Social Security Advisory Committee
Minutes of the meeting held on 7 December 2022

Chair:	Liz Sayce (SSAC Vice Chair)
Members:	Bruce Calderwood Carl Emmerson Kayley Hignell Gráinne McKeever Charlotte Pickles
Apologies:	Dr Stephen Brien Phil Jones Seyi Obakin

1. Private session

[RESERVED ITEM]

2. The Social Security Benefits (Claims and Payments) (Modifications) Regulations 2022: an update

2.1 The Vice Chair welcomed the following officials to the meeting: Graeme Connor, Universal Credit Lead Analyst/Deputy Director, Universal Credit Policy; David Higlett, G6, Universal Credit Policy; and Craig Dutton, G7, Universal Credit Policy.

2.2 Introducing the item, Graeme Connor noted that officials would discuss the temporary Fuel Direct intervention in April 2022 and talk a little about the future. The Committee was reminded that if the existing Fuel Direct policy had not been changed in April 2022, energy suppliers would have been able to increase the level of money deducted from claimants to address record energy bills, without requiring a claimant's consent in many cases. These regulations provided a temporary solution for a year.

2.3 Following the Committee's scrutiny of the original regulations in May 2022, one of the Committee's recommendations had been around improving communications to ensure that claimants have clarity about the consequences of this policy for them. Therefore, the Department undertook a scan and wrote to those identified on legacy benefits. This took a while as the Department did not have the resources immediately available and had to commission an external supplier to print and send the letters. These were sent out in late November/early December.

2.4 More broadly, with external stakeholders, the matter of Fuel Direct was discussed earlier this year at the Department's Operational Stakeholder Engagement Forum, the Department's newsletter for external stakeholders was updated and the relevant page on gov.uk advised claimants what they had to do if they wanted to change their payment.

2.5 The Office of Gas and Electricity Markets (Ofgem) has clarified that all energy providers are required to have written to claimants who accrue fuel arrears. Different suppliers have taken a different approach - some suppliers have been specific on Fuel Direct in their communications, others have been more general.

2.6 The following main questions were raised by the Committee in discussion:

(a) Has the Department seen these different approaches?

The examples of supplier communications that have been seen are either specific or energy suppliers have informed claimants that they need to contact them.

(b) When did the change take effect?

From April 2022.

(c) If the Department has not been able to write to people until very recently, is there data on what has happened since April?

The majority of claimants have not opted to alter their existing Fuel Direct arrangements. A small number of new arrangements have actually been established by claimants. The Department cannot know if claimants have been making other payments to offset any arrears and would only know if claimants made contact.

(d) The Department did not have the resource to communicate with everyone concerned – was there not a draft letter that could be printed and sent? Why did it require an external supplier?

The letters are not sent directly by the Department as it has external contracts in place. Additional letters had to be resourced, agreed and put into the pipeline as a priority. There were also serious paper supply shortages , which in turn created delays. There was a small potential window in October, however, that would have superseded the cost-of-living information which took priority. It also needs to be highlighted that there is no immediate access to the contact details for claimants who needed a letter. Sending one standard letter to certain claimants on certain benefits is not something officials have encountered before and sending any new letters drives contact, which impacts operations and needs to be resourced.

(e) On the letters that went out, some mentioned Fuel Direct but some were standard letters about arrears. Is the Department able to identify which suppliers sent out the less helpful information so that could have been followed up?

No, Ofgem have been engaging with suppliers. The Department's letters addressed this particular issue by advising claimants to speak to either the Department or their energy supplier.

(f) What is the position on Universal Credit (UC) claimants, have they already received communication?

For UC households, communications have not gone out directly. The UC system cannot automatically identify this cohort of claimants and contact them via Journal., This would need to be a manual process and is therefore a resource issue which could not be prioritised via the UC Programme Claimants do have to raise the issue themselves, but work coaches are aware of the situation and there is guidance on how to manage these conversations.

(g) It is for claimants to raise, therefore?

Yes. The systems that do scans and journal messages are not the same. So additional clerical resources would have been required to deliver these communications.

(h) So, there was no conscious decision to target claimants who are on legacy benefits? It was just resource?

That is correct but it is worth noting that the majority of claimants on Fuel Direct are in receipt of legacy benefits.

(i) The vast majority of people on UC have electronic accounts. What would be the issue with a digital system? Why could there not be an automated message to every journal? It could have been very generic, for example," if you are concerned about arrears, speak to your work coach" - 12,000 people is still a lot of people to reach.

There is the journal but automatically isolating a specific cohort of UC claimants and contacting only that cohort via the Journal is not possible. The only automated route would therefore be to contact all UC claimants via the journal. There is a challenge in doing anything that may generate extra calls to operations who are already at capacity dealing with the cost-of-living pressures. The main concern is that it can create contact in respect of any issue.

(j) **Was there an assessment made of the likely outcome? It is appreciated that these matters have costs but there is a reason why this is called a crisis and it seems that the priority is not wanting to take more calls rather than helping vulnerable claimants. There needs to be sufficient analysis otherwise it is difficult to say that it is reasonable.**

It is important to recognise that any communications the Department were able to send would be in addition to communications which energy suppliers are obliged to send in any case. The original intention, if feasible, would have been to communicate this to impacted claimants on all eligible benefits. The standard UC prioritisation process was followed to consider if direct contact could be made to UC claimants. This includes likely impact on operational staff, number of cases involved, size and complexity of work, existing work being delivered and whether any other communications would already have occurred.

(k) **Will the Department look at different energy supplier information and its impact?**

The Department has met with Ofgem and the Department for Business, Energy and Industrial Strategy (BEIS) to consider what should happen when the current regulations expire. The Department will update the Committee on the position from April 2023 when it is able to do so.

(l) **Is there still more the Department could do in working with energy suppliers? Maybe promote and celebrate those doing a better job? Or a letter to suppliers from the Secretary of State who the Department are not happy with?**

The Secretary of State wrote to Ofgem earlier this year. The Department will work with Ofgem on how best to engage energy suppliers.

(m) **Is the Department able to identify what this policy has achieved in terms of stopping people from slipping into unmanageable debt. Is there something to say that this is better for all?**

The main aim of this temporary change was to make sure claimants did not end up with significant reductions in their benefit payments as a result of suppliers increasing requests for deductions. This was a claimant focused intervention. Ongoing consumption payments can be a better option than a pre-payment meter.

(n) Has it stopped people from falling into greater poverty? What are the consequences of that? Did energy suppliers put in meters, which charge more? Have there been unintended consequences?

It is hard to isolate the impact of this policy that affected a relatively small proportion of DWP claimants from other policies to support claimants with cost-of-living pressures. The Department can look at the number of cases that have made changes to their Fuel Direct arrangements. However, it is almost impossible to separate this issue from other cost-of-living policies, e.g., the energy price guarantee, energy bill support scheme, cost of living payments and council tax reduction for some households, etc.

(o) There has been very little change in claimant behaviour. They are paying exactly what they did before so they are accruing debt, using other support or reducing energy. Does that mean that the Department has achieved the policy objective as claimants' deductions from benefits have not gone up?

The main objective of the temporary measure was to stop people having their awards substantially reduced or potentially all redirected to energy suppliers. This aligns with messaging from BEIS and OFGEM in recent months that suppliers need to do more to support people on low incomes. The Fuel Direct policy is still under review and the Department talks regularly to advice agencies.

(p) How will this be monitored? What will be the Department's role?

The Department will continue to engage with Ofgem.

2.7 The Vice Chair thanked officials for attending the meeting, and welcomed their offer to provide a further update in the new year as the current regulations are due to expire and so the policy remains under review. This update should include detailed plans for monitoring and evaluation, and also provide relevant data illustrating the impact of the policy on claimants as well as on DWP operations.

3. The Benefit Cap (Annual Limit) (Amendment) Regulations 2023

3.1 The Vice Chair welcomed the following officials to the meeting: Angus Gray, Director, Universal Credit and Employment Support; Carol Krahe G7, Universal Credit Policy; and Natalie Liddell SEO, Universal Credit Policy.

3.2 Introducing the item, Angus Gray explained that these regulations were exempt from SSAC scrutiny but consequential amendments to regulation 80A of the Universal Credit Regulations 2013 and regulation 75CA of the Housing Benefit Regulations 2006 were before the Committee. This was a significant year for uprating as a whole, together with other related issues with inflation being so high which has a particular impact on the poorest. Due to an early general election (December 2019), a planned review, to tie in with the end of the benefit freeze, could not take place in 2019. In 2020 and 2021 the volatility and significant social and economic impacts of the world-wide pandemic deferred the statutory review again. The Department considered it important to give serious consideration to the present need for increasing the level now to ensure that capped households will see an increase in their benefit income following annual uprating in 2023 and that any benefit rate increases received by households, are not immediately clawed back by the application of the Benefit Cap at current levels. In response to this change, a letter of thanks had been received from the Child Poverty Action Group.

3.3 The Vice Chair noted that the Committee also welcomed the increase. The following main questions were raised in discussion:

(a) What were the aims/intent of the Benefit Cap (BC) review? What did the Department want to get out of it?

As the Committee is aware, the BC is not reviewed annually like uprating. Firstly, a range of options were set out with costed variants that the Secretary of State was invited to consider. A wide range of evidence and statistics held in the Department, and the implications of, and for, other policies and decisions were considered along with the challenging economic climate, the associated pressures on public funds, and the circumstances of capped households. Overall, the overwhelming case was the economic situation. There was an equality analysis, making the case about the number of children who could be in poverty; the nature of the BC is that it impacts families with children more than others.

(b) Did the review look at whether the BC delivers its intent? What about the future?

The review is not an annual process; it can be, but it is not required. There has been no debate on what comes next as this increase was driven by circumstance, but the intent was certainly rehearsed. There is unpublished research on this, but it has not been decided whether this would be an annual process.

(c) Did the review consider changing the default rule so that the BC would go up with benefit rates?

The focus was on what was happening at the moment. In practice, ministers will be reminded there is an option to review annually.

(d) It would be surprising if inflation is not elevated next year. On the evidence base, 10 years ago, analysis showed 80% of people capped were women. It would be great to see the latest research. Is it likely that the new evaluation will be published?

A case could be made for publishing. At the Work and Pensions Select Committee, the Secretary of State commented on publishing on a case-by-case basis[1].

(e) The Committee has seen different sets of regulations for uprating. It would be good to have an understanding of the uprating landscape and how the different benefits interact. Can an insight be provided?

There are some benefits which have to be reviewed every year, but others do not, as each have a different set of rules. The Department should be able to provide an insight of the process.

3.4 After a period of private discussion the Committee decided that it would not take the regulations on formal reference and that they could proceed as planned.[2] The Committee welcomed the fact that the Secretary of State was considering publishing the latest evaluation of the Benefit Cap and also encouraged the Department to consider reviewing the Benefit Cap annually, alongside the wider consideration of benefit updating.[3]

4. Privation Session

[RESERVED ITEM]

Date of next meeting

The next meeting is scheduled to take place on 25 January 2023.

---

[1] The Secretary of State, in his evidence to the Work and Pensions Committee, said: "*I set out* [earlier] *the way in which I see these various reviews or reports or internal considerations and whether they should be made public. On the specific example of the benefit cap evaluation, I am going to review that and take a decision on it, and I probably won't keep you waiting too long on that. I am happy to repeat my earlier comments about how I see it but I will take that decision case by case."* (30 November 2022).

[2] The Committee was not quorate at this meeting therefore action was taken in accordance with its formal Rules of Procedure which states: "*In the absence of a quorum, those Members present shall not make decisions on behalf of the Committee but may make recommendations for the subsequent approval of the Committee.*" Accordingly, this decision was made following consultation with Committee members not present at the meeting.

Annex A

Attendees

Guests and officials

Item 2: Graeme Connor, (Universal Credit Lead Analyst)
Dave Higlett, G6, (Universal Credit Policy)
Craig Dutton, G7, (Universal Credit Policy)

Item 3: Angus Gray (Director, Universal Credit and Employment Support) ·
Carol Krahe (G7, Universal Credit Policy)
Natalie Liddell (SEO, Universal Credit Policy)

Secretariat: Denise Whitehead (Committee Secretary)
Dale Cullum (Assistant Secretary)
Gabriel Ferros (Analyst)
Anna Woods (Assistant Secretary)