HOUSE OF COMMONS

Work and Pensions Committee

Oral evidence: Welfare Safety Net: follow up, HC 1539

Wednesday 27 March 2019

Ordered by the House of Commons to be published on 27 March 2019.

Watch the meeting

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

Questions 184 - 284

Witnesses

I: Justin Tomlinson MP, Parliamentary Under Secretary of State, Department for Work and Pensions, Neil Couling, Director General, Universal Credit Programme, and Donna Ward, Policy Director, Children, Families and Disadvantage.

Written evidence from witnesses:

Department for Work and Pensions

Examination of witnesses

Witnesses: Justin Tomlinson, Neil Couling and Donna Ward.

Q184 **Chair:** Justin, welcome. If you could identify yourself and your team and then Steve will open our questions.

Justin Tomlinson: Justin Tomlinson, a Minister in DWP.

Donna Ward: Hi, I am Donna Ward. I am a policy director in DWP leading on poverty.

Neil Couling: I am Neil Couling. I am the Director General for Universal Credit.

Chair: Very good.

Q185 **Steve McCabe:** What I really wanted to ask as an opener is that we can have this kind of discussion that goes on endlessly about definitions of poverty, we hear it played out in the Chamber at times. If we accept there is not any kind of universal definition I wonder if I could ask you, Minister, what do you think are the best indicators that the welfare system is working effectively and efficiently?

Justin Tomlinson: I will start, but we have the resident expert on data analysis. From my perspective I think that is a very fair question. There is a broad range of different statistics and it is fair to say the outside world often will say politicians on both sides of the debate will cherry pick the ones that work best for them and also they do not necessarily relate to real lives. We all know from our constituency case work, when you talk to people, if you start talking about relative poverty measures and things like that it bears no resemblance to what is actually happening in their lives.

As an individual I think the material deprivation statistics are probably the closest to what it is like on the ground. I know there is the social metric cross-party group looking at coming up with a new definition. I think there is some potential within that but it does not necessarily answer all those questions. This is an incredibly important piece of work because if we could crack that it would certainly focus the minds of Governments and stakeholders.

Donna Ward: Yes. I think DWP is best in class in collecting information on income, and I do think income is a very important starting indicator. We collect statistics every year on income; relative low income, absolute low income, extreme low income. In fact they will be updated tomorrow, as I am sure you probably know. That is a really good starting point and anybody trying to measure destitution or low-end poverty starts with income, including for example the JRF.

The SMC measure is a good advance on that because then it says, "Okay, from the raw income you have how much disposal income do you have, taking away all of your unavoidable costs?" However, we know that people with the same level of disposable income or total income might still have different experiences of whether they really can cope depending on where they live in the country and whether they have other support. Therefore, as the Minister said, adding in more qualitative information like the material deprivation measures is really important.

DWP has chosen to have quite broad material deprivation measures. For children it is about whether they can participate in holidays, hobbies or outdoor space. We have tried to make it a broader thing about participating in society. The JRF has chosen to go down a narrower route, which is also very important, looking at shelter, food, heating, lighting and so on. Looking at the lower end is also very important.

I think you probably know that we are developing the Family Resources Survey, our main survey, all the time. We are adding in measures on food insecurity now to make sure we understand more about that. We are always developing our data.

In summary, I do not think there is one measure that is perfect and will do it all. You have to look at income, disposable income and some of the more qualitative statistics as well. For very difficult populations to capture in survey data—like rough sleepers—you have to collect that data separately, which is what MHCLG does. In DWP we look at that whole suite of indicators, we update them regularly and keep improving them.

Q186 **Steve McCabe:** I am just trying to understand where you think the Government is at the moment. Are things like destitution and chronic poverty measures that you would accept? As I say, we may not have some standard definition but they are part of the things you look at. What is the role of the Department, is it to lift people out of those conditions or is to recognise that they are in that condition and make sure their situation does not deteriorate?

Justin Tomlinson: It is both. Going back to my earlier point, the better quality data we can get the more we can focus our efforts. I spend a huge amount of my time meeting with a very broad range of stakeholders. They will all identify particular challenges that they wish targeted support to be aimed at, and the better quality data you have the better you can target your resources. I think we would all agree about the importance of that. Once identified, absolutely you have to target your support to help improve their lives.

Q187 **Steve McCabe:** If you were giving yourself a score out of 10 at the moment, how effective is the Department in preventing people falling into destitution or chronic poverty and how effective is it in lifting them out of that condition?

Justin Tomlinson: There are two ways of looking at this. First of all, the glass-half-full side is that we do have record employment; income inequality falling; incomes rising; the poorest fifth in society in real terms is better off since 2010; we have made changes, removing the tax credit 16, 24, 30-hour cliff edges and removed the artificial barriers to work; wages are rising; the rapid extension of the free-childcare offer; 1.8 million more children at "good" or "outstanding" schools, unlocking the next generation's potential and so on.

However, there are still challenges. We saw with the legacy benefit system £2.4 billion worth of support is left unclaimed by 700,000 of some of the most vulnerable people. That works out at about £285 per household per month missing out on support that we all agree people should be getting. There are still challenges, even with the simplified Universal Credit system. Some people, often very vulnerable people, who should be getting support are for a variety of reasons walking away from formal support. That is why we have to have a major emphasis on partnership working. I have been on countless visits to some fantastic organisations that will, in effect, hold the hand of some very vulnerable claimants and guide them through the system to make sure they get the formal support. I think there are a lot of lessons to be learnt in that area.

Q188 **Steve McCabe:** Are there any particular initiatives? You talked about the people who are missing out on payments they are entitled to. Is there anything you are specifically doing?

Justin Tomlinson: There are some good examples. It is well known that ex-offenders will often loop straight back into the system. There was the classic scenario of being released from prison on a Friday afternoon and then by the time they had themselves an appointment in the Jobcentre they had taken the wrong path again because they felt they had no choice.

The first step to address this is that we have now put 137 work coaches within prisons, to try to get much more prepared before they leave. That has had a good start but we are now looking to build on that further. We have three current pilots going, which we are very excited about, where not only are the work coaches engaging with the offenders before they leave but they actually complete the process. Therefore the moment they leave the prison their Universal Credit goes live, they can have access to the advance payments and we start to work on the principles of the duty to refer.

Similarly for care leavers. I have visited a lot of different organisations supporting care leavers. One particular group were being supported by a charity that used drama. These were very confident and very articulate care leavers and they had a lot of questions. We invited them back to the Department for a full and frank Q and A. Society expects so much of care leavers when they turn 18 and, unsurprisingly, many of them have been overwhelmed. Therefore one of the things we are looking at, through the Carers' Covenant, is that we will start to work with them a month before they are 18. That is a good start but I do not think it is good enough. I think it should be six months. They should all be invited into open evenings within a Jobcentre where they can have a presentation about the sorts of services that are there and then go off for one-to-one conversations. This should be done in conjunction with support groups and the local authority.

It is this sort of thing where we need to do a lot more. We voted for increases in welfare spending. We voted for increases in the amount of money that is provided through Universal Credit, through PIP and through all the different sorts of benefits. However, not all people in society are taking what they are entitled to and that is where we have to focus a huge amount of effort going forward.

Donna Ward: I agree with the Minister. Looking at the evidence, when people are in steady state in the benefit system more or less they manage. It is managing the transitions in and out of benefits or in and out of work. A lot of the issues that people raise are around accessing support in the first place, cash flows and lots of the logistical things as opposed to necessarily the structure and rates of benefits themselves.

Justin Tomlinson: One more example that really demonstrates this. A couple of weeks ago I went to Peterborough to visit a charity that supports female ex-offenders. It got its funding from the Ministry of Justice so it was not a DWP-supported organisation. It was paid to basically support these female ex-offenders to build confidence, potentially build work skills and eventually ultimately end up in work.

However, when I was talking to the mentors within this organisation they said that more than 50% of their cohort was not engaging with the benefits. They said it was as simple as the fact they would be given an appointment at the Jobcentre. They would go to the Jobcentre early, would be told they would have to wait five minutes for their appointment and then some of them would just simply walk out because they had a total distrust of a formal system, there was a breakdown in their relationship with the formal support there. The most worrying thing is that when they were walking out of that Jobcentre they were not appreciating that they were walking away from financial support they were entitled to. They were putting two fingers up to a formal process that they felt had collectively let them down over their lifetime rather than connecting that it was actually their own money they were walking away from. Therefore that organisation, rightly, would hold the hand of their cohort, take them into the Jobcentre—they built a really strong partnership with the Peterborough Jobcentre—and say, “No, let’s just be patient. Let’s go and work this through. Let’s get the level of support on housing, on your benefit.” Once that was in position, as Donna has said, and they were in a stable state things would then significantly improve.

I was really touched by that story. The system would say, “We’ve offered that individual formal support. They are entitled to X amount of money in benefit and in housing." However, that individual, for very complex personal reasons, was not taking it but also was not aware of why they were not taking it. That is why we have to do a lot more with trusted partners, people who can engage with these vulnerable people to get them the formal support they are entitled to.

Q189 **Steve McCabe:** Thank you. Minister, I think it is probably fair to say that what you have been describing so far is the Department in its benevolent helping mode doing what it can to stop people falling into destitution and trying to lift people up, making sure they have the right connection. What about when the Department is in its other role, when you are applying deductions and sanctions to people so obviously taking resources away from people who are in difficulty? How do you make sure that your actions—however justifiable the Department thinks those actions are at the time—do not result in pushing people into poverty, destitution and extreme difficulty? You will be aware these are the reports that we hear with regularity.

Justin Tomlinson: I was actually sat on the other side of the table when you initiated one of those reports.

Steve McCabe: So you might remember it.

Chair: You signed it.

Justin Tomlinson: It is very important because, first of all, it is absolutely right that any use of sanction should be an absolute last resort. I welcomed the report—not just because I signed it—because of the important things that stakeholders had raised, particularly around the breakdown in communication. That is something we absolutely have to look to avoid. Remember an independent review, the Oakley Review, did say as a last resort it was an important part of the process. I think what you say is very fair, we cannot then use it as a way to compound issues and therefore there are very strict rules in terms of protecting people from undue hardship.

Neil Couling: The system has various safeguards built into it. First of all, the person seeing you in the Jobcentre is not the person who decides to sanction you. That is made by a separate decision-maker. There are hardship provisions available with regard to sanctions for people whom would be left with no other means of support. There is a system of mandatory reconsiderations and, behind that, appeals for people to challenge the decisions that may have been made on their case.

I think as I said at the last hearing, the number of sanctions actually applied, in cases where sanctions in theory could be applied, is very, very small. The statistic I gave was from the NAO report in 2016, which said in a six-month period there was 1 million people who did not turn up for an appointment in Jobcentre Plus and about 34,000 of those subsequently were sanctioned. You can see from that the system is trying not to sanction, it is trying to understand why you did not turn up for your appointment and not to reach straight for the sanctions lever to pull.

Q190 **Chair:** How many on Universal Credit are being sanctioned today?

Neil Couling: The overall sanction rate for the total population of Universal Credit is 1.79%. I think that is a bit misleading because some people on Universal Credit are not in sanctionable categories of claimant. For people who are in full conditionality the sanction rate is about 2.8% and falling.

Q191 **Chair:** I did not ask percentages, I asked numbers. How many people, Neil, are now on Universal Credit and sanctioned?

Neil Couling: I do not know the actual number because the caseload is growing by about 140,000 a month.

Q192 **Chair:** Roughly, how many do you think you will sanction?

Neil Couling: About 50% of the claimant population is in full conditionality. That is at 1.6 million so that is 800,000, 2.8% of 800,000—I am trying to do the maths now—is 24,000, is that right? I do not know, I am trying to do it in my head.

Chair: Sorry, your figure is what, do you think?

Neil Couling: A rough approximation, just trying to do it in my head now, say 24,000, 20,000.

Justin Tomlinson: We will write to you with the—

Q193 **Chair:** Do you not find something shameful in that you sanction and you do not actually know the numbers. All you have are happy percentages that would suggest there is not much of a problem here. However, to be sanctioned for an individual is a 100% issue and not just part of another percentage. You do not actually know the numbers.

Neil Couling: Hang on, give me a chance to answer that because that was a statement. I do not think that is a relevant point, Chair. I really do not think you should say that.

Chair: Justin, how many claimants today are both sanctioned—

Neil Couling: I really do not think you should say that, Chair. You have said to me I do not know the actual figure. I have given you a percentage of the caseload. I have tried to work that out for you in the Committee. The caseload is growing every week, every day we get more claims. That is the nature of the rollout of Universal Credit. I do not think it portrays anything. I do not think you can infer anything from that. I think that is just wrong.

Q194 **Chair:** It portrays that when you go into your office every day you do not have before you, as I think many Members of Parliament if they were in your position would have, an actual total number of people. However, let's leave it.

Justin, how many people on Universal Credit are sanctioned but also have debt repayments pushed on them and draw no Universal Credit at all?

Justin Tomlinson: That is the Minister of Employment's area. My job would be to meet the stakeholder groups to take back where they are.

Q195 **Chair:** It is somebody else's job? You see the other Friday Heidi Allen and I were in Chester and the advice worker said to us, "We now do not meet anybody who is not hungry and cold". This is in a country that is supposed to have a safety net. To me what we now have is a welfare system that is not providing a safety net but is designed—even if one does not know the numbers—to push people into destitution, hungry and cold. I just wanted to know the numbers because I would be haunted by them if I was required by collective responsibility to run a policy that resulted in this.

Justin Tomlinson: First of all, the use of sanctions is falling at a significant rate. Part of that reason is the right move to improve communication, the principle, the fact it should always be a last resort and also because we are increasing efforts to identify vulnerable claimants, people who are not in a position to really have been responsible for getting to that place and more effort should be done—hang on—

Q196 **Chair:** These are not vulnerable claimants. These are people who you make vulnerable by a sanctions policy and a debt collection policy that may result in no benefit at all.

Neil Couling: If you are under a sanction for non-compliance with conditionality you will not be subject to other deductions on your benefit because the sanction will be the maximum amount of benefit that you can take.

Chair: None of those—

Neil Couling: Just let me finish. Let me finish the explanation and then—

Steve McCabe: Can I just understand what you have just told us because I think—

Neil Couling: No, because I have not finished the sentence. If you let me finish the sentence—

Chair: All right, finish the sentence, yes.

Neil Couling: Up to the limit of sanctioning and then no further reductions will apply above the 40% of your standard allowance, except where they are deductions designed to keep your utilities on. For example, if the gas company or the electric company would switch off supply to your house we do make a deduction for—

Q197 **Chair:** You do not recover any historic debt if there is a sanction?

Neil Couling: If there is a sanction going on, the sanction will take up the amount. There is a priority order, which I am very happy to share with the Committee, on which deductions are taken. Once you reach that limit you cannot take another deduction on top of that.

Q198 **Chair:** Those constituents coming to us saying they are getting nothing in Universal Credit are mistaken?

Neil Couling: If you just have an entitlement to the personal allowance and you are fully sanctioned through non-compliance and are not deemed to be in hardship, you could lose—as you could under Jobseeker's Allowance—your full entitlement.

Justin Tomlinson: If they are being placed into undue hardship—in that scenario you have described that would certainly be the case—they should be talking to the work coach because there is the ability to suspend repayments looking at that individual's circumstances. As Neil rightly said, this system has always been in place under the legacy benefits. Under this system you have a named work coach.

Q199 **Chair:** Yes, but what is the work coach doing, Justin?

Justin Tomlinson: Hang on, what I suspect is the case for those is that for some reason there has been a breakdown in the relationship with their individual work coach. That goes back to my earlier point, we need to be doing a lot more to get people that that claimant trusts—whether it is a social worker, family friend or a charity that might be supporting them—to go back in with them to have that conversation. This is really important; there is formal support for people, whether that is an advance payment or whether that is suspending action in terms of the sanctions. However, that conversation needs to happen. It is clear in some cases, for whatever reason, the claimant does not feel in a position to have that conversation and that is where more work needs to be done.

Q200 **Chair:** Justin, this is fantasy world.

Justin Tomlinson: It is not fantasy world at all.

Chair: If I was a claimant I would not know the hell what your rules are. I would not be raising with my work coach, "I haven't got any money" because I probably could not get into the Jobcentre Plus to have this conversation.

What are job coaches doing to ensure that those rules, which are to limit the amount of deductions, are operative in your Department?

Justin Tomlinson: Three things. First of all, presuming they are in the Jobcentre and they are having a conversation, they should be explained to them. Second—

Q201 **Chair:** What are you doing with the job coaches to check that your rules about deductions are being applied to claimants who have no idea what your rules are?

Justin Tomlinson: It is in the guidance for all of the work coaches. The first stage is they should be having that conversation. The second stage, going forward as of April, is the Citizens Advice Universal Support across all Jobcentres.

Chair: Somebody else, yes.

Justin Tomlinson: We are paying for that. It is an independent organisation that can then give an extra layer of support. The third element that we are doing more work in is strengthening the partnership arrangement so that any of these organisations, including the food bank that you will have visited, will then feel empowered to have a single point of contact at the Jobcentre to say, "We have had this claimant come in. This doesn't seem right, they are in real need of support. What is the background? What more can be done? How can we assist?" We need to strengthen that part because for somebody to reach the stage where you have met them that is not good and that has to be dealt with as quickly as possible.

Chair: It is lots of people.

Q202 **Steve McCabe:** Can I try to understand a little bit about how this works. This started with me asking: how do you ensure deductions and sanctions do not push people into poverty? You rather helpfully, Mr Couling, said if someone is subject to sanctions there is a maximum level of deductions that can be taken alongside that.

I am curious to know how these figures are arrived at. Do you start from the position of saying, "Here is a couple" or, "Here is an individual. What is the maximum sanction that could be applied to this person? What is the maximum deduction that could be applied and therefore what is the minimum income they would have?" Or do you start the other way round by saying, "What do we think would be a maximum sanction?" You understand my point? Are you starting from trying to understand what the absolute minimum is a person could reasonably be left with, or are you starting by making your best guess about what is the most appropriate level of sanction?

Neil Couling: There is no discretion in that regard in the system. It is laid out in the regulations; the priority order and the amounts which can be deducted. There is some discretion in some of the deduction amounts. For example, on rent arrears you can—

Q203 **Steve McCabe:** Sorry, I apologise for interrupting, I am just trying to understand this. When the regulations are set presumably you advise on them. When they are set, are they set with a view to what might be a minimum income a person is left with or are they determined by some other criteria?

Neil Couling: Some of them are carried over from the legacy system. We pulled arrangements that were in the legacy system over into Universal Credit. Some of them were set with regard to assessments of the pressures that might be on a family. For example, a lone parent has a lower sanctioning rate attached to them than a single person. They were set as the regulations were formulated. The regulations themselves provide for the order in which you consider deductions and then cap the amount that you can take on those deductions.

Q204 **Chair:** For a single person who is subject to maximum sanctions and maximum utility deductions, what is the minimum income they would be left with per week?

Neil Couling: The maximum deduction rate is currently 40% of your standard allowance. A standard allowance is—

Justin Tomlinson: That is falling to 30%.

Ruth George: But not until autumn 2020, another year and a half.

Neil Couling: No, it is October 2019 that is falling.

Justin Tomlinson: This year.

Neil Couling: It is 40% of £317.82 for somebody single aged 25 or over, or 40% of £251.77 if you are under 25 and single.

Q205 **Chair:** About £100?

Steve McCabe: No, that is the maximum sanction figure.

Neil Couling: That is the maximum deduction.

Q206 **Steve McCabe:** What I am trying to get to is how much are you left with per week?

Neil Couling: On a deductions case or a sanctions case?

Chair: Both.

Steve McCabe: No, you said that somebody could be on maximum sanctions and you could continue to take maximum deductions for utilities. I am saying in that scenario, the one you describe, for a single person how much are they actually left with per week? That is what I am trying to establish.

Neil Couling: There are various interactions going on here. If we just park deductions for a moment, they are on a 40% maximum deduction subject to the caveat I gave—when you were letting me—about people's supply of gas, water, electric and the like.

For sanctions, the amount sanctioned is the entire personal allowance but then the hardship provisions add back the potential for 60%, so it effectively takes it to 40% again through a hardship payment. For a lone parent that can be up to 80% of that amount added back in. The sanction, in effect, is 40% of the total personal allowance.

Q207 **Steve McCabe:** Does that mean for a single person—I think we both are talking about the same person now—they are left with less than £80 a week, is that right?

Neil Couling: No.

Steve McCabe: So what is the figure? That is what I am trying to establish.

Neil Couling: The sanctioning does not compound into other deductions.

Q208 **Steve McCabe:** I am trying to understand how much money they have in their pocket to live for a week?

Neil Couling: A single person on JSA who would not be determined in hardship—for example living with their parents—could be left with no entitlement, which has long been the system that has been in place. In practice the vast majority of cases do claim some form of hardship.

Chair: Universal Credit we are interested in, Neil.

Neil Couling: Universal Credit basically replicates that system. The only change we made to deductions policy with Universal Credit was to increase the amount you can take for housing arrears, because we knew at the start of a claim that some form of book arrears would build up because we are paying a month behind and we wanted to reassure landlords that they could get that money back quickly. In fact, the process with many social landlords has been they prefer the lower rate of deduction, and that is the rate of deduction for housing arrears that tends to be taking place.

Q209 **Chair:** What is the answer to Steve's question? If the maximum deduction is limited to 40%—we will check on that later—how much is a single person left with if there is the maximum deduction for sanctions and for debt?

Neil Couling: As I have been trying to explain, the two cannot run over each other because of the way in which the sanctions policy works. If you are subject to a sanction you will, in effect, be put in a position of a 40% deduction. Therefore, we cannot take any more beyond that.

Q210 **Chair:** Everybody in a sanction would have a maximum deduction of 40%, whatever the historic debts are you are chasing them for. What would a single person be left with, was Steve's question, on the maximum sanction?

Neil Couling: On a maximum sanction?

Q211 **Chair:** Which is 40%.

Neil Couling: Right. Assuming that. About £185 a month.

Q212 **Chair:** £185 a month. Even in a short month, that would be divided by four, would it not, for a weekly sum?

Neil Couling: Yes.

Q213 **Chair:** Right. None of those would have historic debts claimed from them? Though you might be taking money to pay their home.

Ruth George: £42 a week.

Chair: £42 a week to cover everything. You would still be covering their rent?

Neil Couling: Yes.

Ruth George: Unless there was a shortfall.

Q214 **Steve McCabe:** Yes, which they may have to top up. Is that how Professor Fitzpatrick gets to the position of saying if they are going to have to dip into that to pay for housing then you are leaving people with barely nothing to live on? Is that how they get to that figure? Because I was asking you earlier, was it £80, and you said no, and we have now established it is £42. In actual effect, if you then have to pay some supplementary element to your rent to keep a roof over your head that is how Professor Fitzpatrick gets to the point where they say you are leaving people with barely nothing to live on. Is that how they arrive at that?

Neil Couling: I have no idea.

Q215 **Steve McCabe:** You are not familiar with "Destitution in the UK"? That is the JRF report.

Neil Couling: No. I have seen lots of examples of people contriving or describing different scenarios and then putting that to us. I am just today explaining how the various systems work here. No, I have not looked at that specific example.

Q216 **Steve McCabe:** I will just ask one last question on that. When these reports like this are produced, is there anyone in the Department who looks at them?

Donna Ward: I have read the destitution report from JRF.

Q217 **Steve McCabe:** You have read that. Is that how Professor Fitzpatrick gets to that claim?

Donna Ward: They have surveyed a lot of people and asked qualitative questions as well, so that would have been as the result of an answer to their survey on that side. I could just make a suggestion that we could do some analysis of the administrative data to work out who is getting what level of deductions or sanctions, and what they are left with. Because I think that would probably be the best way, and then we could write to you.

Q218 **Steve McCabe:** That would be really helpful, I think.

Chair: If it could be on the data, because I think the Committee may decide, I do not know what we will decide after it, we may be writing to every Member of the House of Commons asking from their surgery how many people turn up with no money at all from Universal Credit. Despite what has been told to us today I have cases like that.

Donna, the specific question that Steve asked, you said you had read the report. When you had read it did you write a note for the Ministers? Because Ministers are immensely busy; reading whole reports is probably impossible to expect them to do. Did you do a briefing paper on that for the Ministers?

Donna Ward: Yes. At the time —

Q219 **Chair:** If you did, might we see your briefing paper of what you thought were the main points of the report, please?

Donna Ward: Yes. I think at the time we had Kit Malthouse as our Minister, and he went and talked at the JRF launch of the destitution report.

Justin Tomlinson: There are two points; you have already done a report of sanctions, and a lot of those questions were on sanctions. A lot of the thrust of where you are going is into things we are already considering and, in many parts, agree. I cannot emphasise enough the point that sanctions should be a last resort, and that more needs to be done to identify vulnerable claimants who should not have ended up in a position of sanctions because it was not their fault that they were not in a position to engage with the system. Therefore, that has focused our minds in terms of having the vulnerable markers in the system and better training in terms of identifying those people. A lot of where the thrust of that is going, I think we already accept those broad points.

Secondly, on the point about trying to identify the number of people who are left in a position without any money, this is the bit of work that I am really focused on at the moment. I think, and this is based on my meetings with stakeholders and on those visits, there are people for a variety of reasons who should be getting formal support but are not. We have to work out what more can be done, presumably through partnership working, because they are trusted and they build the confidence with these individuals, to get them to get the support that we want, and learning those lessons from the legacy benefits with £2.4 billion not being claimed. We have to make sure everybody, and particularly vulnerable people, are getting the money that they are entitled to as quick as possible.

Steve McCabe: I agree. I also accept that we have had quite a lot of discussion on sanctions in the past and that there are things happening. I might just remind you that the whole purpose of this was to try to understand how the Department worked with its other role. Part of it is supporting people, but we were trying to understand how the combination of deductions and sanctions may have an adverse effect on people’s existence, and the extent of that adverse effect. That was the logic of what we were asking. If you could give us some examples, because there is obviously a range of views on how much people are left with, that would be very helpful.

Q220 **Chris Stephens:** Thanks, Minister. If we stay with sanctions for a second, are you are more likely to be sanctioned under Universal Credit than you are in the legacy systems? Do you accept that that is fair? I am thinking particularly, Minister, about the issues around zero-hour contracts and the fact that the Secretary of State has said that she thinks it is acceptable to sanction someone who has come off a zero-hour contract, or just said, "This is not for me". The perception that then comes about is that you are more likely to be sanctioned on Universal Credit than you are on the legacy benefit system, because you cannot sanction someone on the legacy benefit system who has come off a zero-hour contract.

Justin Tomlinson: To an extent you are comparing apples with pears, because on the legacy system you could simply be struck off the benefit. You were not sanctioned, you were simply removed from the system, whereas in Universal Credit you will remain in the system as we then try to navigate a path forward. You cannot compare those two. In terms of zero-hour contracts, as we know, the number of zero-hour contracts fell by about 100,000 over the last year. They continue to fall, and are about 2.3% of the total workforce, as we rightly ban the exclusive use of zero-hour contracts.

Neil Couling: What the Secretary of State said was not about sanctioning somebody for coming off a zero-hours job, because that would be absurd, because the reason they have come off the zero-hours job is there were zero hours that week. What she said was it was acceptable to sanction somebody who did not take an available zero-hours contract, because Universal Credit obviously flexes with the earnings that people get.

Chris Stephens: She said both, Mr Couling, because it got a lot of media attention at the time.

Q221 **Ruth George:** Justin, earlier replying to Steve you said you felt that Universal Credit rates were generally okay for people who were on that benefit. They had the problems when they had some sort of disruption in their lives or were starting or finishing on a benefit. Under the DWP's own survey that came out last year it said that after nine months on Universal Credit 40% of people were falling behind in their payments or in real difficulty, 50% had had to obtain funds from elsewhere in the three months prior to their interview, 35% were still in rent arrears, two-thirds of those had fallen into the debt while they were on Universal Credit, and that in 44% of cases their level of housing arrears had become worse. What are you basing your assessment that people are generally okay on the rates of Universal Credit on?

Justin Tomlinson: To be very clear on what I said, because I know the last time I came here you wrongly thought I suggested people should take lodgers in when all I was doing was—

Q222 **Ruth George:** You suggested people could do that, not me.

Justin Tomlinson: Ruth, let us be very clear, I was simply stating what was in some historical research before I was even a Minister. While you may be tempted to tell people how they manage their own money, it is not my job to tell people what they do with their own money. There is a big difference. You misunderstood.

Q223 **Chair:** No, we are trying to understand why they do not have enough money.

Ruth George: I did not say anything, Minister. I think that was your own words. I am asking what you are basing your analysis that people—and we will have it on the transcript.

Justin Tomlinson: We do have it on the transcript of the last one, yes.

Q224 **Ruth George:** Also, we have it on the transcript here. Would you agree those were your words?

Justin Tomlinson: Ruth, if I can answer. We were specifically looking at the examples that the Chair had stated about the people who had come in there. The main challenge of people who are completely missing out on formal support for a variety of reasons—and I have acknowledged we all need to do a lot more to make sure those people come back into the system—in terms of those who are in steady state—

Q225 **Chair:** Justin, when you say "we all do", of course we all do, but the responsibility historically has always been Parliament's job and, therefore, the Government's job to do this; not to pass it out generally to everybody else.

Justin Tomlinson: No, no, no. I am trying to give you credit, because some of the work that this Committee does helps shape what decisions Governments make. I am recognising where you focus on a particular area lessons can be learnt. The comparison between the people who are not getting formal support and people in steady state does not mean that people in steady state do not need additional support. That is why rightly over the last two budgets we have put an additional £4.5 billion worth of financial support into Universal Credit. Some more of that is still to filter through; further conversations will happen. Why are things like the Local Housing Allowance, with a targeted affordability fund—we have significantly increased the local housing areas that will get the 3% support in London alone. That is now at 81%, and that is looking at what is happening on the front line. That is what will shape future decisions going forward in future budgets.

It has always been a case of test and learn, but what we do know is under Universal Credit compared to legacy benefits we are spending an additional £2 billion. I do not think anybody would say that was the wrong thing to do. We have to continue to make sure that we get people as early as we can into the formal support, and for whatever reason people who are not doing that, make sure that we get them referred back in and get them back into getting that support.

Q226 **Ruth George:** Okay. I do not think that quite answered what you are basing it on, but you said there have been some improvements made to Universal Credit. When will the next survey of Universal Credit claimants on the same basis as last year's survey was produced be published, please?

Donna Ward: I do not know which survey that one was.

Q227 **Ruth George:** It was a major survey of 1,000 Universal Credit claimants published on 8 June 2018.

Neil Couling: Yes. It is the Universal Credit full-service survey, which was indeed published then. We published a different survey in February called the Universal Credit full service omnibus survey. It is publicly available. I cannot recall the exact details of what our forward evaluation plan is; however, the short answer to the question, Ms George, is we are planning to regularly update Parliament, and indeed others, on the progress of Universal Credit.

Q228 **Ruth George:** On similar lines of full-service claimant surveys?

Neil Couling: No. The full-service claimant survey followed the "Work and the Welfare system: a survey of Benefits and Tax Credit recipients" in 2012. The Department regularly publishes these kinds of analyses.

Q229 **Ruth George:** 2012 to 2018 is hardly regular when there have been so many changes in the system between those times. There are significant concerns raised by last year's survey, and the NAO report also backed that up. It is good to hear that the Department has put some measures in place. I am asking what the Department is doing to assess the effectiveness of these measures and making sure that people do not fall into hardship.

Donna Ward: We talked a lot at the beginning about all of the information we collect on poverty and outcomes. Obviously most people in poverty are working, so it is a combination of what they get from the benefit system and what they get from employment, and how their whole household is configured that matters. We are doing a lot to measure outcomes so that the key outcomes, being poverty and material deprivation, but also employment, are published extremely frequently. Surveys then, as part of the evaluation of Universal Credit—which is a big and ongoing project—are also coming out regularly. We also do impact assessments every single time there is a policy change. The Department is very transparent on the impact of its policies on people. You will know that since the financial crisis it has been a really difficult economic environment for 10 years.

Q230 **Chair:** Families on benefit have made the biggest contribution to rectifying the deficit.

Donna Ward: We know that. Every fiscal event we work hard to try to make improvement for those families, but it has been a very tough environment.

Q231 **Chair:** Justin, when IDS introduced this scheme there was a budget to it. George Osborne cut it on a number of occasions. IDS was successful in getting some of that money back, Esther was successful, and Amber has been successful. How much is there left to restore the budget to what

IDS thought it should be for the humane working of Universal Credit? You mentioned there are billions going in that Secretaries of State have won back from the Treasury. How much is left to have a budget in line with what IDS thought was necessary?

Justin Tomlinson: That is a fair question to ask. Obviously I am not the Chancellor, so I cannot—

Q232 **Heidi Allen:** Plus I will add, the benefit freeze should be added on to that, because that would just take us back to where it should have been there without taking into account inflation, you might argue.

Justin Tomlinson: No. But in context the additional £4.5 billion that has been released over the last two budgets has now taken UC to over £2 billion higher than what it would have been under legacy benefits. That said, obviously all Ministers in the Department, myself included, meet with stakeholders who have very strong views on where additional funding could come in. While I cannot pre-empt what a Chancellor or a Secretary of State would shake hands on in the future, it is fair to say that this Government has demonstrated as we have tackled the deficit and additional money has been released—and I know where this will then lead to—we have been at the front of the queue to share the proceeds of the additional money that the Chancellor has to play with. That is how we got ourselves into a position of being £2 billion ahead of where we would have been under legacy benefits.

Q233 **Chair:** Your answer, Justin, suggested that the cuts on the original budget envisaged by Iain Duncan Smith, which would have obviously increased with inflation in normal circumstances, have been made good. Do you think IDS would accept that result if he were sitting here?

Justin Tomlinson: In the simplest terms, as I said, it is £2 billion higher than it would have been against the legacy benefits on the back of the £4.5 billion. What is different, and this is where very serious conversations are taking place, is if additional money is released, does it go where it was initially intended, or are there now greater claims in other areas?

Q234 **Chair:** There is a shortfall still, despite the successes of Secretaries of State?

Justin Tomlinson: Let me just give an example. You could go back to the initial suggestions on the work taper rate; that might be the case. However, then I met with a stakeholder this week—and just so Ruth is very clear, I am just repeating what a third person said, I am not giving my opinion—and they would argue very passionately that if you were going to take additional money, it should be on the second-earner work allowance. They would say that was a priority. I could then talk to another stakeholder who would say it should be targeted towards the housing element of it. There are a lot of very strong, very informed voices shaping. What I can say is this Government have a clear commitment that as the economy continues to grow, as we continue to tackle the deficit, we as a Department protecting people, some of the most vulnerable in society, are at the forefront of getting that. What I cannot tell yet definitively is where our asks would be.

Q235 **Ruth George:** Thank you very much. Donna answered my last question by saying that you are looking at poverty rates. Are you on an ongoing basis looking at and publishing reports of claimant experiences of Universal Credit? I would expect you to know that, Minister.

Neil Couling: Yes.

Q236 **Ruth George:** There will be an annual survey of claimant’s experiences?

Neil Couling: I do not know if he said an annual survey, but we certainly look at reporting claimant’s experiences of Universal Credit.

Q237 **Ruth George:** Okay. As a Committee I am sure we will expect something coming up shortly considering the problems that have been highlighted. As you said, Justin, there have been some improvements made to the mechanism of Universal Credit. However, besides that we have the benefit freeze on top, as Heidi mentioned. The House of Commons Library found that the cumulative impact of the six caps and freezes on benefits since 2010 meant that a single-earner couple with two children working 35 hours a week on the minimum wage will be £1,845 a year worse off in 2019 and 2020 than they would have been if they had been consistently uprated in line with inflation. The amount that has been put in has only helped some families, for example working families, with £630 a year from the additional work allowance. What plans do you have to mitigate the full impact of the benefit freeze?

Justin Tomlinson: Two elements. First, that is exactly to the point I just gave back to the Chair about different stakeholder groups will come and say there are particular areas where additional funding should be targeted to. We have to analyse that. We have to look at if we get increases in funding should it be across the board? Should it be targeting particular groups? You have highlighted a particular group that we could consider when doing things in the future. Also, it cannot be taken in isolation, because in addition there have been significant increases in the national living wage, which has seen the lowest earners get the fastest rate of increases in 30 years. Overall wages are rising at the fastest rate in over a decade. There is record employment, which predominantly has been full-time. We see that in-work poverty is more often than not connected to those on part-time work, and we are seeing a significant move from part-time to full-time as those 16, 24 and 30-hour cliff edges are removed. Therefore, the work incentive is in place to allow people to progress from part-time to full-time.

There are a myriad of things going on, but it is right to highlight particular things. We have to analyse them and we have to look at whether it is right, therefore, to target additional funding that helps particular groups but can sometimes then complicate the system. That goes against the principle of simplifying benefits or having support across the board. There are powerful cases for targeting in some areas.

Donna Ward: The rationale for the benefit freeze obviously partly involves—

Q238 **Ruth George:** It is all right. We know the rationale for the benefit freeze.

Donna Ward: Yes, okay. The idea was not for everyone to get poorer but for there to be more of a shift towards employment. The living wage has been outstripping inflation two to one, and a lot more families at the lower end have been working and working more.

Q239 **Ruth George:** Sorry, can I just interrupt you there, because we need to move on.

Chair: We are worried about the Minister's time, Donna. We are aware of that, thank you.

Ruth George: Yes. Plus, I would ask why a lot of the freeze has fallen on Local Housing Allowance, which affects people who are not in work, people with disabilities who are not able to get into work, and pensioners as well, so we are now seeing rising pensioner poverty?

Justin Tomlinson: Disability benefits were exempt from the benefit freeze, and we made adjustments with the Local Housing Allowance with targeted affordability fund. As I said, over 81% of the London authorities this year will get the 3% uplift, as we have looked at that. There is a wider issue to do with housing in terms of the undersupply of housing, and I welcome the fact that last year was the second highest delivery of houses, 222,000 houses. That is still short of the 300,000 houses we need to be able to start making significant progress.

Q240 **Ruth George:** How many of those are affordable for people on benefits?

Justin Tomlinson: It goes case by case with each area, but what I would say as a broad point to all MPs, we all accept we need more housing, we need to be more supportive of housing in our own constituencies. I trust as an MP that you are supportive of additional housing to help address any housing pressure.

Q241 **Ruth George:** I have written the Neighbourhood Plan with housing over and above the targets written into it, Minister.

Justin Tomlinson: I welcome that. Good, good.

Q242 **Ruth George:** Also, increased levels of affordable homes as well, which are not supported under NPPF, but that is another matter.

Justin Tomlinson: Absolutely. But all 650 MPs—this is a broad point—we all recognise we need more housing. We all have a collective duty to help get this, because fundamentally on housing it is the undersupply that is causing the upward rental pressures.

Q243 **Ruth George:** If you have an undersupply that is then impacted by a benefit freeze on Local Housing Allowance rates for the majority of claimants, which is creating gaps between the amount of rent that they are paying and the amount that they receive in Local Housing Allowance. What estimate has the Department made of the—can I just finish my question, or even ask a question, Minister? What estimate has the Department made of the average gaps and shortfalls that benefit claimants have to make up that impacts on the amount they have left of their benefit at the end of the day?

Justin Tomlinson: First of all, remember, as I said, we have increased through the targeted affordability fund the number of local housing areas that get that 3% uplift from 48 to 213, to 361 local housing areas that get the 3%.

Q244 **Ruth George:** Rents have increased by 3.2% even outside of London.

Chair: Ruth, let him answer, and then we are off to Chris.

Justin Tomlinson: Let me answer. Then in addition, because we recognise that for some people they are not in a position to then make the adjustments, which was the principle behind the benefit freeze, we have put £1 billion into the Discretionary Housing Payments to allow for local decisions on how we can support those people who are not in a position to make the changes, which was the principle behind the benefit freeze.

Q245 **Chris Stephens:** Minister, if we could turn to the role of local authorities and local support. Evidence presented to the Committee suggests that local authorities are cash strapped and have borne the brunt of austerity. My first question to you is: do you believe local authorities have the resources to cope with the consequences of welfare or social security reform?

Justin Tomlinson: I spent 10 very happy years as a Swindon Borough councillor, so I am very up to speed on the pressures and opportunities that local authorities face. Going forward this year, an additional £1.3 billion will be released to local authorities through additional money from central government and increases through council tax, adult social care. I think though this is an important thing to look at, because there was a change where on the local welfare fund support we removed the ringfencing. This is a classic example where you get two very strongly divergent views from stakeholders, because if you speak to the LGA they say, "We know best. Do not ringfence money. We know what we are doing". Then there are many stakeholders, which I suspect you would have sympathies with, who would say, "But not all local authorities are then using all of the money that is set aside to help often some of the most vulnerable people in society. It is being used in other areas".

There could be a case that would be supported by many stakeholders that I visit that perhaps the decision not to ringfence that local welfare funding needs to be looked at. In additional, I think it is fair to say that there are some very good examples of local authorities who do well to support local initiatives, but that is not a guarantee everywhere. I think more needs to be done in terms of sharing best practice. A combination of making sure that money is spent where it should be, and that best practice is shared. That is an important part that the report could look at.

Q246 **Chris Stephens:** Do you accept that it is a postcode lottery out there then? It really depends on what local authority someone stays in whether they have, in some cases, any local welfare support, or a good one?

Justin Tomlinson: If you do not have ringfenced funding there will be a difference in the provision that is provided, which is why some of the stakeholders I meet would argue very passionately that because this is such an important area of support at a local level there would be a case. As I said, though, in the spirit of balance, the LGA would argue very strongly against that.

Q247 **Ruth George:** I will move on to issues for people with disabilities. Social Metrics Commission's analysis of poverty suggests that once the unescapable costs are taken into account, poverty among disabled people has gone up since 2010. Do you accept that conclusion?

Justin Tomlinson: I have only just come from a disability debate yesterday, as we are one Minister light. What we do know is that if you compare the main benefit for people with disabilities, the Personal Independence Payment, with the legacy benefit of Disability Living Allowance, 31% of claimants now access the highest rate compared to just 15%. In cash terms the average money received through PIP is £15.04 a week higher than it was under DLA, as we have increased funding in real terms by £10 billion supporting those with disabilities since 2010 to £55 billion, which is a record high. It is 2.5% of GDP and 6% of all Government spending. Rightly, we are targeting support to those people with disabilities and long-term health conditions.

Q248 **Ruth George:** However, people with the highest level of disabilities who are on highest level PIP are almost always also needing to claim ESA, because they are not able to get into the workplace. The cumulative impact of the premium cuts on ESA and PIP have meant that people are worse off, if they are not on the highest rate, in terms of disability premiums. Is that something that the Department has factored in and intends to do something about?

Justin Tomlinson: That is why the severe disability premium has increased significantly, as they transfer onto Universal Credit, recognising that those with the most need should get the most money. We are in agreement on this.

Q249 **Ruth George:** We still have cases of people—I had one who transferred to Universal Credit five days before the cut off—who are still losing out on the premiums and there is no way back, unfortunately. At the moment people are being transferred to Universal Credit from ESA, but that does not help the people who transferred earlier and it is not a long-term solution, because we will see natural migration.

Neil Couling: Under Universal Credit there are a million severely disabled people who will be £100 a month better off, compared to the legacy system. In those particular cases, you will know that we have put a gateway in place to stop future cases happening and, in the managed migration regulations, there is provision for us to go back for the approximately 10,000 cases who had previously come on to Universal Credit and had had the severe disability premium, to add back in an amount, effectively arrears, and pay them. We are waiting on Parliament approving those regulations. We can then go in and make those payments. We are seeking to deal with that issue.

Q250 **Ruth George:** In the meantime, people are in quite severe hardship, waiting for those payments. It is, as you say, about £100 a week that they are losing out on. Do you think it is acceptable that people should be waiting on Parliament?

Neil Couling: I can only stick to the rule of law in this country and I can only make payments to people as instructed to by the regulations passed by Parliament.

Regarding your question on acceptability, I wish Parliament would pass these regulations. The teams are ready, poised to make the payments.

Q251 **Ruth George:** Parliament has not seen these regulations, or they have not been presented before Parliament in order to pass them, so I think you need to speak to the Minister and to the Government about when they are prepared to sort this out.

Justin Tomlinson: Understood.

Chair: The chances are that we will pass it first time, not the third or fourth time of asking.

Q252 **Chris Stephens:** There are obviously some groups who are going to receive less in benefits under Universal Credit than they would under the legacy system. What impact do you expect these losses will have on claimants and their households?

Justin Tomlinson: In which particular groups?

Q253 **Chris Stephens:** There are some groups, we have been told in evidence so far, that under the legacy system would receive more money than they would under Universal Credit. Some groups have been identified: self-employed, homeowners who claim tax credits, disabled people claiming PIP or DLA, people with over £16,000 in tax credits, and working lone parents are some of the groups that have been identified to us.

Justin Tomlinson: First, as I have said on a number of occasions, overall we will be spending £2 billion more than like-for-like against the legacy system. Each individual claimant has their own individual circumstances. One of the groups you just highlighted is self-employed people. We have recognised there are some individual challenges for self-employed people and we will be extending the length of time that the minimum-income floor will apply to them. We look at it case by case. That is my primary role as a Minister, to meet with stakeholders in different groups to identify where perhaps some groups will need additional support that is justified. That is where we then build our case to go to Treasury.

Q254 **Chris Stephens:** How should those households who are going to receive less generous payments from the state offset those losses? What advice are you going to give to those individuals who are going to receive less money from the state? How should they offset the loss?

Justin Tomlinson: We are spending more money and we are targeting those that need the most support. We are removing the barriers to work—for example the removal of the 16, 24 and 30 hours, the changes to the minimum-income floor for the self-employed, the significant increase in childcare support from £4 billion in 2010 to £6 billion by 2020, which is a 50% increase, which particularly helps lone parents. We are looking at those groups, and seeing what incentives can be put in place, what additional levels of support can be given, so that the route out of poverty will always be best achieved through accessing the jobs market.

Q255 **Chris Stephens:** Can you tell me, Minister, why everyone is not receiving transitional protection as they move onto Universal Credit? Some groups are getting transitional protection and some groups are not. Shouldn't everybody get some level of transitional protection?

Neil Couling: In order to calculate transitional protection, you need something to calculate against, a previous entitlement. The cases moving onto Universal Credit from legacy benefits have had a change of circumstance. There is no change of circumstance calculation against which to compare and calculate some transitional protection. The fact that they have had a change of circumstance, some of those notional entitlements will be higher and some will be lower. For example, in some of the figures that I have seen various organisations give in evidence to this Committee, they talk about "losers". What those people are, in fact, are notional losers, relative to a system from some years previous. For example, a person who becomes a lone parent in 2023 will show up in the analysis as a loser, but will experience the entitlement for the first time as a lone parent then, while they might not have been on the benefit system before that.

Q256 **Chair:** Neil, take the example of a lone parent whose circumstances change; they change housing to another local authority. Would they be better off or worse off on Universal Credit?

Neil Couling: It would depend on their individual circumstances. The majority—

Q257 **Chair:** They would not necessarily be protected. That is what Chris is asking about.

Neil Couling: There is nothing to protect against because they have had a change of circumstance so their circumstances are different. That is the reason why they have come into Universal Credit.

Donna Ward: The equality assessment published at the time of Universal Credit—and there are always updates when policy changes are made—shows that lone parents gain more than they lose. The system is better for people who work fewer hours and not as generous as the tax credit system for people who work near full-time. Those were the trade-offs that had to be made to try to have one system with one earnings disregard and a smooth set of incentives for all customers. I don't think there was any way of bringing all the legacy benefits together, creating a smoother, more rational system, and having no notional losers ever. There is no think tank, IFS or anyone who says that would have been possible.

Q258 **Chair:** It would have been if you had had enough money, wouldn't it, Donna?

Donna Ward: Anything is possible with enough money, Chair.

Chair: Sure, yes.

Q259 **Chris Stephens:** So why isn't everyone getting transitional payments? It is a concern for the Committee that people on legacy benefits find themselves on Universal Credit and it could be that they had a job, and they lost that job, and end up in a worse situation than they would have been in under the legacy system.

Neil Couling: We make transitional payments where there has been no change of circumstance, where the only thing that has happened is we have moved you onto Universal Credit. That is what is in these regulations that Ms George and I were just discussing. People who have had a change of circumstance, have had that change of circumstance and their circumstances are not the same so they come into the system on the new rules. We have not ported the old rules over. We might as well have kept them on the old system.

Q260 **Chris Stephens:** Should we advise people to avoid going on to Universal Credit as best they can and hold on to the legacy system?

Neil Couling: I don't know how you can advise people not to have a change of circumstance. That is the thing.

Q261 **Chair:** Yes, and you define what is a change in circumstance?

Neil Couling: There is a simple rule for change of circumstance, which is if it would require a new claim under the legacy system, then it is a change of circumstance that pulls you into Universal Credit. In the legacy system, as I said before, we do not have the staff anymore in the local authorities, in HMRC, or in the DWP legacy benefit system to administer anything like that. That is why we move the resources over into Universal

Credit and that is why the change of circumstance go into Universal Credit.

Q262 **Chris Stephens:** So if those staff you talked about are no longer there, where are they now? Are they still within DWP? Or have they gone?

Neil Couling: Remember, the legacy system is administered by three organisations, 380 or so local authorities, HMRC for tax credits, and DWP. The resources now reside in DWP. Some HMRC staff have come over. The only local authority staff who will come over are those who applied for DWP jobs through open competition. In general, new claims for housing benefit, in some parts of the country, have not been there for working-age people for about four years now. The local authorities have very skilfully managed their workforce numbers down as part of the transition.

Q263 **Derek Thomas:** If you can bear with me, I want to talk a bit about my constituents. I represent West Cornwall and the Isles of Scilly. We have an older demographic, pretty much. The average wage is about one-third less than the average English wage. The transport infrastructure is very poor. Access to the internet, but also the ability to use the internet, is not something that is readily possible for lots of people. How does the Department go about routinely monitoring the impact of policies against all these varying demographics across the country? Obviously in some areas, access to Jobcentres, access to the work coach, online access, might be fairly straightforward, whereas in my constituency you might be travelling 30 miles on very poor public transport. These are all the kinds of things that add to the challenge. Does the Department, and should the Department, regularly look at the impact of these kinds of changes?

Justin Tomlinson: It is certainly fair to raise that and that is why the initial principle that it was digital by default—basically that was the way you accessed it, full stop—has now changed. We will look at individual circumstances. There are now alternative ways to access the benefit. It is still the preference, where possible, that it is digital by design, but you can access the system by telephone, and so on. That will have been recognised from issues in constituencies such as yours.

Q264 **Derek Thomas:** So are you monitoring the impact of policy changes, how they are affecting people on the ground? Is there a process in the DWP for doing that?

Donna Ward: I think not.

Neil Couling: There is an evaluation of Universal Credit strategy, which we have published. It is very comprehensive. We work with many of the groups that have given evidence to this Committee, both on that strategy and what we find from it. Yes, we look at all manner of experiences—is rurality an issue, is broadband coverage proving to be an issue for people. There is a series of things that we will look at.

Q265 **Derek Thomas:** Why has your Department not carried out an assessment of the cumulative impact of policy changes, particularly on poverty and destitution? Has your Department said, “What is the impact of what we are doing on poverty and destitution?” Have you done that kind of study?

Donna Ward: Obviously you have seen the cumulative impact analysis done by other people. The reason the Department does not do that is because that kind of analysis looks at those policy changes in isolation and does not take any account of people changing their behaviour—most importantly in this situation, going in to work.

What we do is collect data, which are our poverty statistics, which are coming out again tomorrow, which show what people claimed and what they earned, how things are moving, and how income distribution is changing. The problem with doing modelling in isolation, where you just change the benefit rules and nothing else, you can always get a large gap emerging, but that is not what has happened in practice. With other changes, such as the living wage, and people choosing to work more, people’s incomes have kept up with inflation, which is not what you would have seen if you had just done the cumulative impact analysis in isolation. We do do an impact assessment of what we expect to happen every time there is a policy change, but people are very good at changing their behaviour and adapting to things and that comes out in the outcomes data, whether that is poverty, employment or other things. When other people publish things like the cumulative impact analysis, we do always look at them seriously.

Q266 **Chair:** Minister, we will probably come back to you and say these are the sorts of data we would like to see. We may consult more widely. But Derek’s point is quite important, isn’t it, to see, if you do any analysis of different types of areas, whether in those mainly rural constituencies, there is a difference from the delivery in towns.

Neil Couling: We did that. When we constructed the early stages of the rollout of Universal Credit, we particularly chose some rural areas and some inner cities to see whether there was a demonstrable difference there. The way in which we deliver our services—which is why I am always against the one-size-fits-all one around the Jobcentres—was that it is very different running a Jobcentre in Mr Thomas’s constituency to running one in central Glasgow, for example. There will be similar issues, but there will be very different, specific issues, and the Jobcentres need some freedom to be able to engage with those realities, rather than how I see it from Caxton House.

Q267 **Derek Thomas:** That is brilliant. Can I come back on that? Do you feel, then, that the culture within the Jobcentres is such that they can be really clear about the difficulties they see people facing, that they feel confident they can feed that to you? There is a danger that they might be seen to be failing to deliver—I am not going to use the word “target”, but you know what I mean by that—what is expected of them because of the environment they operate within? Is there freedom for them to say, “We have this difficulty because these people have no access to the internet?”

I know you have addressed that.

Neil Couling: The 2000s, and indeed the 1990s and 1980s, were a very target-driven world, and that is deeply engrained into the culture of Jobcentre Plus, having led it for two years. We have been trying to turn that around. Universal Credit really helps with that because it gives work coaches greater powers to do things and make judgments based on the people in front of them rather than what it says in the book. You have heard me in this Committee before perhaps occasionally baulk at a suggestion that is very well-intentioned but might inadvertently reinforce that latent target culture.

I think our staff are doing really well in developing into this world. We are not there yet, though. We have further to go. Some of the stories that are emerging at the moment are about the reality of Universal Credit and Jobcentres rather than the way they are depicted in the media. They are showing work coaches saying, "No, we are enjoying the empowerment and we are enjoying this flexibility".

Things like the Flexible Support Fund were designed to change the culture as well as give people a bit of money to spend locally, to say, "This is your responsibility to decide how to spend this. We are not going to tell you how to do it from Whitehall".

We are on the way, and I do not think the equivalent of the head of Jobcentre Plus now would claim we have got there yet, but it is definitely different from when I ran it in 2012 and 2013 and back into the 2000s and 1990s as I knew it then. We are on the way but we are not there yet.

Chair: Justin, we will come back about datasets to you, if that is all right, please. Thank you.

Q268 **Heidi Allen:** The DWP does an annual survey, the Family Resources Survey, and I understand that the Secretary of State has said for the first time that some questions are going to be introduced around food insecurity, which is great news. I am just wondering if you can give us a feel for why, what has shifted her view or the Department's view on it and why this is important, and what those questions are likely to look like. Could we perhaps have early sight of them? Then, ultimately, once you have that data and the response to questions, what are you going to do about it?

Donna Ward: Yes. We are introducing food insecurity questions this financial year, so literally from April they will be asked.

The reason that we want to add these in is we think obviously understanding some of the lower end—I do not think you were here at the beginning. We were talking about the material deprivation questions that we already collect, which are very good and valid. They are quite broad, and making sure that people can be included in society more broadly, but we did not have really reliable indicators about some of the lower end of deprivation, including food insecurity.

Q269 **Heidi Allen:** Who are absolutely the people that this Committee is mostly focused on.

Donna Ward: Exactly. There are other data sources out there, but there is nothing that is UK-wide and updated annually and, crucially, actually links to all of the rest of our poverty data. You know that the rest of our poverty data comes from the Family Resources Survey, so we are going to have everything together.

Q270 **Heidi Allen:** What has shifted? Why a sudden realisation that we need to have these sorts of questions asked?

Donna Ward: I do not think it is a sudden realisation. The Family Resources Survey is always improving. Government are only one of its many, many users. One of the drivers for this has been also the UN sustainable development goals and goal 2 of zero hunger, and that is a DEFRA lead but we are helping with that. The ONS is monitoring our progress on that particular goal and is going to be one of the users of this data. It is something I advised—I have not been in this job for very long—Ministers to improve the data on. Wherever I can see that there might be a gap, then we try to improve things.

The kinds of questions that are going to be asked would be quite simple things. The person doing the survey will do a quotation for the family, saying, "We worried whether our food would run out before we got money to buy more", and then they are asked, "Was that true of your family? Sometimes, never?" It is all over the last 30 days. Then the questions build up.

Q271 **Heidi Allen:** Have all the questions been agreed, or are they still being worked on?

Donna Ward: No, they have all been agreed. We can send them to you, because we are going into the field very soon.

Chair: We would love to see them. Thank you.

Donna Ward: I am very happy to send them. They have been developed on the back of a similar survey that is done in the US, and all of our questions are tested.

It is about knowing that this is an issue. Defra publishes some data on this. We look at the Trussell Trust data when it comes out. We wanted to have our own data that links in with all of our poverty analysis, too.

Q272 **Heidi Allen:** I know you cannot second-guess results, of course, until you run this and you get some results out of it. Perhaps it may be a question more for Justin, I do not know. What sorts of arguments do you think it might help? Would it help you with Treasury conversations? What will you do with the data?

Justin Tomlinson: I think it is, again, a very fair question. As the economy grows, in theory we have additional money that can then be deployed. It is important that we have evidence to demonstrate why it should be us, not perhaps other Departments, who benefit from that additional money, and also that we can then have the confidence that we are targeting the support to the right area.

I did A-level maths, so I am very interested in all the data analysis that comes forward. Also, because I do meet an incredible amount of very diverse stakeholders who are all equally as passionate as to why their cause should be the one targeted, it is important for us as the decision-makers that we have as much real evidence on the ground that can make the biggest tangible difference.

The other element as well that the analysis gives us is often it allows us to identify where we can go across Government to bid for funding. There are a number of programmes where we are building evidence through pilots, through the additional information we are gathering, where we can go to other Departments and say, "You might not have realised that actually there is an impact in your particular area. Why don't we jointly work up a way that we can build a solution to that, and we can then go to Treasury with a stronger case?"

Q273 **Heidi Allen:** Remind me, what time of the year is the survey done? I should know this, but I do not.

Chair: Yes, Donna, when is it going to be published so Ministers will have the ammunition to go to the Treasury?

Donna Ward: Data is collected from this financial year, 2019-20, but will only be published in March 2021, because that is always the—

Q274 **Heidi Allen:** Gosh, that is very slow.

Donna Ward: That is our biggest—

Q275 **Heidi Allen:** Can I just speak really plainly? I am not having a go. Genuinely, I am not. Isn't this just an example of how slowly—it is not just the DWP—Government works? "Excited" is the wrong word. We are enthusiastic to see this data because we hope it will build the case—we hope it will not tell us what we fear—that people are really struggling because of some of the DWP policies, and financially, from a destitution point of view, it is causing them real hardship. If it is going to take us a year to get the data and then another year for it to be published, I want to know for the spending review this year.

Justin Tomlinson: We do have access to other information, and I accept that in an ideal world the best quality information is available immediately, but it has to be done right. It has to be done properly. The analytical people have to develop the right types of questions and the right types of people to engage with to get the right sort of information. They have much greater brainpower than I certainly would have. They have to do it in a way.

There is still information that we can access now, for example, in terms of the food affordability measures that are used across the EU. There are other things, plus from our own engagement with individual stakeholders through our own constituency casework, and that again focuses minds. I think it is fair to say, as the additional £4.5 billion has been released into the Universal Credit system, that has been shaped by a combination of data analysis and very persuasive cases put forward by stakeholders and individual Members of Parliament.

Q276 **Heidi Allen:** My final question just on this point if I may is for Neil, and I know he hates coming to this Committee because we give him a list of jobs to do. Whether they get done or not is another question. Is there nothing we can do in the interim to start collecting this data now, something bolted on to the claimant commitment, I do not know, but some kind of means? We have a real fear that with the benefits freeze particularly, but also the five-week wait—and let's not go around those houses totally again, but you know our fears on that—we are missing out on that knowledge now as to how vulnerable claimants are being forced into destitution. Waiting for two years is not going to help them.

Justin Tomlinson: A really good example to try to pre-empt that sort of thing. A lot of Governments of all political persuasions have shied away from working with organisations like the Trussell Trust and with food banks. I take a very different view. I welcome the huge amounts of good work they are doing in our communities and the fact that they are having those genuine, frontline, real, experienced conversations.

I am busily working on a series of pilots both with the Trussell Trust, who have been very supportive as we are designing this, and some of the independent food banks in very different communities, whereby we can empower the volunteers to help identify people, refer them back into the system, and data can also be recorded from that so we can start to see the lessons. It will then tell us things such as, "Is it the right amount of financial support?" which is what some of the people on this Committee would say we need to look at. I feel very strongly that many of those people may be entitled to formal support, and for a variety of reasons—and we discussed some of those at the beginning of this hearing—are not getting it. We can try to drill down to find out why. I suspect it is because we need to strengthen our partnership working, to have somebody with them to hold their hand going through the system. Again, if I can build that evidence through those pilots, that gives me a case to go back to Treasury on.

There are other issues that will come out of there, and we cannot shy away from it. Until we understand, until we completely drill down, we cannot then build the case to get the additional targeted support, whether that is financial, whether that is hours of support to navigate those individual challenges. I am really, really keen that that is something that is done, and that will be done ahead of the additional analysis that I very much welcome that will come forward.

Donna Ward: Just on the analysis point, there is data already out there. This is just an improvement. If the Food Standards Agency surveys 3,000 households, it does not include Scotland because it does not cover that area, but—

Q277 **Heidi Allen:** They are not necessarily all benefits claimants, are they?

Donna Ward: No, no. There is data that we are using, and—

Q278 **Chair:** What does that data show us about hunger, Donna?

Donna Ward: It shows that around 8% of households have answered questions that indicate food insecurity.

Q279 **Chair:** Hunger?

Donna Ward: I do not think they quite—

Chair: No, that is good. We have got that. I am really conscious you need to go at 11.00 am, Justin.

Q280 **Heidi Allen:** I just want Justin to know that there is a report coming soon from us that might help him.

Justin Tomlinson: That is very helpful. I cannot emphasise enough: a lot of the work that comes from this Committee then does shape the way that we go forward. It is an important thing.

Heidi Allen: We are here to help.

Q281 **Chair:** Justin, in the last minutes before us, we are grateful you changed timetables and then changed back again when we knew what was happening.

Justin Tomlinson: Yes, I was expecting to be here on Monday.

Q282 **Chair:** No, absolutely. Thank you. Other Departments have standards for the delivery of services and have a regulator to report on that. Why doesn't the DWP?

Justin Tomlinson: I could give you the corporate line of the strong case why we have internal things and that focuses—but I have to say, as an individual, I am not wholly against that idea. Fundamentally, I am a constituency MP first and then a Minister. I recognise as an individual that we have a huge responsibility of dealing with some of the most vulnerable people and, frankly, I am not precious about additional information that can provide either reassurance that things are going well or where they are not, that we can then quickly identify. I am not going to give the corporate line of defending against that. As an individual, I think there is merit in exploring that.

Q283 **Chair:** One of the things we might do, Justin, is write to you and the Department to ask, whether you have corporately possession of key standards that you expect the Department to meet, even if it has not been published and even if you do not have a regulator—

Justin Tomlinson: We are happy to set that out, but ultimately your request would be the equivalent of what happens within adult social care and the quality marking of places. While it does add bureaucracy and additional work—apologies to officials—I do recognise the fundamental importance of the work that we do with some of the most vulnerable people in society. Anything that focuses minds is a good thing.

Q284 **Chair:** Justin, thank you. You have two extra minutes to get to your next meeting.

Justin Tomlinson: Thank you.

Chair: Thank you very much for coming and changing your timetable back for us.