thing that we would suggest is that they ensure that they do have the funding—as Fran said—ring-fenced and that it does continue. It doesn't get cut at some future point, but also just maintaining national standards. That there are clear, consistent guidelines that they need to follow and quality of service throughout the country, so you get the same service no matter where you are in the country.

Fran Bennett: Sorry, your question was about central Government policies to maintain the effective safety net?



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Q169 Derek Thomas: You are the voluntary sector or third group, third sector. What do you need from Government policy to do your job and to ensure that local authority government do have the policies in place to ensure this welfare safety net. What would you like to ask from Government, in terms of how they change or what policy to introduce?

Fran Bennett: I would say that I think the local welfare safety net is crucial but can only do its job if the central Government policies are the right ones to begin with, so some of the things that were actually asked of the previous people at the end of the panel, which was about what central Government policies would be most important.

I would not just say something like ending the benefit freeze, but I would also say I would want to say quite a lot about the structure of Universal Credit in order to help women, in particular, and also, in terms of the help to local government or support groups, I would want to say something about the funding of advice services—which maybe Elliot would want to say a bit more about—but I think that is also crucial, and that the funding is core funding for advice services and not just competitive bidding for project funding.

Elliot Kent: Yes, that is certainly a good point. In terms of funding of advice services, obviously, legal aid for benefits was in the large part lost all those years ago. It would be good to see that return as part of the review.

There are issues in terms of the amount of money people have, which is driving demand on our services. One of the points that was made by Philippa Stroud in respect of the work that the Social Metrics Commission has done, is that the more money people have, and the less costs they have—whether that is through work or benefits or whatever—the further away from poverty they move. I think it would take some of the pressure off our work if some of these initiatives that were mentioned in the first panel were brought into play: the benefit freeze, the five-week wait, everything like that is driving demand on our services and it is driving poverty.

Q170 Chair: Sally, did you want to come in?

Sally West: I am not sure I have anything to add. I definitely support the information and advice and the fact that—sorry, I said I didn't have anything to add and then I spoke. Also, the fact that Fran said, we can help central and local government services. We can be a critical friend and feedback and try to make sure that systems work as they should do.

Q171 Chair: Fran, given your work on Universal Credit, and the financial position of women and children and maybe their safety, what are your conclusions? Does Universal Credit enhance their position and their safety or lessen it?

Fran Bennett: I think two issues there, one is their position generally and the other is their safety, and I know the Committee has done a huge



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amount of work on domestic abuse, in particular, in relation to Universal Credit. My own view is that putting all your eggs in one basket of Universal Credit, including the Single Payment, is taking away from people, and particularly women because it is often women.

In the research I did with Sirin Sung for the Gender Equality Network, it was often women in low to moderate income families who were doing the day to day budgeting, not necessarily paying the monthly bills but doing the day to day budgeting. If you have a single monthly payment, with no hint about what this bit of the benefit is meant to be for, and with no pacing of the way in which you get the benefit over the month, I think if you are on a low income—and particularly if you are the household manager—that makes budgeting much more difficult.

I think, in particular, the whole month approach to changes of circumstances is going to make budgeting virtually impossible. What I mean by that is there has been a lot of talk about the way in which the pay periods don't fit in with assessment dates, but the whole month approach to changes of circumstances works either for you or against you, but it means that your circumstances on the day of the assessment date are what are taken as your circumstances for the whole of the previous month.

If your baby is induced that day, because you know this rule, then that is great because you get a whole month extra benefit. If your 18 year-old flounces out you absolutely get nothing for the previous month that you have been feeding her. Similarly, if you move house on the day before your assessment date, you are only given the housing costs that you are paying now, if it is lower, rather than the higher housing costs you were paying for the previous month.

I think that is going to be really difficult for people to manage, and it is not because they are bad managers. We know from research that most people on low incomes are actually very good managers, but imagine if you are told to budget monthly, and then the amount that you get has an arbitrary relationship to your needs depending on when those needs change relative to your assessment date. I just think that is going to be incredibly difficult.

Q172 **Chair:** I also wanted to refer to the split payment issue, because I mean the problem with budgeting is huge if somebody doesn't give you any money.

Fran Bennett: Absolutely. No, I think the single payment also has implications for people's safety in abusive relationships and even for equality in non-abusive relationships, but where each of you getting some income would actually lead to a more equal relationship, which we also found in our research that we did with low-income families. A separate payment that was arranged from the beginning of Universal Credit, rather than a split payment by exception, I think would be more likely to be conducive to people's ongoing safety.



Chair: Great.

- Q173 **Heidi Allen:** Just to wrap up, I think most of you sat through the two earlier panels. We have talked about people's views on weaknesses with the welfare safety net. Some of you mentioned them just now, the structure of Universal Credit, five-week wait, benefit freeze, Housing Allowance, general funding of local services.

Just to pull it all together for us, could you finish off—perhaps we will start with Elliot and work down to Sally—with your thoughts on: do we still have an effective welfare safety net? I won't put those words into your mouths; you tell me. If you believe we don't, the people that you work with, how does that affect them? Elliott?

Elliot Kent: I don't know if I could say yes or no for the entire membership as to whether it is effective or not, but it is certainly less effective than when I started in this work.

- Q174 **Heidi Allen:** When was that?

Elliot Kent: About seven years ago, I want to say. It is less effective, as I say, in terms of people just routinely approaching us, not having the money they need to pay their essential costs. That is not an exception. That is every day you are coming across people. You sit down and you try to figure out if there is any more money they can get, and very often there isn't and it is creating a different level of poverty, destitution, whatever terminology you want to use.

- Q175 **Chair:** Elliot, what happens when you are going through helping somebody who literally is desperate and you find there is no extra benefit entitlement, what advice do you then give them?

Elliot Kent: That is a very good question. Often I don't have an answer. Often it is the case that someone has insufficient money. They have to make choices between paying for food or paying for heat. You can sometimes rely on the council, say, to provide 20 quid to stick on the meter. You can refer these people to food banks. Sometimes there is charitable support available or there might be things, like DHBs, available but in many cases there isn't a solution and that—

- Q176 **Chair:** Was that seven years ago, Elliott, where you in fact have to say to people, "Well, sorry, I cannot do anything"?

Elliot Kent: There were some cases like that, but it is certainly more regular now than it ever was in terms of people coming in with that issue. Often it used to be the case that a lot of your work was finding some extra money that might be available to people. For example, getting the work-related activity group on ESA or something like that, but that has gone now so you cannot get that extra money. Things like that are—

Chair: Have been boxed off.

Elliot Kent: Avenues have been closed off. People affected by the benefit cap often there isn't an answer to that unless you can make them fall into



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one of the exceptions, which isn't always possible. That has become a much bigger part of, certainly, my experience. I cannot speak for everyone but definitely noticeably in my work.

Q177 **Chair:** Fran?

Fran Bennett: I said quite a lot just now, so just briefly, I don't think there is an effective welfare safety net and I think a lot of women are affected by that. In particular, partly because they are more likely to depend on benefits themselves and partly because they are more likely to get benefits for other people, and the mental anguish that people go through, in terms of not being able to provide for their children, is a particularly difficult situation.

Also, it is a bit sad that we are talking about the welfare safety net to be absolutely honest. I have been working this about four times longer than my colleague, Elliott, here and I would like to think that we are more ambitious than just have a welfare safety net and that, actually, what we want to be doing is putting the security back into social security.

If you have fallen off the trapeze, then you are already seen as a failure. You are already insecure, clearly, because you have lost your balance. So I think we should be more ambitious and we should be reconstructing a social security system that is providing real security and actually is for all of us in it together, to coin a phrase.

Michael Griffin: I agree with Fran and Elliot, especially Elliot's explanation of how things are getting more frequent, people are starting to get into these really sticky situations more often. What I would like to add to that is the system has become so complex that its effectiveness does depend on your capability and experience.

For people who cannot navigate the system or cannot find the help to navigate the system, it can actually push them into poverty. Getting the decision right for, say, the Personal Independence Payment is an example of one of the complexities. Mandatory reconsideration is just not fit for purpose. Tribunal hearings, the average is now 29 weeks until you get to a tribunal hearing and in some places it is over a year, and that is not an effective system. Then when you get to tribunal 72% of decisions for people are overturned. That is, frankly, an embarrassing level of bad decisions. That wasted resources on going through that appeal process could be better used to support people.

I had a case recently with a lady with Parkinson's. She was receiving Personal Independence Payment. She was reassessed and it was decided that she no longer met the criteria. Now, Parkinson's you can never get better. Once you meet the criteria you always meet the criteria. She was using the money to pay for her mortgage so, by removing that money and having to wait a year for tribunal, she was at risk of homelessness. Thankfully, our local advisers were able to help her and we didn't need to



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go to tribunal, but that is an example of situations that people are increasingly finding themselves in.

I worry about the people who don't get the help and support. They are the ones that the welfare safety net is just not effective for them.

Sally West: Yes. I think the safety net works better for pensioners than it does for people of working age because the benefit rates are higher. We have not been subject to the same levels of freezing and you don't have the same conditionality. There are clearly issues. There are lots of older people having financial difficulties. There are people who don't claim the benefits that they are entitled to. There are issues with the benefit system that mean people are living on lower incomes than they should do, combined with the extra costs we have already talked about. But I suppose at least most pensioners have a state pension, so if for some reason you are not getting the Pension Credit at least you have your state pension, which gives you some income.

We are looking back at some of the cases we have had for our information line. Some of the ones where the most difficult financial issues are, are those people who aren't yet pensioners. As I said earlier, we are going to be seeing more who are in their 60s, ill health, caring, struggling, and that is where to me it feels like we, as an organisation, are going to come across more of the sort of cases that other people are talking about where people are having to try to live on very, very low levels of income.

My final point is that if we are looking at welfare more broadly, I suppose where we feel the safety net is failing most at the moment is the care system. It is nearly two years since we were promised a Green Paper. We still don't know what is happening with social care and people are really struggling managing.

Q178 **Heidi Allen:** Could I ask one final question to Sally, just specifically on pensions? You are right to highlight, and rightly so, pensioners were significantly behind in terms of income but now that that has been stabilised the triple lock, should it still be triple lock or should it be a double lock, inflation or cost of living? It is inflation, cost of living or the arbitrary percentage. Is it time for that arbitrary percentage to go because it costs, I think, £1.5 billion a year, something like that?

Sally West: I know people talk a lot about the hugely generous triple lock. In terms of what it makes individually, year on year, it tends not to be very much for individuals. I was looking at this uprating and it is probably a difference of 30 pence a week on your basic pension, which of the three measures they used. One of the things that is important about the triple lock—

Q179 **Heidi Allen:** Collectively, it costs an awful lot for the country?

Sally West: Yes, in terms of the social security budget it is large. One of the things about the triple lock—



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Q180 **Chair:** I am sorry, Sally, if it is only 30 pence, it doesn't matter that much, does it?

Sally West: The point I suppose is going forward, and one of the things about the triple lock, yes, of course it helps older people today—

Q181 **Heidi Allen:** Just because the top percentage—is it 3%? I forget now. It is a while since I looked at this, but that arbitrary triple part of the lock means that it always or it has for years now outstripped and been much higher than inflation, or is it cost of living or wage rise? I forget the other, earnings?

Sally West: Yes, it depends which one and we need—

Q182 **Heidi Allen:** It has outstripped everybody else's income and, don't get me wrong, we needed it. My question is: the Government will say, "Find me the money, Heidi, if you want to spend all this money on welfare," but if it is, as Frank says, only making 30 pence a week but, collectively, would give us a much bigger pot to put into other areas of UC, for example, should we be looking at that?

Sally West: Well, I think what we also need to is not just current pensions but future pensions because if you look at, for example, the work of the Pension Policy Institute, the biggest impact of the triple lock is for lower income poorer people going forward, so younger people who may not have much opportunity to build up private savings, but if they can build up a little bit the longer that the triple lock is retained the more likely it is that lower income current workers will be able to avoid poverty going forward, so I think it is probably not so simple as just saying, "This is very generous"—

Q183 **Heidi Allen:** But we also have auto-enrolment now, which we did not have before, so people if they are still working will also be gaining more of a pension there as well.

Sally West: Yes, and the two work very well together for the lower income groups. I can certainly send you the details of the Pension Policy Institute report, which is quite useful, but I think it needs to be a careful analysis of not only what it might bring in the immediate but the impact it would have for current and for future pensioners.

Chair: Very good. We are going to end there. Thank you very much all of you for your evidence.