
FIRST WITNESS STATEMENT OF

Sophie Howes

I, Sophie Howes, Head of Policy at Child Poverty Action Group (“CPAG”) of 30 Micawber Street, London, N1 7TB (company no. 01993854), **WILL SAY** as follows:

1. I make this statement on behalf of CPAG in response to the Request for Evidence pursuant to Rule 9 of the Inquiry Rules 2006 received from the UK Covid-19 Inquiry (the “**Inquiry**”) on 25 March 2025 (the “**Rule 9 Request**”).
2. In making this witness statement, I have drawn on my personal knowledge and discussions with others in CPAG. Save where I indicate to the contrary, the facts and matters contained in this witness statement are within my own knowledge. Where they are not within my own knowledge, they are matters of information or belief and I have identified the source of my information or the basis for the belief. This statement has been prepared with assistance from CPAG’s legal team (both in-house and external counsel), following input from various CPAG staff members from across the organisation.
3. This statement consists of five parts:
 - a. an introduction to CPAG in which I set out a brief overview of CPAG's work and my role at CPAG;
 - b. an account of the economic vulnerabilities which existed prior to the pandemic, in which I explain how poverty is measured, the impact of austerity policies on low-income families and children in the decade prior to the pandemic, and the increased vulnerability of low-income families and children to the economic effects at the outset of the pandemic as a result of those policies;
 - c. an overview of CPAG's work to inform the government's economic response to the pandemic, including its publications and communications with the UK

Government and Devolved Administrations regarding interventions affecting low-income families and children, and the extent to which government engaged with that work;

- d. an overview of the economic impact of the pandemic on low-income families and children, and the particular impact on different low-income groups, including migrants, Black and minority ethnic people, women and lone parents (and their children), disabled people (and their children), children in larger families and children of different ages, including 16-17 year olds with no benefit entitlement;
 - e. CPAG's analysis and reflections on the strengths and weaknesses of the overall economic response to the pandemic, and its recommendations in order to improve the economic response to a future pandemic, namely:
 - i. The use of an improved social security system as the default mechanism for providing economic support to households in a civil emergency, which would entail:
 - 1. Improving the adequacy of the social security system for families and children;
 - 2. Re-establishing the link between need and support in the social security system;
 - 3. Ensuring access to financial support for families currently excluded from the social security system; and
 - 4. Improving information and advice provision in relation to social security support for families with children;
 - ii. The consideration of up to date information about the social security system when carrying out risk assessment and strategic planning for future civil emergencies.
4. I refer in this statement to various documents, copies of which are exhibited to this statement in a series of exhibits marked 'SH/[XXX]' and identified by the Inquiry's unique reference number for that document. I have annexed to this statement:

- a. a chronology of advice and other correspondence between CPAG and the UK Government and Devolved Administrations related to the economic response to the pandemic ("**Annex 1**"); and
- b. a chronology of reviews, pieces of analysis or similar, produced or commissioned by CPAG relating to any of the matters in the Provisional Outline of Scope for Module 9 ("**Annex 2**").

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Part A: Introduction to CPAG

6. CPAG works on behalf of the more than one in four children in the UK growing up in poverty. It uses an evidence-based understanding of what causes poverty and the impact it has on children's lives, gained from its research with children and families, to campaign for policies that will prevent and solve poverty. CPAG is a registered charity regulated by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.
7. At CPAG, I am Head of Policy. I sit within the Policy, Rights, and Advocacy ("**PRA**") Division and work within CPAG's London office. The PRA Division contains the Policy and Research team, which conducts research and advocacy on issues relating to low-income children and families; the Education project team which focuses on education policy (with specific projects in England and Wales); and the Campaigns team, which engages in UK-wide public campaigning. The PRA Division also comprises the Advice and Rights team, which provides specialist training, advice and information on welfare rights and the social security system. In conjunction with CPAG's Business Division, the Advice and Rights team authors and publishes a highly regarded handbook (the Welfare Benefits Handbook, now on its 27th edition and previously also covering Tax Credits) and other books on different forms of support; and the Strategic Litigation team, which provides legal advice and representation to low-income families (either pro bono or under CPAG's legal aid contracts) and engages in often high-profile and complex litigation on social security issues. CPAG also has a Finance and Resources Division, which handles the organisation's fundraising, finances, and resources; and a Business Division, which manages CPAG's wide offering of welfare rights training and publications. Since 2010, CPAG has been led by its Chief Executive, Alison Garnham. Governance and oversight of the organisation is provided by a board of trustees, which has been chaired by Professor Jane Millar since 2020.
8. In addition to its main office in London, CPAG also maintains an office in Glasgow ("**CPAG in Scotland**"). CPAG in Scotland carries out policy and research activities, runs a 'Cost of the School Day' project in Scotland, and has an Advice and Rights team. Staff in Scotland provide input to Scottish policy makers and advice and support to Scottish welfare organisations (including providing Scotland-specific information). It also works to ensure that devolved experience is fed into CPAG's UK-wide child poverty work. The Director of CPAG in Scotland is John Dickie.

9. CPAG has a significant co-ordination role in relation to, and is involved in close liaison with, other organisations with allied interests. In particular, CPAG:
- a. co-ordinates the Social Security Consortium, which is a network of over 40 organisations working on issues related to the social security system and is open to organisations across the UK;
 - b. provides secretariat services to the National Association of Welfare Rights Advisers, a UK-wide membership body for welfare advice organisations;
 - c. hosts the End Child Poverty Coalition ("**ECP**"), a group of around 120 organisations dedicated to alleviating child poverty. ECP is chaired by Joseph Howes, Chief Executive of Buttle UK and CPAG's Chief Executive is co-Vice Chair, along with Dan Paskins from Save the Children UK ("**STC**"). ECP's work is informed and supported by members of its Youth Ambassador scheme;
 - d. facilitates a London Youth Panel, with young people aged 14-21 who are passionate about tackling child poverty; and
 - e. is a partner on the Changing Realities research project led by the University of York, which is a participatory online project working with almost 200 low-income parents and carers documenting life on a low income and campaigning for change. The project builds on the earlier Covid Realities project.
10. I joined CPAG in July 2018 as a Senior Policy Officer and have worked at the organisation continuously since that date, other than a period of leave between December 2021 and October 2022.

Part B: Pre-existing economic vulnerabilities

Terminology and official UK Government measures of poverty

11. As leading sociologist (and co-founder of CPAG) Peter Townsend explains, "*individuals, families and groups in the population can be said to be in poverty when they lack resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged and approved, in the societies in which they belong.*"
12. The official UK Government data on poverty (including child poverty) is published by the Department for Work and Pensions ("DWP") in the form of the Households Below Average Income ("HBAI") statistics. HBAI is based on the DWP's Family Resources Survey, an annual report that provides facts and figures about the incomes and living circumstances of households and families in the UK.
13. As explained in "*All you need to know about Households Below Average Income*" (SH/01 – INQ000608671), HBAI contains six measures of poverty – relative after housing costs ("AHC"); absolute AHC; relative before housing costs; absolute before housing costs; material deprivation; and food insecurity. The first four of these measures are income-based, which mean that they look at household income, post-tax and transfers, adjusting for household size (equivalised), and compare it to the poverty line, which is also calculated from household incomes. The poverty line is set at 60 per cent of median household income, but there are different ways of calculating median income based on whether the measure is relative or absolute and whether housing costs are included. The latter two HBAI measures, material deprivation and food insecurity, are based on whether people can meet certain needs. They are calculated by asking surveyed households particular questions and totalling up their responses.
14. HBAI also provides a breakdown of the risk of being in poverty for different groups of people, including poverty affecting the early years, where the youngest child in the family is under five; poverty among different Black and minority ethnic communities; poverty in one-parent families; poverty in families with three or more children; and poverty by region. There is also information on other factors, for instance the percentage of children living in poverty who are in working families.
15. CPAG consider that all of the measures in HBAI (and other measures not included within HBAI) can be helpful for understanding child poverty, in different ways. Of the measures in HBAI, CPAG's preferred measure is relative poverty AHC. We prefer an income-based

measure because it is impossible to perfectly define what captures a basic standard of living through needs, and the key factor that defines whether a household can meet certain needs is income. CPAG also prefers a relative measure, because it reflects the fact that poverty must be defined in reference to the society in which we live (in line with Peter Townsend's definition, set out above in paragraph 11): HBAI sets the poverty line for relative poverty measures at 60 per cent of current median income. Finally, we look at the rate after housing costs rather than before housing costs, as this more accurately reflects disposable income (how much families have to live on when certain non-negotiable expenses have been met). AHC measures also capture large regional variations in housing costs, which are important to consider when thinking about government policy to tackle child poverty. For example, in London, high housing costs are a major driver of child poverty. This approach and emphasis on relative poverty AHC measures reflects the fact that most definitions of poverty include reference to lacking the financial resources to meet a basic standard of living, relative to what is commonplace in society.

16. In addition to using the measure of relative poverty AHC, it is also possible to track the severity or depth of poverty (i.e. how far households are from a basic standard of living). Considering the depth of poverty, alongside other established metrics such as persistent low income (for example, being in poverty in the present year and at least two of the previous three years) and material deprivation (percentage of children lacking three or more necessities) will show if, and how, the circumstances of families in poverty are changing, even if their income has not improved enough to lift them above the poverty threshold. It is also useful to look at the poverty rates for different groups that are disproportionately affected by poverty, as described in paragraph 14 above. The term 'deep poverty' is used to refer to children living in households with less than 50 per cent of median income and the term 'very deep poverty' or 'deepest poverty' is used to those with refer to less than 40 per cent of median income.

17. There are some limitations to HBAI statistics which mean they do not fully capture the circumstances of low-income families and children during the pandemic. I address these limitations in Part D, paragraph 431 of my statement.

Economic vulnerabilities among low-income families and children prior to the pandemic

18. On the eve of the first lockdown, many families with children were living in poverty, and some families living just above the poverty line were struggling to cover basic costs. According to the HBAI statistics for 2019/20, 4.3 million children in the UK were living in

relative poverty AHC – the equivalent of 30 per cent of all children in the UK. This was a rise of 700,000 from 3.6 million in 2010/2011.

19. Families with children are at a greater risk of poverty than the general population because the additional costs of raising children coincide with a time when labour market participation is more limited due to caring responsibilities. Furthermore, wages do not adjust for family size. This means that for parents on a low salary or in insecure work it is often impossible to increase income to reflect family costs solely through work. 7 in 10 children in poverty live in a household with at least one adult in work. Nonetheless, although employment-related measures like the minimum wage are important, they play a limited role in reducing child poverty. This means that the adequacy of support provided through the social security system is crucial to the living standards of families and to poverty levels. The risk of poverty is even greater for families with children under 5, children of lone parents, children who live in a household where someone is disabled, children with two or more siblings, and Black and minority ethnic families.
20. Many families in the UK were living in deep poverty, meaning they were especially vulnerable to any economic shock. The number of children living in the deepest poverty (with incomes below 40 per cent of the contemporary median) had risen every year between 2011/12 and 2019/20. According to data from the Institute for Fiscal Studies on living standards, inequality and poverty, at the beginning of the pandemic 1.8 million children were in the deepest level of poverty.
21. Going into the pandemic, low-income families were also economically vulnerable on account of their lack of wealth. Most low-income families had few savings to draw on to withstand an adverse economic event: 3.5 million of the 4.3 million children living in poverty pre-pandemic were living in households with less than £1,500 in savings (see the HBAI statistics for 2019/20).
22. The 2010s had seen a large rise in child poverty. This was primarily driven by cuts to social security. In total, between 2010 and 2020, successive UK Governments implemented over 50 cuts to social security benefits affecting families, including:
 - a. The removal of the higher amount for first children in Child Tax Credits ("CTC") and Universal Credit ("UC") for children born on or after 6 April 2017;
 - b. The phased introduction from 2017 onwards of the two-child limit on CTC and the child element of UC payments per household (which means parents can only receive support for up to two children, with some limited exceptions);

- c. The benefit cap (initially in 2013 and then at a lower cap level from 2016), which limits total support for non-working and low-earning families;
- d. The lowering of the local housing allowance (“**LHA**”) (the maximum amount of support families can receive towards their rent) from the median of local rents to the 30th percentile of local rents in 2011. The level of support was then frozen in 2016/17 (regardless of rising rents) until 2020 when they were realigned to the 30th percentile (this one-off increase was made permanent but no link between LHA and rental prices was re-established, effectively re-freezing LHA at 2020/21 rates);
- e. The under-occupancy charge (known as the “**bedroom tax**”), which since 2013 has reduced housing support for social tenants with a ‘spare’ bedroom, with limited exceptions;
- f. The removal of the additional benefit amount for people found to have ‘limited capability for work’ (“**LCW**”) from 2017 onwards in Employment and Support Allowance (“**ESA**”) and UC (for those deemed able to prepare for work, but not currently able to work due to ill-health); and
- g. The freezing of working-age benefit rates between 2016 to 2020.¹

23. Importantly, during this decade child poverty targets – which had been set by the New Labour government in 1998 and which were considered to play a significant role in the reduction in child poverty levels that followed, and which had been enshrined in legislation (alongside requirements to develop strategies to reduce child poverty) via the Child Poverty Act 2010 – were removed by the Welfare Reform and Work Act 2016 (“**WRW Act 2016**”).

24. In contrast to social security systems in most countries, a common feature of many of the austerity policies discussed in paragraph 22 – in particular the two-child limit and the benefit cap - is that they, by design, decouple the level of social security provision from the level of need experienced by a family. The costs faced by families will evidently reflect the number of children they have. Limiting the support provided to lower income families with more than two children inevitably means the risk of falling into poverty is greater as family costs will outstrip income. In relation to the benefit cap, families that are non-working or have low earnings are already some of the country’s poorest families – limiting the

¹ In March 2020, working-age benefits were uprated in line with inflation through the Social Security Benefits Up-rating Order 2020. This followed four years during which the cash value of most working-age benefits were frozen, meaning that their real-terms value had fallen by 6 per cent. This uprating did nothing to reverse any of the cuts to benefits in recent years; it only kept benefits at the same real-terms value they had in 2020, ‘locking in’ that shortfall.

support provided to them in this way further traps them in deep poverty. Both of these policies fundamentally disadvantage those who are subject to them on an ongoing basis, and the group of people who are most likely to be subject to them are families with children. Moreover, as the two-child limit is rolled out further, it will continue to affect an ever-increasing number of children.

25. Other factors, such as differential access to and experiences of the labour market, compound the effects of austerity policies on particular households. For example, there remains inequalities in different groups' access to the workplace, for example in relation to ethnicity and disability. Some Black and minority ethnic groups are more likely to be in low-wage and insecure work. These groups are therefore more likely to rely on social security to top up their income. Further, some Black and minority ethnic groups, for example Black, Pakistani, and Bangladeshi families, are more likely to live in households with three or more children. This means they will be more exposed to the impacts of austerity policies such as the two-child limit. A 2022 report by the Runnymede Trust, "*Falling faster amidst a cost-of-living crisis: Poverty, inequality and ethnicity in the UK*", found that by 2020 white families were, on average, receiving £454 less a year in cash benefits (in real terms) than they did a decade prior. For Black and minority ethnic families this figure was £806 less a year, and for Black families specifically it was £1635 (**SH/02 – INQ000608667**). As Black and minority ethnic families were more likely to rely on social security to top-up their income, cuts to social security had a much greater impact on these groups.
26. A key reason for the social security system is to reduce economic vulnerabilities, so the very substantial cuts to the social security system during the 2010s meant that, immediately prior to the pandemic, any large negative economic shock would be damaging for millions of families, with disproportionate impacts on particular groups. Taking account of all uprating restrictions between 2010 and 2020, benefits were worth 9 per cent to 17 per cent less than they would have been if Consumer Price Index based indexation had been applied.
27. One of the widest reaching benefits for families with children is Child Benefit. At the outset of the pandemic, parents and carers received Child Benefit in respect of 12.7 million children. However, the value of Child Benefit had decreased over time – after being frozen for four years prior to 2020, it had lost 20 per cent of its value since 2010.²

² CPAG calculation from Child Benefit and Guardian's Allowance: Rates and tables, Revenue Benefits; Consumer Price Index, Office for National Statistics.

28. In addition to the inadequacy of benefit rates, and the specific austerity policies outlined in paragraph 22 above, there were additional features and characteristics of the social security system in the UK that had implications when the pandemic hit, including:

- a. In contrast to many developed countries, a relatively small proportion of the UK's social security expenditure goes towards contributory benefits (i.e. benefits for people who lose earnings for specific reasons, like unemployment or sickness, that are not subject to means-testing). Further, whereas some European models of contributory benefits are earnings-related, meaning that people do not experience a sudden income drop and will be more likely to be able to pay their rent or mortgage and meet other (potentially high) costs which cannot be switched off overnight, UK contributory benefits are flat-rate, meaning they do not reflect their previous income. This means people are more likely to be pushed into crisis by a sudden loss of income;
- b. There are fewer individual entitlements and a focus on aggregated 'benefit units' or family units;
- c. The introduction and roll-out of UC combined in-work and out-of-work benefits into a single monthly payment, and also paved the way for in-work conditionality to be applied to individuals who are working but not deemed to have sufficiently high enough earnings. Changes to work arising as a result of the pandemic made it even more difficult for some claimants to meet their work-related requirements. Some of the work-related requirements imposed by DWP later on in the pandemic (which we consider to have been an overcorrection to flexibilities introduced earlier on in the pandemic, for example, the three-month pause in conditionality) also had a detrimental impact on claimants. This is discussed further in paragraphs 243 - 258 below; and
- d. Certain groups are excluded, in particular on the basis of immigration status. The mechanisms by which this occurs are discussed in more detail in paragraphs 455 - 467 below.

29. Additionally, the roll-out of UC was partially complete. Although it was possible to claim UC in every area of the country by 2020, there were still millions of households in receipt of so-called 'legacy benefits' (explained in more detailed in paragraphs 108 - 113 below). This meant that in order for any UK Government economic intervention to be comprehensive in its coverage, it had to consider how support could be delivered both to

low-income families receiving support on a 'hyper-means-tested' basis which considers income over the course of a monthly assessment period in UC (paid in arrears), as well as low-income families receiving support on the yearly basis of tax credits, subject to in-year adjustments. Differences in the design of legacy benefits and UC, and the ongoing migration of legacy benefit claimants onto UC, also interacted with UK Government interventions such as the £20 uplift to UC and Working Tax Credits ("**WTC**"), in ways that ultimately led claimants to suffer financial loss.

30. Finally, weaknesses in the Statutory Sick Pay ("**SSP**") system contributed to the economic vulnerabilities of low-income families and children prior to the pandemic. At the outset of the pandemic, SSP was the minimum that employers had to pay their employees if they were sick for at least four days in a row. Employees were only eligible for SSP if they earned above the National Insurance contributions ("**NIC**") lower earnings limit. A Trades Union Congress ("**TUC**") report published at the beginning of March 2020 estimated that just under 2 million people would not qualify for SSP if they became sick. Going into the pandemic, SSP was also not usually paid for the first three days that someone was off sick.

Different economic vulnerabilities faced by low-income families and children in the devolved nations prior to the pandemic

31. Before addressing the economic vulnerabilities faced by low-income families and children in the devolved nations, I note as a preliminary point that there is widespread variation in the rates of child poverty within and between the different countries and regions of the UK. Although examining the overall prevalence of child poverty within regions can be a useful starting point, it can mask substantial variation; if a region contains areas with both very high and low rates of poverty, the average rate for that region will not reflect this variation.
32. The largest variations in child poverty are not usually between the different countries of the UK, but between different regions and areas of the UK. According to the HBAI statistics, going into the pandemic 30 per cent of children in the UK were in poverty but the rates were much higher in London (38 per cent) due to high housing costs leaving families with less to live on and the North East (37 per cent) due to high levels of unemployment and disability, alongside low wages. Prior to the pandemic, relative AHC poverty rates were similar between England, Scotland, Wales, and Northern Ireland. This had been the case since the 2010s, given that for most of this period the devolved administrations have had little power over policy which directly affect household income and therefore poverty.

33. That being said, there were a number of developments at the devolved level in the years leading up to the pandemic, meaning that, on the eve of the first lockdown, the four nations had varying devolved powers and infrastructure available to put in place economic measures to support low-income children and families.
34. Until 2016, social security was largely organised on a Great Britain basis (i.e. excluding Northern Ireland). In 2016, some social security powers were devolved from the Westminster Parliament to the Scottish Parliament, however, any and all social security benefits not explicitly devolved to Scotland by the Scotland Act 2016 are reserved to the UK Government.
35. The main social security benefits and tax credits not explicitly devolved to Scotland by the Scotland Act 2016 and reserved to the UK Government prior to and throughout the pandemic were: UC; WTC; CTC; Jobseeker's Allowance ("**JSA**"); Employment Support Allowance; Income Support; Pension Credit; Child Benefit; Housing Benefit ("**HB**"); Guardian's Allowance; Bereavement Support Payment and State Pension (together, "**UK Reserved Benefits**").
36. In Northern Ireland, social security is a devolved area. The exceptions to this are Child Benefit, Guardian's Allowance, WTC and CTC, which are 'excepted' matters, meaning that the ability to make laws in respect of them remains with the UK Parliament. The Northern Ireland Act 1998 requires that social security in Northern Ireland maintains 'parity' with social security in Great Britain.
37. Nationality, immigration, and asylum are also reserved matters (and excepted matters in Northern Ireland). This means that the devolved administrations are constrained in terms of social security support that can be provided to migrants, and particularly "persons subject to immigration control" as defined by the Asylum and Immigration Act 1996.

England

38. The actions of the Westminster government have a significant impact on low-income families' financial circumstances across the UK, but this is particularly the case in England, as there are limited devolved powers for local authorities. Since the Child Poverty Act 2010 was substantially amended by the WRW Act 2016, there have been no obligations for local authorities in England to take action on child poverty, although some have taken actions to mitigate some of the impacts of poverty by developing their own local anti-poverty strategies or rolling out poverty-reducing policies.

39. Previously, the DWP administered a national discretionary Social Fund, which provided local authorities across Great Britain with funding to provide crisis loans, budgeting loans, and community care grants ("**CCG**") to residents (there is a separate Social Fund in Northern Ireland, created by the Social Security, Contributions and Benefits (Northern Ireland) Act 1992). The ability to make discretionary payments from the Social Fund was removed by the Welfare Reform Act 2012 (the "**WRA 2012**"). In general, the DWP can now only use the Social Fund to make prescribed payments related to maternity expenses, funeral expenses, cold weather payments and winter fuel payments.
40. Subsequent to the removal of the ability to make discretionary payments out of the Social Fund, the UK Government gave local authorities in England funding to design and provide assistance in their areas as they saw fit in the form of 'Local Welfare Assistance Schemes' ("**LWAS**"). The devolved governments in Scotland and Wales were also given responsibility for provision in their areas. The DWP provided dedicated LWAS grant funding to each local authority in England for the two years (2013/2014 and 2014/2015) after the reforms introduced by the WRA 2012. The UK Government subsequently decided that there would be no separate LWAS funding stream, and instead that such funding would become part of the general Revenue Support Grant provided to councils by the UK Government as part of the annual Local Government Finance Settlement process. There remained a clear budget line identified as part of councils' Revenue Support Grants until 2020, however this funding was not ring-fenced, meaning that councils do not have to spend it on local welfare provision.
41. LWAS vary greatly: some councils offer vouchers to pay for food, fuel or clothing (in-kind support), or bigger basic living items such as beds, cookers and fridges. Others offer grants or loans with various conditions attached, or make referrals to charitable organisations such as foodbanks.
42. Providing LWAS is not a statutory requirement for local authorities. Councils are also not required to monitor their schemes, keep data, or to report any information on their schemes to councillors or to central government, making it difficult for them to understand the impact they are having on people in financial crisis. With no dedicated funding stream and year-upon-year budget cuts, as of June 2020 one in seven local authority areas in England no longer had a scheme. In 2018/2019, England spent just 73p per capita on LWAS, compared with £3.37 per capita in Wales, £6.49 per capita in Scotland and £7.31 per capita in Northern Ireland.

43. As education is a devolved policy area, each of the four nations of the UK has its own Free School Meal (“FSM”) scheme. In England, prior to the pandemic, the majority of reception, year one and year two pupils in England could receive FSMs although children in families with leave to remain in the UK subject to a ‘no recourse to public funds’ (“NRPF”) condition could not receive FSMs – this is discussed at paragraph 321 below. From year three, parents/carers could apply for FSMs for their child(ren) if (1) they were a UC claimant and had a household earned income of below £616.67 in the UC assessment period immediately preceding the date of the request for a FSM (equivalent to around £7,400 in annual terms) or (2) if they were a CTC claimant and had a household taxable income below £16,190 per year.
44. Some local authorities provide universal FSMs for all primary-age children. For example, prior to the Mayor of London announcing that FSMs would be universal in primary schools from September 2023, four London boroughs were already offering this service.
45. In respect of support for school pupils, England introduced the Pupil Premium in April 2011, which is additional funding provided to state-funded schools in England to improve outcomes for ‘disadvantaged pupils’, defined as those who are eligible or have been eligible for free school meals in the last six years, and pupils who are or were previously looked after by the local authority or other state care. However, the funding does not have to be spent solely on these pupils and does not involve payments directly to families.

Scotland

46. After the child poverty targets and requirements to develop strategies to reduce child poverty (including on the part of devolved administrations) were removed from the Child Poverty Act 2010 by the WRW Act 2016, the Scottish government took a different approach and introduced its own income-based targets for child poverty reduction into legislation under the new Child Poverty (Scotland) Act 2017, which was passed with cross-party support.
47. The Child Poverty (Scotland) Act 2017 mandated: (1) four household income targets, to be met in the financial year beginning 1 April 2030, including relative AHC child poverty to be at or below 10 per cent; (2) four interim income targets, to be met in the financial year beginning 1 April 2023, including relative AHC child poverty to be at or below 18 per cent; (3) a Poverty and Inequality Commission (established from 1 July 2019) with functions related to the child poverty reduction targets; (4) Scottish ministers to publish child poverty delivery plans in 2018, 2022 and 2026, and report on those plans annually; and (5) local authorities and health boards to report jointly every year on activity they are taking, and

will take, to reduce child poverty. The Scottish Government's Child Poverty Delivery Plan 2018-2022 included commitments around financial barriers and costs at school, such as a minimum level for school clothing grants and investment in practical support for children experiencing food insecurity during the school holidays.

48. In 2018, Social Security Scotland was set up following the passage of the Social Security (Scotland) Act 2018 (the "**SSS Act 2018**"). It is an executive agency of the Scottish Government with responsibility for the administration of Scottish Social Security benefits. Social Security Scotland was set up with eight guiding principles including that social security is a human right, to be delivered as a public service and that it is to contribute to the reduction of poverty and provide dignity and respect to Scottish citizens. The SSS Act 2018 also created a duty on the Scottish Ministers to promote benefit take-up by those who are eligible for support. The Scottish Commission on Social Security was set up to scrutinise Scottish government policy decisions and to ensure that the Scottish Government and Social Security Scotland are fulfilling their legal requirements under the SSS Act 2018.
49. Prior to the pandemic, the Scottish Government had rolled out a number of devolved payments as well as mitigations to UK Reserved Benefits. One example of where the Scottish Government has implemented a mitigation of a shortfall in support for families through a UK Reserved Benefit is the mitigation of the bedroom tax. Across the UK, individuals can apply for a Discretionary Housing Payment ("**DHP**") from their local authority to provide financial support to help with rent or housing costs, if the full amount of these costs are not covered by UK Reserved Benefits (such as HB or housing costs in UC). However, local authorities have discretion whether or not to award a DHP.
50. Since 2013, the Scottish Government has distributed funding for DHPs to Scottish local authorities specifically with the purpose of mitigating the bedroom tax. In practice, this mitigation is reliant on claimants applying (and often having to re-apply after a period of time) for DHPs. There is also a small number of claimants who are not entitled to DHPs. The Scottish Government had originally expressed a commitment to mitigating the bedroom tax at source in UC by stipulating that the reduction for surplus bedrooms will be calculated at 0 per cent by Spring 2019, however, the DWP informed the Scottish Government in March 2018 that these changes would be delayed until May 2020 at the latest. At the time of drafting this statement the bedroom tax has not yet been mitigated at source by the UK Government.

51. It is important to note the delicate interactions between UK Reserved Benefits and devolved Scottish benefits. Many benefits and additional payments are reliant on the way they interact with one another. For example, there are now Scottish benefits which are means-tested, and use UK Government-delivered benefits (such as UC and Employment Support Allowance) as qualifying benefits – meaning that a person has to be in receipt of a particular UK benefit in order to be entitled to a Scottish benefit. These include Best Start Grants (2018); Best Start Food (2019); Funeral Support Payments (2019) and Scottish Child Payment ("**SCP**") (2021). In addition, there are some differences in UC delivery in Scotland, largely focusing on payment options.
52. The Scottish Welfare Fund ("**SWF**") was introduced in 2013 following the abolition of the UK national discretionary Social Fund. It is a national, grant-based scheme, administered by Scottish local authorities based on Scottish Government guidance to provide emergency assistance. It is underpinned by the Welfare Funds (Scotland) Regulations 2016.
53. The Scottish Government also has a Pupil Equity Fund, provided through the Scottish Attainment Fund, to reduce inequalities for children, young people, and their families. The Scottish Government also has a Best Start Grant School Age Payment to help with the costs of starting school (this is a Scottish benefit – see paragraph 51); a School Clothing Grant to assist parents and carers with the cost of school uniform and clothing (introduced in 2018); and an Education Maintenance Grant to provide financial support for 16-19 year olds who stay on at school (introduced in 2004).
54. Prior to the pandemic, all pupils were entitled to FSMs in the first three years of primary school. From Primary 4, parents/carers were required to apply for FSMs, which were available to pupils if their parents received Income Support, Income-Based JSA, Income-Related ESA, UC where the take home pay is less than £610 in the assessment period immediately preceding the application for a FSM lunch being made, support under Part VI of the Immigration and Asylum Act 1999 ("**IAA 1999**"), CTC only with an income of less than £16,105, or CTC and WTC with a taxable income less than £6,900 (as assessed by His Majesty's Revenue & Customs ("**HMRC**").

Wales

55. The Children and Families (Wales) Measure 2010 requires Welsh ministers to set child poverty objectives and to report every three years on progress towards achieving those objectives. The Rights of the Child and Young Persons (Wales) Measure 2011 requires Welsh ministers to have due regard to the rights and obligations in the United Nations

Convention on the Rights of the Child ("**UNCRC**") when developing or reviewing legislation and policy.

56. Unlike in Scotland, social security in Wales is not devolved. This means that the Welsh Government has less power to introduce social security policy interventions that can reduce child poverty.
57. The Welsh Discretionary Assistance Fund ("**DAF**") was set up in 2013 following the abolition of the national Social Fund and is administered by the Welsh Government. It provides emergency cash payments to struggling households.
58. The Welsh Government introduced the Pupil Development Grant in 2012, which is funding given to schools that seeks to improve the educational outcomes of children in the poorest households. The Pupil Development Grant -Access scheme, now known as the Schools Essentials Grant ("**PDG-A**"), is provided directly to families who are eligible for means-tested FSMs or in local authority care. This grant is to help with the cost of school uniforms, ICT equipment, learning resources and sports kit.
59. Prior to the pandemic, parents/carers in Wales could apply for FSMs for their child(ren), if (1) they were a UC claimant and had a household earned income of below £616.67 in the UC assessment period immediately preceding the date of the request for a FSM, or (2) if they were a CTC claimant and had a household taxable income below £16,190 per year.

Northern Ireland

60. The Northern Ireland Act 1998 requires the Executive to "adopt a strategy setting out how it proposes to tackle poverty, social exclusion and patterns of deprivation based on objective need". There was no overall poverty strategy in place under this provision during the pandemic but the 2016-2019 child poverty strategy was extended in September 2020 to May 2022. This strategy had two overarching aims of reducing the number of children in poverty and lowering the impact of poverty on children.
61. As discussed in paragraph 36 above, social security powers in Northern Ireland are formally devolved, although some benefits fall under 'excepted' powers. The Northern Ireland Executive Department for Communities delivers social security benefits in Northern Ireland.
62. Prior to the pandemic, social security arrangements in Northern Ireland were in many respects similar or the same as those in Great Britain (addressed in more detail below). The most notable difference is a 'mitigation package' of measures in place from 2016 which

enables the Northern Ireland Executive to reduce the impact of some Westminster policies such as the lowered benefit cap and bedroom tax through Welfare Supplementary Payments. In addition, there are some differences in UC delivery, largely focusing on payment options. This 'mitigation package' had been due to expire on 31 March 2020, however, the Executive committed to extending the measures in January 2020.

63. The Northern Ireland Executive Department for Education provides funds to grant-aided schools under the Common Funding Scheme. Under the Common Funding Scheme, social deprivation funding and provision for particular disadvantaged groups is allocated to schools in socially deprived areas.
64. Prior to the pandemic, parents/carers could apply to the Northern Ireland Education Authority for FSMs for their child(ren), if (1) they were a UC claimant and had an annual income of below £14,000; or (2) if they receive CTC and had a taxable income below £16,190 per year. Uniform Grants were also available under the Clothing Allowance Scheme.

Weaknesses in the UK economy resulting from child poverty

65. Child poverty is, in itself, an economic drag – posing significant costs to our society, as well as affecting the day-to-day living standards and ongoing life changes of the children affected. A 2013 study conducted by Professor Donald Hirsh and commissioned by CPAG estimated that child poverty in the UK was costing public services at least £29.8 billion a year. A 2021 update applying the same methods, estimated the figure to be at least £37.7 billion. Equivalent figures are not available for 2020, but I would expect that the estimates would have been between these two figures, and closer to the 2021 figure.
66. A key weakness in the UK economy resulting from child poverty is the lost potential of children who grow up in poverty, and the higher costs/lower tax revenue associated with spending time in poverty. Children born to parents living in poverty are more likely to be low birthweight and less likely to survive the first year of life. They are also more likely to have asthma and other childhood diseases and to be overweight or obese. They rate themselves lower on average on measures of happiness and subjective wellbeing and are at higher risk of psychological distress. They also score worse on indicators of socioemotional and behavioural development. These effects compound over time, so that adults who grew up in poverty have worse health and are less likely to have a well-paid job): the estimated cost in future lost earnings as a result of child poverty in 2021 was £11.6 billion a year, with a cost to His Majesty's Treasury ("**HM Treasury**") in lost income tax of £4.8 billion a year.

67. Economic research finds that increasing social security is a highly effective way to improve population health and prosperity. It yields better health outcomes for children, who can concentrate more at school, leading to better developmental outcomes. This means children have a higher educational attainment, which in adulthood provides them with greater employment prospects and better health. This also means that in adulthood they contribute more in tax revenues and social security spending is lower. Conversely, in CPAG's experience, and as indicated by the figures in paragraphs 65 to 66 above, reducing social security spending as it concerns children can be seen to be a false economy, because it increases the costs to society later.

Part C: CPAG during the pandemic

Overview of CPAG's work to inform the UK Government's economic response to the pandemic

68. Throughout the pandemic, CPAG was active in responding to the UK Government's and Devolved Administrations' respective economic responses to the pandemic, as they related to low-income families and children. Annex 1 sets out a full chronology of advice and other correspondence (other than purely administrative) between CPAG and the UK Government and Devolved Administrations related to the economic response to the pandemic.

69. The key CPAG staff members involved in our work as it relates to the UK economy, particularly those who engaged with the UK Government regarding the economic response to the Covid-19 pandemic are: CPAG's Chief Executive, Alison Garnham; Director of Policy, Rights, and Advocacy, Sara Ogilvie (and her predecessor Louisa McGeehan between April 2018 and February 2021); Project Lead of Cost of the School Day work and now Head of Education, Kate Anstey; and Communications and Campaign Manager, Lizzie Flew. It also includes me, initially in my role as Senior Policy Officer until March 2021, and subsequently as Head of Policy between March 2021 to December 2021 and again from October 2022 onwards. My role was covered by Hannah Aldridge between December 2021 and October 2022 and, at the very outset of the pandemic, CPAG's Head of Policy was Josephine Tucker until March 2020 (the role was vacant between March 2020 and March 2021). CPAG's Senior Policy Analyst, Tom Lee, has also contributed significantly to CPAG's work as it relates to the UK economy since he joined the organisation in 2019.

70. At a devolved level, the key CPAG staff member involved in engaging with the Welsh Government on its response to the economic impact of the pandemic was our Cost of the School Day Wales Development Manager, Ellie Harwood. The key people involved in our work as it relates to Scotland, particularly those who engaged with the Scottish Government regarding the economic response to the Covid-19 pandemic are the Director of CPAG in Scotland, John Dickie; the Cost of the School Day Project Manager (Scotland), Sara Spencer; and Early Warning System Project Manager (Scotland), Kirsty McKechnie.

CPAG research to inform the economic response to the pandemic

71. CPAG undertook and facilitated multiple pieces of research to inform the UK Government's and Devolved Administrations' response to the pandemic. This included a number of projects involving large-scale surveys and interviews with low-income children and

families. Below is a brief summary of our research on the impact of the pandemic on low-income families and children, and a high-level summary of how we sought to engage with the UK Government and Devolved Administrations on these pieces of work. Further detail on our engagement with the UK Government and Devolved Administrations is detailed in Part C of this statement which pertains to specific economic interventions, and Annex 1, which includes examples of how this research was shared with the UK Government and Devolved Administrations.

- a. **Poverty in the pandemic (and update report):** Between May and August 2020, CPAG conducted online surveys with 285 low-income families with children, and carried out in-depth interviews with 21 of these families between May and August 2020. We published a joint report with the Church of England based on the findings from our surveys and interviews, '*Poverty in the pandemic: the impact of coronavirus on low-income families and children*', in August 2020 (**SH/03 – INQ000608720**). Between when the report was published in August 2020 and up to the end of November 2020, we received a further 393 online survey responses, and undertook follow-up surveys with 10 of the 21 families we had in-depth interviews with ahead of the first report. We published an update to our report based on these additional surveys and follow-up interviews in December 2020 (**SH/04 – INQ000608751**). We shared these reports with relevant UK government ministers, DWP officials, and Members of Parliament ("MPs").
- b. **The Cost of Learning in Lockdown (and update report):** Between March 2020 and June 2020, along with our partner organisation Children North East, we surveyed 3,600 parents and carers, and 1,300 children and young people across the UK about their experiences of the pandemic. We published our research report, '*The Cost of learning in lockdown*' in June 2020 (**SH/05 – INQ000608448**), which included accompanying publications relating to the situation in Wales (**SH/06 – INQ000608456**) and Scotland (**SH/07 – INQ000608706**). We surveyed a further 1,570 parents and carers and 785 children and young people between January and February 2021, conducted interviews with participants and published an update to '*The cost of learning in lockdown*' in March 2021 (**SH/08 – INQ000608847**). We shared evidence from these reports with relevant ministers in the UK Government, UK Department of Education ("DfE") officials, MPs, Members of the Senedd ("MSs"), ministers and officials in the Scottish Government, and Members of Scottish Parliament ("MSPs").
- c. **Covid Realities:** Covid Realities was a research programme jointly undertaken by researchers at the University of York, the University of Birmingham and CPAG, to

document the experiences of families on a low income during the pandemic. The largest part of Covid Realities' research programme was its participatory research strand, involving 172 parents on a low income, who were self-selecting with different backgrounds and family structures. Some were working, others had been furloughed or made redundant; some were not currently in paid employment. The majority were lone parent households. Participants in Covid Realities shared the findings of this research through national broadcast and print media appearances and presentations to academics and wider audiences. Covid Realities also resulted in a number of written outputs (which are detailed in Annex 2).

- d. **Mind the Gaps briefings:** Starting from 16 April 2020, CPAG began to publish a series of weekly briefings, '*Mind the Gaps*', highlighting some of the gaps in support that exist for children and families affected by the Covid-19 pandemic. Evidence of these gaps was drawn from our Early Warning System ("EWS") which collects case studies from frontline practitioners working directly with families on the problems they are seeing with the social security system. In total, we published 14 Mind the Gaps briefings, with our last '*Mind the Gaps*' briefing being published on 30 October 2020 (see Annex 2 for further details). We shared our '*Mind the Gaps*' briefings with DWP civil servants and MPs. CPAG in Scotland produced separate reports based on findings and examples from EWS Scotland, and we shared these with the Office of the Scotland Director within the DWP, as well as with our contacts in Social Security Scotland.
- e. **Falling Through the Net briefings:** Following on from our '*Mind the Gaps*' briefings series, we started a series of bi-monthly briefings from 18 December 2020, '*Falling Through the Net*', which sought to highlight the persistent gaps in support that exist for children and families affected by the Covid-19 pandemic. Evidence of these gaps was again drawn from our EWS. In total, we published four briefings in this series (see Annex 2 for further details). The last '*Falling Through the Net*' briefing was published on 22 June 2021. Similarly to '*Mind the Gaps*', we shared our '*Falling Through the Net*' briefings with DWP civil servants and MPs.
- f. **London Calling:** In November 2020, with Trust for London, we convened a panel of 32 Londoners aged 21-54 to hear about the challenges faced by low-income families and Black and minority ethnic groups in London. Each panellist was from a Black and minority ethnic background; on a low income, in work, and in receipt of a benefit entitlement; had at least one child of primary school age; and lived in one of the 32 London boroughs. Half of the panellists were key workers. In total, the '*London Calling*'

project held 17 sessions with the panel between November 2020 and November 2023. As part of the project, we also consulted with children and young people in London. In October 2021 we published our *'London Calling'* report *'Stretched too far – the experiences of families living on a low income in London during the Covid-19 pandemic'*. My recollection is that we shared it with the Greater London Authority (“GLA”).

g. **Reports on how local authorities should use their Covid-19 related funding:**

Based on evidence collected by our EWS and surveys conducted by our Cost of the School Day project regarding the gaps in support that exist for children and families affected by the pandemic, and our work monitoring how local authorities in England were spending the money they had been allocated from the £500m Hardship Fund, we published *'Cash in a crisis: Best practice on local welfare assistance for local authorities during Covid-19'* in June 2020 (**SH/09 – INQ000608703**). This report set out a list of recommendations as to how local authorities could best use their Covid-19 related funding to support low-income families and children. We published a follow-up report, *'Using Covid-19 funding to tackle child poverty: Additional guidance for councils in England'* (**SH/10 – INQ000608759**), in January 2021, following the Government's announcement of the £170 million COVID Winter Grant Scheme in advance of the roll-out of the Holiday Activities and Food (“HAF”) programme. Finally, in March 2022 we published *'You have to take it back to the bricks: Reforming emergency support to demand for food banks'* in partnership with the charity abrdn Financial Fairness Trust (**SH/11 – INQ000608816**), which brought together our research and analysis over 2020-2022 regarding emergency support in the UK and devolved social security systems. The evidence for this report came from literature reviews, expert workshops, citizens' juries, and in-depth interviews with people who had sought emergency support in the past, as well as engagement with participants of other CPAG projects such as Covid Realities, the *'London Calling'* family panel, and the Your Work, Your Way work support programme (an employment support programme designed to help potential second earners from low-income families to overcome barriers to get into and progress in work).

72. I address below in more detail the findings and recommendations arising from this research in the context of the pandemic, as well as how these were communicated to decision-makers. It is useful to note at this stage however that a common theme in our research, which is consistent with our research with low-income families undertaken prior to the pandemic, is the importance of a 'cash first' approach to supporting families in low-income households. Put simply, this means approaches where families are provided with

direct payments, rather than in-kind support such as vouchers or food parcels. Outside of crisis situations, medium or long-term increases to income are facilitated through social security payments. In instances of short-term financial hardship or unexpected events, this takes the form of cash transfers. This approach has the greatest benefits for families and allows choice, accessibility, dignity and safety – all of which are highly valued by families according to our research. Other organisations, such as the Local Government Association also advocated for this approach during the pandemic (an overview of some of the contributions in this area during the pandemic appears in *Cash-first approaches to supporting people facing financial hardship locally: a literature review*, produced by the Trussell Trust³ (SH/11A – INQ000620907)). Providing money to families is the most effective way of supporting them to meet their multiple financial needs and the needs of their children. In contrast, in-kind support can be more expensive to deliver, restrictive, inconvenient and stigmatising, which can lead to reduced uptake. In the pandemic context some forms of in-kind support, such as requiring parents to pick up food parcels from schools, also carried additional public health risks, as it required families to travel to access it.

73. In the circumstances of the pandemic, CPAG recommended a combination of approaches to support low-income families and children. We advocated in principle for cash-first approaches, such as in respect of Free School Meal replacements and for the provision of cash grants to parents of pupils struggling with digital exclusion to purchase any ICT equipment, along with any other resources they required. In light of the UK Government and Devolved Administrations' decisions to support pupils with remote education through the provision of in-kind support (i.e. digital devices), we monitored the implementation of such initiatives through our work with schools to ensure that they were as effective as possible.

74. We consider that there are value for money risks in not providing cash to individuals. Cash transfers are often more effective because they do not require the same delivery infrastructures as in-kind support programmes. In some low and middle income countries, 'cash-benchmarking' has been used by policy makers and development agencies. This is a process which compares the value for money of alternative policy options as compared to cash transfers. This is particularly important where procurement decisions are being made at pace and without the usual safeguards, as was shown with the issues with the Free School Meals voucher scheme in England. In this instance, Edenred (UK group) Ltd

³ Trussell Trust are an anti-poverty charity and community of food banks. The organisation works to ensure no one in the UK needs a food bank to survive, while providing emergency support for people left without enough money to live on.

("Edenred") was appointed by the Department for Education from an existing suppliers list so the scheme could be implemented quickly. However, the Department had limited evidence of Edenred's capacity to deliver the scheme to the scale required and at pace. There were subsequently many issues with the voucher scheme, creating challenges for schools and families and leaving children without provision (I consider these issues in greater detail at paragraphs 308 to 324 below).

The nature of the relationship between CPAG and the UK Government on economic issues, and how that relationship changed during the pandemic

75. As a registered charity regulated by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator in Scotland, CPAG acts independently from government and does not support any particular party, politician or candidate. The organisation always acts in a cross-party manner, both in and outside of election periods. CPAG does not receive funding from the UK Government, other than when we are paid for legal aid work carried out on behalf of individual clients under legal aid contracts that we hold. The Ministry of Justice also regularly purchases the CPAG Welfare Rights Handbook and other CPAG publications. Funding received from the Scottish Government is detailed in paragraph 85 below.

UK Government relationships outside of the pandemic

76. In relation to UK Government matters, there are a number of different ways that CPAG interacts with government. These include:

a. Via stakeholder engagement infrastructure run by government departments responsible for designing and administering financial and employment support for households, namely:

(1) HMRC, in relation to tax credits, Child Benefit and tax-free childcare schemes, generally coordinated by the Customer Directorate. The exact form of this engagement prior to the pandemic varied over time: from around 2013, CPAG was a member of and attended meetings of the Benefits and Credits Consultation Forum ("BCCF"); between 2014 and 2020 it took the form of regular email updates (originally every two months) from HMRC to stakeholders, less frequent (as compared to the BCCF) face-to-face meetings in London, ad hoc sub-group meetings and tele-conferences on specific topics or issues, and the sharing by HMRC with CPAG via email of updated resources and guidance for commenting. There were also escalations and queries

initiated by CPAG and responded to by HMRC of the nature described in paragraph 76(b) below;

- (2) The DWP, in relation to UK Reserved Benefits and related payments, and, on a less regular basis, employment support. In England this engagement is coordinated by officials in the Customer Experience Directorate team in the form of meetings of the DWP Operational Stakeholder Engagement Forum ("OSEF"), DWP Personal Independence Payment Forum and DWP Health Transformation Partnership. Prior to the pandemic (until December 2019) and again since June 2022, regular DWP Scotland Customer Representative Group meetings have been organised by the Employer and Strategic Partnerships team in Scotland; and
 - (3) The DfE, (on a less frequent basis) via the Children's Rights Action Group in relation to United Nations Convention on the Rights of the Children reporting cycle and other children's rights issues.
- b. Email exchanges and meetings with civil servants based in engagement and policy teams of government departments, primarily in the DWP, HMRC and the DfE (in particular with the School Food Team, and less frequently the School Uniform Team): these are generally initiated by CPAG and can take the form of two-way exchanges of information. They may involve CPAG providing new research briefings, raising specific or current policy and operational issues, or requesting specific information – for example, to help us understand how parts of the social security system are being operated or impacting groups we are working on behalf. These have included meetings arranged to discuss findings from CPAG's EWS in both Scotland and at a UK level.
 - c. At a ministerial level, the amount of ministerial direct contact has varied over my time at CPAG (since 2018) and has been largely dependent on the individual who has been in post at any one time. I understand from CPAG's Chief Executive that the level of ministerial contact also varied through the 2010's, prior to me joining the organisation. By way of example, during the early period of consultation on UC under the Coalition Government in the anticipation of significant welfare reform, CPAG's Chief Executive attended meetings with ministers. Ministerial contact is usually prompted by correspondence initiated by CPAG on issues relating to child poverty or follows particular government announcements or set pieces, such as budgets. More recently, ministers have attended roundtables organised by CPAG

(in 2024 and early 2025) and more regular bilateral meetings have taken place in connection to the Child Poverty Strategy being developed by the UK Government.

77. On matters relating to child poverty and social security, my impression of CPAG's general relationship with the UK Government is that the organisation is generally treated as a trusted stakeholder and as a 'critical friend' at official level.

UK Government relationships during the pandemic

78. During 2020-2022, in my view our relationship with officials at the DWP initially dropped off in comparison to the pre-pandemic period and then improved as the pandemic went on. In the initial stages, we provided research reports and briefings that were not substantively responded to or engaged with, although we did have some sporadic engagement with officials and ministers during this time. In July 2021, new officials joined the DWP UC stakeholder engagement team and proactively reached out to CPAG to establish a new working relationship. From that point on, our engagement with the DWP was much more structured and regular, with quarterly meetings and contact in between these meetings to share briefings and evidence as it emerged. Towards the end of that period, by early 2022, there was more substantive engagement and meetings between DWP officials and CPAG. This has improved and increased further since the end of the period the Inquiry is considering. Our engagement with HMRC was carried out predominantly via the stakeholders meetings which were restarted in the course of 2021. The picture was different in relation to my colleagues in Scotland who had regular meetings with DWP in Scotland to discuss findings of our EWS. We attended one DWP Wales Stakeholder Board meeting in March 2022 but did not join this group long-term.

79. At a UK ministerial level, in relation to financial support for families, CPAG's Chief Executive and other key members of CPAG staff had occasional interactions and discussions which centred around the Government's economic interventions. These are covered in more detail below and in Annex 1.

80. CPAG did not have significant engagement with HM Treasury nor the Cabinet Office during the pandemic. In relation to HM Treasury, we provided representations to HM Treasury in September 2020 and met with Downing Street special advisers alongside DWP Minister Will Quince MP (see paragraphs 116-118 below). CPAG also made budget representations to HM Treasury in January 2021. Cabinet Office officials occasionally attended HMRC Tax Credits and Child Benefit stakeholder meetings and provided updates, as did Department of Health and Social Care officials at DWP stakeholder meetings.

81. In relation to education and FSM replacements, we contributed to and co-authored a series of briefings for the DfE, and other departments, across a broad range of education topics relating to the pandemic, in collaboration with a number of other children's charities and organisations. These were shared with organisational contacts within the DfE, so they could be reviewed and further engagement could be set up. Although the briefings were positively received, there was limited further engagement around the majority of the issues raised. However, it was evident that some of the suggestions, specifically within our '*Recovery Planning for Covid-19: Back to School*' briefing (**SH/12 – INQ000608708**), were reflected in the DfE guidance released in August 2020 regarding the full reopening of schools. The briefings led to a workshop in September 2020 focusing on the "*wider mental health system*", which was attended by DfE officials from various teams. Although it was an engaging and well-attended session, it focused on examining the capacity of local systems to deliver support instead of exploring how schools could be accessing additional support, which we saw as a missed opportunity. The briefings also led to a meeting on 1 September 2020 about FSM policy between children's organisations and the DfE, the DWP and officials from the Department for Environment, Food and Rural Affairs ("**DEFRA**").
82. At a UK ministerial level in relation to education, along with other charities, we made a concerted effort to share evidence, information, and concerns through multiple letters to the Secretary of State for Education and Parliamentary Under-Secretary of State for Children and Families. However, in general these did not lead to any further engagement with the department. More generally, there was a lack of communication between the DfE and the charity sector, with limited effort made to engage with a broad range of stakeholders.
83. I am not aware of any significant interactions during the pandemic between CPAG and the Department for Business, Energy and Industrial Strategy (as it then was) or the Department for Digital, Culture, Media and Sport. This also reflects the usual position outside of the pandemic in relation to those departments where there is only occasional contact. During the pandemic, CPAG had a London Coordinator employed as a member of staff, who worked on London-related campaigns. I understand that in this capacity, we had occasional contact with the Minister for London at the Ministry of Housing, Communities and Local Government ("**MHCLG**"), for example we sent a letter on behalf of the London Child Poverty Alliance to the Minister for London Paul Scully MP on 16 April 2020 (**SH/13 – INQ000608348**).

84. In terms of CPAG's relationship with local government during the pandemic, our engagement with local authorities was largely ad hoc and dependent on the nature of the projects we were engaged in at the time. For example, we sent '*Cash in a crisis*' to all England council leaders and the Local Government Association ("**LGA**"), and had a meeting with the LGA to discuss LWAS best practice on 1 June 2020. We also shared our 4 June 2020 briefing on '*Supporting Families during the Covid-19 pandemic*' and reports of our '*London Calling*' family panel with the LGA.

The nature of the relationship between CPAG and the Devolved Administrations on economic issues, and how that relationship changed during the pandemic

Scotland

85. As set out in paragraph 75 above in relation to the UK Government, CPAG also operates independently of the Devolved Administrations, including the Scottish Government. The Scottish Government provides financial support for CPAG in Scotland's second-tier welfare rights advice, information and training services, as well as CPAG in Scotland's Cost of the School Day project.

86. Outside of the pandemic, CPAG in Scotland interacts with officials in the Scottish Government within the Tackling Child Poverty and Social Justice, Social Security, Early Learning and Childcare, Education Reform and Children and Families Directorates. We also have contact with SWF officials and officials within Social Security Scotland.

87. On a ministerial level in Scotland, the Director of CPAG in Scotland, John Dickie, meets and corresponds with Scottish Government ministers with roles relating to child poverty, including the First Minister. Correspondence is often done in coalition with other child poverty and anti-poverty organisations in Scotland. I understand from John that our levels of engagement with Ministers was maintained throughout the pandemic.

88. During the pandemic, CPAG in Scotland accessed around £100,000 of support from the Scottish Government's Covid-19 Social Justice Fund to purchase laptops, software and mobile phones for welfare rights workers to sustain effective homeworking, to develop five online training events, provide 100 free subscriptions for frontline services to AskCPAG (CPAG's online welfare rights information platform, now called CPAG Welfare Rights), develop a series of six advice bulletins on emerging Covid-19 related benefits issues and increase CPAG's telephone advice line capacity. We applied to the Third Sector Resilience Fund in Scotland but were unsuccessful.

89. Throughout the pandemic, my colleagues at CPAG in Scotland continued to actively engage with various parts of the Scottish Government. The Director of CPAG in Scotland John Dickie continued to represent (alongside One Parent Families Scotland ("**OPFS**")⁴ the Children's Sector Strategic Forum at meetings of the Scottish Government Directors Group on Child Poverty (as part of a formal role set out in the Scottish Government's 2018-2022 Child Poverty Delivery Plan). He also attended meetings with the Scottish Government, such as a meeting of the Scottish Government's Education Recovery Group ("**ERG**") (on Workstream 4, Supporting learners from disadvantaged backgrounds) and a meeting with the Scottish Government Learning Directorate team leader on Wellbeing.
90. My colleague Kirsty McKechnie was regularly in contact with officials in the Scottish Government and Social Security Scotland to share insights from our EWS. CPAG in Scotland also submitted evidence and responses to various inquiries and calls for feedback set up by the Scottish Government, for example the COVID-19 Advice Services Regulators & Policy Response; the Advisory Group on Economic Recovery; and the Financial Security Policy Circle (which fed into the Social Renewal Advisory Board). CPAG in Scotland also contributed to the Scottish Government and Education Scotland's Equity Audit.
91. On the local government level, CPAG in Scotland contributed to the Improvement Service's National Partners Local Child Poverty Action coordination group, a group of national partners providing support to local child poverty leads, and the National Coordinator for Local Child Poverty Action Reports. CPAG in Scotland also engaged with the Convention of Scottish Local Authorities ("**CoSLA**") on the provision of FSMs, devices, and connectivity during lockdowns.

Wales

92. Going into the pandemic, CPAG's operations in Wales were still relatively new, and the main relationship between CPAG and the Welsh Government were those between members of the CPAG UK Cost of the School Day team (namely Kate Anstey and Ellie Harwood, both since 2019) and officials in the Prosperous Futures Division within the Welsh Government.
93. CPAG is a member of the Steering Group of the End Child Poverty Network ("**ECPN**") Cymru, a coalition of organisations focused on the eradication of child poverty in Wales, coordinated by the organisation Children in Wales. Children in Wales receives a core grant

⁴ OPFS is the leading charity working with single parent families in Scotland. The organisation provides advice and practical support and campaigns with parents to change the systems, policies and attitudes that disadvantage single parent families.

from the Welsh Government to convene the ECPN and other networks of children's organisations in Wales - it holds the secretariat for the ECPN and therefore manages all engagement with the Senedd and its members on behalf of the network. The ECPN's steering group has scheduled quarterly meetings. ECPN members also meet as task-and-finish groups on specific areas of work, such as manifesto writing ahead of elections. Welsh Government officials are invited to attend ECPN meetings when there are relevant items on the agenda. Members of the ECPN also meet with MSs from the Welsh Government, backbenches, and opposition parties by request. CPAG was formally invited to join the ECPN in March 2020 and has been an active participant in the ECPN ever since.

94. CPAG is also a member of the Wales Anti-Poverty Coalition ("**APC**"), a broad collection of civil society organisations united in a shared aim to eradicate poverty in Wales. Its membership spans charities, housing providers, trade unions, community development organisations, academics, faith groups, and people with lived experience of poverty. The APC was originally convened by Oxfam Cymru to bring together civil society organisations that wished to be represented at the Senedd's cross-party group ("**CPG**") on poverty. At that time, Oxfam Cymru held the secretariat to this CPG. CPAG joined the APC in 2019.
95. On 27 March 2020, the then-chair of the APC, the Head of Oxfam Cymru, met with Maureen Howell, the head of the Prosperous Futures Division of the Welsh Government (the civil service directorate in charge of tackling poverty) and agreed to proactively communicate throughout the pandemic in respect of the issues that low-income families and children were reporting to our organisations. Following the meeting, Maureen Howell agreed to keep the APC up to date with the Welsh Government's work in respect of food-related issues during the pandemic, including around deliveries to shielding people, FSMs, and foodbanks. She also offered to engage closely with the APC to feed the issues our organisations were seeing on the ground up to the Welsh Government. From this point onwards, we provided regular updates on the issues faced by low-income families and children to Maureen Howell, in the form of write-ups of discussions we had within the APC. The Welsh Government would subsequently provide written responses to the concerns we raised.
96. From January 2021 to January 2023 my colleague Ellie Harwood (Cost of the School Day Wales Development Manager at CPAG) was one of the co-chairs of the APC alongside Steffan Evans from the Bevan Foundation. During this time, she played a key role in communicating issues raised by APC members to the Welsh Government.

97. I understand from my colleagues in the UK Cost of the School Day team that, as time progressed, dialogue between CPAG and both Welsh Government civil servants and elected members of the Senedd increased, in response to briefings and reports produced by the UK Cost of the School Day team and our work as a member of the ECPN and APC. The Welsh Government sent the ECPN information about its response to the pandemic, for example it shared with the ECPN information about its Income Maximisation Plan in November 2020. ECPN Cymru also held a meeting with the Minister for Social Justice, Jane Hutt, and lead Welsh Government officials working on tackling poverty, on 23 November 2021. The APC had a good working relationship with the Welsh Government, feeding in what our organisations were seeing on the ground to civil servants in the Prosperous Futures Division and Ministers in the Welsh Government, who were generally receptive to our feedback and would provide written responses to issues we raised.
98. Apart from our engagement with the Welsh Government (including as members of the ECPN and the APC), CPAG also submitted evidence to various Senedd Committee inquiries and calls for evidence, including those held by the Senedd's Children, Young People and Education Committee and the Senedd Equalities, Local Government and Communities Committee.
99. At ministerial level, at various times during the pandemic we wrote to the Welsh Government Minister for Social Justice, the Minister for Education and Welsh Language, the Minister for Housing and Local Government, and the First Minister, often jointly with other members of the ECPN or the APC.
100. We also had multiple meetings with Ministers in the Welsh Government. On 23 November 2021 the APC met with the Minister for Social Justice within the Welsh Government, Jane Hutt, alongside Maureen Howell. On 20 January 2022, CPAG's Chief Executive Alison Garnham and my colleague Ellie Harwood met with Jane Hutt MS.

Northern Ireland

101. CPAG does not have a regular direct relationship with the Northern Ireland Executive or officials within the Department for Communities.
102. During the pandemic, we had sporadic engagement with the Northern Ireland Executive Department for Education, though not specifically in respect of its economic response to the pandemic. In October 2020, CPAG provided a submission to the Northern Ireland Executive Department of Education's expert panel on educational underachievement, drawing on our pre-pandemic evidence, as well as evidence collected

from our '*Cost of learning in lockdown report*' published in June 2020 (**SH/05 – INQ000608448**), as to the link between poverty and educational underachievement. We highlighted the importance of governments acknowledging the causal relationship between family income levels and educational outcomes, in devising strategies to address educational underachievement.

103. In December 2021, CPAG joined the Northern Ireland Executive Department of Education's Key Stakeholders Forum ("**Key Stakeholders Forum**") as the Department launched a review into eligibility criteria for FSMs and uniform grants. The purpose of the Forum was to help the Department of Education understand the experience of and issues faced by parents in accessing FSMs and purchasing school uniforms, and provide views on the Department's development of policy options. CPAG's Project Lead for the Education Team, Kate Anstey, joined the first meeting of the Key Stakeholders Forum held on 16 December 2021. Kate has continued to attend meetings of the Forum after the relevant period covered by this statement.

CPAG engagement on key economic interventions

UK Government

104. The key economic interventions designed by the UK Government which provided support to low-income families and children during the pandemic included the following:

- a. £20 Increase in UC standard allowance and WTC;
- b. The Coronavirus Job Retention Scheme ("the **furlough scheme**");
- c. The Self-Employed Income Support Scheme ("**SEISS**");
- d. Measures on SSP; and
- e. Social security and tax credits easements, including:
 - i. Easements that were changes to operational practice/policy that did not require changes to the statutory rules, including the 'Trust and Protect' policy; the suspension of in-person Jobcentre assessments, appointments, reviews, and re-assessments; and the suspension of debt recovery;
 - ii. Easements that were underpinned by temporary changes to the statutory rules, including the suspension of the Minimum Income Floor ("**MIF**") and work-related requirements and conditionality; and

- iii. Easements that did not follow the existing legislation, yet were not underpinned by statute, including the suspension of the temporary absence from Great Britain rules and childcare-related easements.

105. In the course of addressing these interventions, my statement also addresses the extent to which CPAG was consulted by the Government, or asked to advise the Government (and also the extent to which it provided input independently of any request to do so).

£20 Increase in UC standard allowance and WTC

106. On 20 March 2020, the Chancellor of the Exchequer announced a temporary £20 per week increase in the UC standard allowance (or £1,040 a year) as well as an equivalent increase in the basic element of WTC by £1,040 a year. The legislation providing for the increase was introduced on 25 March 2020 and 30 March 2020 for WTC and UC, respectively. However, in practice, because UC is paid monthly in arrears and because the increase only took effect in respect of monthly UC assessment periods which started on 6 April 2020 or after, the earliest that any increased payments were due to families was 6 May 2020 (more likely they would have received payment a few days after that depending on how quickly after the end of their assessment period they were paid). For some households it would have been a month or after this: for example, households already receiving UC who had an assessment period that ran from 5th of the month to the 4th of the month would not have been due an increased payment until, at the earliest, 5 June 2020.

107. We were not consulted on the design of the £20 uplift to UC and WTC, though we strongly welcomed this economic intervention, which in our view would assist low-income families and children, and without which the situation for children and families would have been much worse. As we wrote in our briefing to MPs on '*Supporting families during the Covid-19 pandemic*' published on 25 March 2020, the £20 uplift to UC, translating to an adult rate of around £94 per week, represented the biggest increase in unemployment benefits for twenty years and would result in an improvement on the poverty levels that existed in the years prior to the pandemic. This increase to an extent helped social security levels to get closer to where they would have been without austerity measures in place **(SH/14 – INQ000608745)**.

108. Nonetheless, from early on, we were concerned about some aspects of the design of the uplift. First, we were concerned with the fact that there was no additional amount specifically for families with children (a family with children would receive the same uplift as a single adult), despite them facing significant extra costs, including due to school

closures. This was particularly concerning, given that the child element of UC (including the lower rate disabled child addition in UC) and CTC had been frozen for four years prior to 2020 as a result of the WRW Act 2016 (though the higher rate disabled child addition in UC, and the disabled child element and severely disabled child element in CTC, were not frozen during this period). Child Benefit had also been frozen for four years prior to 2020, such that it had lost a quarter of its value since 2010 (as noted in CPAG's briefing on the Treasury Spending Review in September 2020 (**SH/15 – INQ000608729**))⁵. As such, the uplift was required to compensate for the already profoundly inadequate level of support received by families prior to the pandemic rather than simply being available to help families deal with the extra costs caused by the pandemic.

109. Second, we were concerned that people on 'legacy benefits' – that is, benefits that are in the process of being replaced by UC – would not be able to benefit from the £20 uplift (apart from those on WTC), because an equivalent £20 uplift had not been introduced for legacy benefits. There are six legacy benefits: Income-based Jobseeker's Allowance, Income-related ESA, Income Support, HB, CTC, and WTC. In general, it is not possible to make a new claim for a legacy benefit or tax credit, and once someone moves to UC, they cannot move back to legacy benefits (referred to by the DWP as the 'lobster pot'). For context, there were around 1.2 million low-income households with children in receipt of CTC (but not WTC nor UC) at the point the uplift was introduced.

110. In general, there are three ways for people to move from legacy benefits to UC. The first is voluntary migration, which is when people decide to make a claim to UC. The second is natural migration, which is when claimants experience a change in circumstances (such as a change in employment or a change in family circumstances) while on legacy benefits, which would have historically required a new claim to another legacy benefit. In this case, they will have to make a claim to UC. The third is managed migration, which is administered by the DWP in order to move legacy benefit claimants onto UC in cases where they have not experienced a change in circumstances.

111. It is important to understand the differences between these forms of migration to UC because the DWP has only committed to providing transitional financial protection to those individuals who undergo managed migration (other than where it has been found by the courts that the UK Government's failure to provide transitional protection to natural migrants who lost disability premiums when they moved to UC amounted to unlawful discrimination, and DWP has belatedly responded to those court judgments by

⁵ The Child Benefit loss of value calculation referred to here uses Retail Price Index, which is the reason for the difference in the loss value referred to in paragraph 27 above.

implementing a scheme to provide an additional amount to affected claimants). This transitional protection is aimed at ensuring that claimants are not financially worse off on UC at the point at which they are moved if their UC entitlement is lower than their entitlement on legacy benefits. This transitional protection is then reduced over time through the process of 'erosion'.

112. Because of differences in design between the various legacy benefits and UC, some groups are worse off in UC (and others are better off). For example, there are no additional amounts in UC to help with the costs of being disabled (known as a 'disability premium'). This means that many disabled people who move from legacy benefits to UC will find themselves considerably worse off, particularly if they do not receive any transitional protection.
113. In the context of the migration of legacy benefits claimants to UC, which was already underway prior to the pandemic, we were concerned that the lack of an equivalent £20 uplift in legacy benefits meant that some people may be placed in the difficult position of having to decide whether to voluntarily migrate to UC so as to receive the uplift, even if this would mean that they would be worse off in the future (for example, because they would have foregone managed migration and thus lost out on transitional protection, and the uplift was for a temporary period of time – initially a year, and subsequently extended by six months).
114. As the pandemic progressed, we continued to monitor the impact of the £20 uplift on low-income families and children. We did so through a combination of evidence collected from our EWS and other research projects such as Covid Realities.
115. The £20 increase in UC standard allowance and WTC was initially designed to last for 12 months, until April 2021. CPAG was concerned that the planned removal of the uplifts were creating a cliff edge of uncertainty for families and furthermore risked plunging families deeper into poverty. From summer 2020, we began to work with civil society partners across the children's and anti-poverty sectors to call for the UK Government to keep the uplift beyond April 2021.
116. On 21 September 2020, CPAG's Chief Executive Alison Garnham, together with representatives from Trussell Trust, Joseph Rowntree Foundation ("JRF"), the Children's Society, Turn2Us, and Step Change, met with Downing Street special advisers to discuss the importance of maintaining the £20 uplift to UC and WTC, as well as other steps the government could take to better support families on a low income. On 28 September 2020,

we signed a joint letter calling for the Chancellor to keep the £20 uplift (**SH/16 – INQ000608528**).

117. On 1 October 2020, Alison Garnham again met with the Minister for Welfare Delivery Will Quince MP, alongside representatives from Action for Children, The Children’s Society, the National Society for the Prevention of Cruelty to Children (NSPCC), The National Children’s Bureau, Barnardo’s, and the Children’s Rights Alliance for England. This meeting was a response to a letter enclosing a series of briefings focused on key issues for children, with recommendations for specific measures the Government and other partners could take to include vulnerable and disadvantaged groups of children and families in the UK Government’s ‘build back better’ agenda, sent by our organisations to the Minister for Welfare Delivery on 17 August 2020 (**SH/17 – INQ000608512**). In respect of social security, one of our key recommendations was to make the £20 uplift to UC and WTC be made permanent. I understand from Alison Garnham that our organisations reiterated this recommendation at the meeting, alongside our organisations’ wider calls for an increase to Child Benefit by £10, abolition of the benefit cap and two-child limit, greater funding for LWAS, expansion of FSM eligibility, and the introduction of a child poverty strategy.

118. HM Treasury carries out a Comprehensive Spending Review (“**CSR**”) approximately every 3 years to allocate funding to UK Government departments. Between 31 March 2020 and 24 September 2020, HM Treasury invited representations from interest groups, individuals, or representative bodies, to comment on government policy or suggest new policy ideas for the CSR 2020. CPAG submitted our representation to the CSR 2020 in September 2020 (**SH/15 – INQ000608729**). In our representation, we produced modelling demonstrating that reversing the £20 increase in the UC standard allowance and WTC would increase child poverty by 350,000 children. We also highlighted it would reduce household spending by £6 billion, at a time when the Government should be trying to boost the economy.

119. On 3 March 2021, the Chancellor announced that the £20 uplift to UC and WTC would be extended for six months, until the end of September 2021.

120. On the same day, CPAG’s Chief Executive Alison Garnham, together with representatives from Citizens’ Advice Bureau, the Trussell Trust, and JRF were invited to meet with the Minister for Welfare Delivery Will Quince MP, to discuss the 2021 Budget, including the Chancellor’s speech in respect of the Budget earlier that morning. In the meeting, the Minister went through the aspects of the Budget that were not in the

Chancellor's speech, including the 2-week extension to the COVID Winter Grant and bringing forward exemptions from the shared accommodation rate to June 2021.

121. I understand from Alison Garnham that the Minister acknowledged that our organisations would be disappointed by the Chancellor's announcement that the £20 uplift to UC and WTC would only be extended by six months, but that it was his view that HM Treasury had no appetite for making it permanent, given that it was a part of the UK Government's response to Covid-19. I understand further from Alison that the Minister said that the UK Government's aim with the £20 uplift was to help deal with economic shocks and that it was the UK Government's hope that the economy would boom, so that unemployment would not continue to be high. Alison informed me that it was highlighted by other organisations in the meeting that based on projections by the Office for Budget Responsibility, unemployment was still likely to be high in six months, and therefore the problem would not go away.

122. Ahead of the end of the extension to the £20 uplift to UC and WTC in September 2021, we continued to work with civil society partners to persuade the UK Government to further extend the uplift.

123. We published and sent a briefing ahead of the Autumn Budget and Spending Review 2021 to all MPs in September 2021 (**SH/18 – INQ000608791**). We also published and sent a joint briefing with Action for Children on the importance of the £20 a week UC increase in mitigating social security losses to families since 2010 in September 2021 (**SH/19 – INQ000608793**).

124. In Scotland, the impending £20 cut to UC and WTC led CPAG in Scotland to highlight the need further immediate investment in the SCP. SCPs were made available to families from 15 February 2021. It is a devolved benefit for lower income families living in Scotland. When it was first introduced, the eligibility criteria for SCP was that a parent/carer needed to be normally living in Scotland, be getting a qualifying benefit (UC, Income Support, Pension Credit, income-based JSA, or income-related ESA), and be responsible for a child under six (from 14 November 2022, parents/carers who met the other criteria could get a SCP for each of their children up to the age of 16). There is no limit to how many children within a family can get a SCP (meaning it will be paid for a child affected by the two-child limit in UC or CTC). The SCP is administered by Social Security Scotland, and is paid on a four-weekly basis in arrears. When first introduced, SCP was set at a rate of £10 per week per child (from 14 November 2022, this was increased to £25 per child, and in 2025-2026, it was increased to £27.15 per week).

125. In September 2021, CPAG and others worked together to urge the Scottish Government to double the SCP (which, at the time, was £10 per child under six). CPAG in Scotland highlighted in a September 2021 briefing to MPs and MSPs that while the primary responsibility lay with the UK Government to reverse the planned £20 cut to UC and WTC, the Scottish Government also had a duty to progress the realisation of rights in Scotland⁶ as well as to meet its statutory child poverty targets, which doubling the SCP would help to ensure **(SH/20 – INQ000608602)**.
126. The £20 uplift to UC standard allowance and WTC officially ended on 5 October 2021. On 27 October 2021, at the Autumn Budget and Spending Review 2021, the Chancellor announced a package called 'Help for working families with the cost of living'.
127. In UC, the taper rate is the amount of UC that a family receives as their earnings increase. Families with children and disabled people further benefit from a 'work allowance' which is the amount they can earn before their UC begins to be withdrawn. At the Autumn Budget and Spending Review 2021, the Chancellor announced an increase in the work allowances within UC from £515 to £557 for the higher rate of the work allowance (for claimants who are responsible for a child or with limited capability for work, with no housing costs element included in their award) and £293 to £335 for the lower rate (for claimants who are responsible for a child or with limited capability for work, who have a housing costs element included in their award), and a reduction in the taper rate from 63 per cent to 55 per cent. These changes came into force via the Universal Credit (Work Allowance and Taper) (Amendment) Regulations 2021 on 24 November 2021.
128. In our briefing in response to the Budget **(SH/21 – INQ000608797)**, CPAG welcomed the changes to the work allowance and taper rate, having previously made proposals to make UC work better for children and families. However, we highlighted that the changes had to sit alongside other changes to UC to ensure it worked well for all families. In particular, we highlighted the issue that there remained no work allowance provided to families when a second person in their household starts work, which often makes it financially difficult for second earners to take on employment.
129. Importantly, we highlighted that the Autumn Budget and Spending Review did not offer any support for UC recipients who were not in work. These families and children saw their UC cut by £20 a week, which brought the value of unemployment benefits to its lowest

⁶ The principle of progressive realisation is the idea that governments must take steps to progressively achieve the full realisation of people's socio-economic rights. It is embedded in the UNCRC as well as the International Covenant on Economic, Social and Cultural Rights ("ICESCR"). The Scottish Government introduced the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Bill in September 2020, with the aim of incorporating the UNCRC into the law in Scotland. This included the principle of progressive realisation.

level since 1990/1991. This included 1.7 million UC claimants who were not required to look for work because of their health, disability or caring responsibilities. Their incomes would fall further in real terms, in the face of inflation that was forecast to hit 4 per cent. Similarly, no changes were announced to support working or non-working legacy benefit claimants. Many families remained on legacy benefits because they could not afford to wait five weeks for their first UC payment, or because they were disabled and would be worse off if they moved on to UC.

130. More widely, we also advocated for an increase in the amount of money families receive from UC, rather than solely technical changes such as those made to the work allowance and taper rate, to reduce child poverty effectively.

131. Also at the Autumn Budget and Spending Review 2021, the Chancellor announced an increase in the minimum wage. Again, we welcomed this change, however, we noted that it was not on its own a solution to tackling poverty. We noted that up to 2 million people (7 per cent of the total workforce) stood to benefit from the rise in the minimum wage, and that approximately 19 per cent of these 2 million people were living in households in poverty, because minimum wage workers are often the second earner in households that already have substantial income from the primary earner.

132. The nominal rise in the minimum wage was 6.6 per cent. Inflation was forecast to be 4 per cent next year, meaning the real rise was only about 3 per cent. We warned that workers in households on UC would not fully benefit from this increase due to benefits being tapered away as earnings increase. Even with the reduction in the taper rate, they would still lose out on over half of the 3 per cent rise. Also, many minimum wage workers do not work full time and so would only partially benefit from the increase.

133. CPAG in Scotland published and sent a briefing to all MSPs and MPs in Scotland in October 2021, titled '*After the cut: What now for families?*', calling for the Scottish Government to take action to mitigate the effect of the £20 cut to UC and WTC, including doubling the SCP, extending the criteria for FSMs, guaranteeing sufficient funds are available to local authorities to mitigate the benefit cap, considering how the two-child limit can be mitigated, and investing in the SWF (**SH/22 – INQ000608605**).

134. The positive effects of the £20 increase in UC standard allowance and in WTC were attenuated by the continued existence of the benefit cap and two-child limit, two policies which break the link between need and entitlement – a fundamental principle in a social security system. This undermined how effectively the social security system could respond

in a pandemic. We repeatedly sought to highlight this, and the need to at least temporarily suspend these policies, in our reports, briefings, and discussions with decision-makers. We address these policies further below.

Benefit cap

135. The benefit cap is a limit to the amount of money certain families can receive in benefit entitlements. The cap is £20,000 a year for a family and £13,400 for a single adult, except in Greater London where it is £23,000 for families and £15,410 for single adults. According to DWP statistics, 69 per cent of those affected by the lowered benefit cap are lone parent families. Half of those lone parent families have a child under five.
136. To be exempt from the benefit cap on the basis of work in legacy benefits (see paragraphs 108 -113 for further explanation of the term 'legacy benefits'), claimants need to work at least 16 hours a week at the national minimum wage ("**NMW**") (16 hours for lone parents, combined 24 hours for couples with children, and 30 hours for single people with no children). To be exempt from the benefit cap in UC on the basis of work, claimants must have earnings in each assessment period which are the monthly equivalent of 16 hours per week at NMW (the "**benefit cap earnings threshold**").
137. Claimants are also exempt from the benefit cap if they (or their partner or child under 18) are receiving Personal Independence Payment ("**PIP**"), Adult Disability Payment, Disability Living Allowance, or the Child Disability Payment Scotland; if they (or their partner) are receiving Attendance Allowance, Pension Age Disability Payment, Carer's Allowance, Guardian's Allowance, carer's element of UC, the support component of ESA, the Limited Capability for Work-Related Activity ("**LCWRA**") element of UC, Armed Forces Compensation Scheme Payments or War Pension Pension Scheme payments; Armed Forces Independence Payment; Industrial Injuries Disablement Benefit; War Disablement Pension; or War Widow's or Widower's Pension; if they or their partner are over State Pension age; and if either they or their partner became State Pension age before 14 May 2019 and they are getting Pension age HB.
138. There is a 9-month 'grace period' that can exempt people from the benefit cap if they have recently lost their job or experienced a fall in their earnings. For a grace period to apply, a claimant needs to have had earnings above the benefit cap earnings threshold in each of the 12 months prior.
139. There was a substantial jump in the number of families affected by the benefit cap at the start of the pandemic. In general, there were three key reasons for this jump. First, the

£20 increase to UC and WTC and the increase in LHA rates to the 30th percentile meant that families who were already on benefits and were close to the level of being capped were newly affected by the cap as a result of these increases. CPAG's estimates as of May 2020 (set out in the Mind the Gaps Briefing dated 14 May 2020 (**SH/23 – INQ000608688**)) showed that 12,500 households were likely to be newly capped as a result of the increase to the UC standard allowance alone, and that many more people would be affected as a result of the increase in LHA. This meant that these families never saw the benefit of the £20 uplift that other families on UC experienced.

140. Second, many families who were previously receiving benefits were, during the pandemic, deemed not to be working (consistently) enough. Families who were previously claiming benefits but were working a sufficient number of hours (16 hours a week in most cases) and therefore escaped the cap found themselves newly capped if they lost a job or their hours dropped. They may have also found themselves newly capped if they were furloughed and only receiving 80 per cent of their usual pay (I also cover the interaction between the furlough scheme and the benefit cap at paragraph 155 below). Being newly capped meant that families would have seen their benefit income decrease, at a time of great financial need.

141. The third reason was the increase in the number of families claiming benefits for the first time. In the quarter to February 2021, DWP statistics show that 43,000 households were capped for the first time, which was driven by families who started to claim UC at the beginning of the pandemic, reaching the end of the nine-month grace period. As discussed above, being newly capped after the grace period meant that some families saw their social security income decrease, while the pandemic remained ongoing.

142. The UK Government's rationale for introducing the benefit cap was that it would incentivise work. As such, there are two ways to escape the benefit cap: working more, or moving into cheaper housing.

143. From the start of the pandemic we argued that the Government's purported rationale that the benefit cap incentivises work was redundant, at a time when unemployment was rising, and when parents were struggling to manage childcare in the face of school and nursery closures. Indeed, throughout most of the pandemic, the two options available to individuals to escape the benefit cap – working more or moving house – would have involved ignoring the UK Government's advice regarding staying safe during the pandemic, and moreover been practically impossible. In respect of work, it was very unlikely that claimants would be able to find a job or increase their working hours during

this time, particularly for families with children who had childcare responsibilities in the face of school and nursery closures. With regard to moving into cheaper housing, some local authorities banned house moves in all but the most urgent cases for those living in social housing during the first lockdown (as noted in CPAG's Mind the Gaps Briefing dated 14 May 2020 (**SH/23 – INQ000608688**)). Even when lockdown restrictions eased, it was difficult for social housing tenants to move as there may not be cheaper housing options available in their area.

144. Ministers responded to concerns raised by ourselves and others in respect of the impact of the benefit cap on low-income families and children by stating that they expected only a small number of households to be affected by the benefit cap as a result of the crisis, as the majority of newly unemployed people or those furloughed would be protected by the grace period.

145. In our briefing '*Supporting families during the Covid-19 Pandemic*' (published on 4 June 2020) (**SH/24 – INQ000608732**) we argued that DWP ministers' responses showed a fundamental misunderstanding of the nature of low-paid jobs. Low-paid jobs are often inconsistent in hours, for example because people are employed on zero hours contracts, and parents (lone parents in particular) are more likely to work inconsistent hours due to childcare responsibilities, for example by working a term time job. In addition, such jobs are often paid on a weekly or four-weekly basis resulting in the earnings history being insufficient to qualify for the grace period. Lone parents juggling low paid work with childcare responsibilities, who were likely to find themselves over the cap limit, would therefore be unable to benefit from the grace period within the benefit cap. Another common reason we see for not having an earnings history sufficient to qualify for a grace period is if someone has had a maternity period in the past 12 months during which they were receiving Statutory Maternity Pay or Maternity Allowance at a level below the benefit cap earnings threshold. We expressed our concern that the UK Government had failed to conduct any analysis of the number of households likely to be capped as a result of Covid-19, and that come Christmas 2020, more families would be affected by the benefit cap as they came to the end of the grace period.

146. In December 2020, we published and sent a briefing to all MPs, titled '*Capped for Christmas*', which included the following example demonstrating the impact of the benefit cap and the two-child limit (see paragraphs 149 to 155 below) on one low-income family (**SH/25 – INQ000608756**):

“Before covid I was a full-time working mum of four children... due to covid I have lost my job, been forced to go to a food bank so I could feed my children, and had to rely on family members to help towards my bills. My 13-year-old son now has to cycle four miles to and from school as I cannot afford a bus pass or the fuel to take him daily. My 10-year-old has to walk to school, two miles each way. My two-year-old daughter no longer goes to her childminder as I cannot afford it. I have four children yet only get help with two of them even though I’ve worked full time for six years. Covid-19 is the reason I no longer have a job and it’s wrong to penalise hardworking parents.” - Single parent with four children, South East, previously working full time

147. On 3 January 2021, CPAG alongside Action for Children and The Children’s Society wrote to the Minister for Welfare Delivery Will Quince MP (**SH/26 – INQ000608559**). We noted that when we had met with him in September 2020, he had stated that the UK Government would review the interaction between the £20 UC and WTC uplift and the benefit cap after the 2020 Spending Review. We wrote to request an update on this review, and to share our updated evidence on the issue. The letter included reference to CPAG’s research, published in December 2020, which estimated that 35,000 households came to the end of their grace period in December 2020 – 27,000 of which were households with children – and that a further 41,000 were due to be newly-capped between January and March of 2021. The letter also highlighted CPAG research that the removal of the benefit cap could pull 50,000 children out of poverty, 100,000 children out of deep poverty, and 150,000 children out of very deep poverty. We called on the Government to urgently undertake its planned review of the interaction between the £20 UC and uplift and benefit cap, and commit to considering the overall impact of the benefit cap (particularly on lone parents) in the near future. We received a response to this letter on 30 March 2021 from the Minister for Employment Mims Davies MP (**SH/27 – INQ000608572**). The letter did not respond to our request for information about the UK Government’s planned review of the benefit cap nor did it respond to the statistics we shared about the impact of the benefit cap on low-income families and children during the pandemic.

148. The DWP publishes quarterly statistics on the number of households affected by the benefit cap. According to the DWP’s own statistics, when there was a nation-wide lockdown in February 2021, 200,000 families were subject to the benefit cap, which was 122,000 higher than in the previous year. The vast majority of those affected by the cap were families with children (83 per cent, 166,000 families); and over 80,000 of those capped were parents with a child under the age of five, including 55,000 lone parent

families. We published a briefing on the DWP's statistics on the benefit cap and shared it with all MPs in June 2021 (**SH/28 – INQ000608775**).

Two-child limit

149. With regard to the two-child limit, throughout the pandemic we highlighted that many families with three or more children who had decent jobs or were running their own businesses were facing an unprecedented financial crisis that no one could have predicted or planned for. In our joint report with the Church of England '*No one knows what the future can hold: The impact of the two-child limit after three years*', we estimated that an additional 60,000 families could be affected by the two-child limit policy as a result of Covid-19, having made a claim for UC in the first six weeks of the lockdown (**SH/29 – INQ000608695**). We highlighted how the UK Government's rationale that families who claim benefits need to make the same choices as families who support themselves solely through work regarding how many children they have was even more illogical in the context of the pandemic, being based on an assumption that people who claim benefits are a static population, which - as the Covid-19 crisis demonstrated clearly - was not the reality. My recollection is that we sent this report to DWP officials and all MPs.

150. In April 2021, we published '*It feels as though my third child doesn't matter: The impact of the two-child limit after four years*', a joint report between CPAG, the Church of England, and the Nuffield Foundation (**SH/30 – INQ000608771**), which to my recollection we also sent to DWP officials and all MPs.

Coronavirus Job Retention Scheme ("the furlough scheme")

151. CPAG was not consulted on the design of the furlough scheme, although we welcomed its introduction for the positive impact it would have to protect the incomes of low-income families and children.

152. We proactively collected evidence on the impact of furlough through our research work and EWS. For example, in preparing our joint report with the Church of England, '*Poverty in the pandemic*' (**SH/03 – INQ000608720**), we interviewed 21 low-income families, six of whom had benefitted from the furlough scheme. We found that the furlough scheme protected people's incomes and avoided the need to claim UC in some situations, which for most families would result in a significant drop in household income.

153. Nonetheless, as the pandemic progressed, we also identified issues with the furlough scheme. First, for some families already on a low-income, the loss of 20 per cent of their salary left them unable to cover their essential costs.
154. Second, there were issues with coverage as some families were not able to benefit from the furlough scheme. For example, two of our interviewees in *'Poverty in the pandemic'* were unable to benefit from furlough because they were not on PAYE (a requirement of the furlough scheme); and another two interviewees were made redundant as a result of coronavirus, both having had their requests to be furloughed refused by their employers.
155. Third, some families who were furloughed at 80 per cent of their usual pay, were then hit by the benefit cap. Some families who were furloughed at 80 per cent of their usual pay saw a reduction in their earnings that took them below the benefit cap earnings threshold, which led to them being capped either immediately, if they did not qualify for the grace period, or later on in the pandemic. This reduced the levels of social security support they were previously receiving, making them worse off.
156. Although not directly related to the furlough scheme itself, it is also important to note errors in administration of the benefit system for people who were furloughed, which we monitored through our EWS. Between March and April 2020, our EWS received examples of employees who had been furloughed, who were in receipt of legacy benefits (in particular tax credits), who were advised to claim UC (including by DWP staff at a jobcentre) but not advised that this could result in them being worse off overall (see paragraphs 109 to 113 above for a further explanation of the implications of migration from legacy benefits to UC). On 27 April 2020, the DWP issued a statement on social media, warning tax credit claimants that they could be potentially worse off on UC. Subsequently, the DWP added an additional page to the online UC claim process, so that from early May 2020, people had to read a message about losing any current tax credits before they could proceed with making a UC claim. However, as our EWS found, these warnings came too late for many people, and many families ended up losing out as a result of claiming UC. To date, nothing has been done to assist those tax credit claimants who claimed UC before the warnings were introduced, and who lost out as a result.

Self-Employed Income Support Scheme (SEISS)

157. On 26 March 2020, HM Treasury announced the SEISS. The scheme was designed to pay taxable grants worth 80 per cent of someone's average monthly trading profit, for a three-month period. Those claiming could receive a grant up to £7,500 in total. The first

grants of SEISS took place between 13 May and 13 July 2020. Subsequently, there were a total of five more grants of SEISS. The scheme ended in September 2021.

158. As with the furlough scheme, CPAG was not consulted on the design of the SEISS, though we again welcomed the positive impact that the SEISS would have on low-income families and children. One of the families we interviewed for *'Poverty in the pandemic'* (**SH/03 – INQ000608720**) received a payment through the SEISS. Nonetheless, from early on, we identified problems with the implementation of the SEISS.

159. Following the March 2020 announcement, details of the SEISS were not released until 30 April 2020, and the scheme did not go live until 13 May 2020. Self-employed people also needed to wait to be invited to apply to the scheme by HMRC. Many self-employed people had to wait over seven weeks to be certain whether any support would be available to them and even longer to receive it. The first people to apply for the scheme received their first payment in June 2020.

160. Many benefit advisors had to deal with queries regarding people's benefit entitlement during the interim period between when the SEISS was announced and when it officially went live. Self-employed people who were waiting for a grant under the SEISS could make a claim for UC, however, the grant would affect their UC payment when it was received, as it would be treated as earned income for the purposes of UC. Our EWS received many examples of claimants being confused as to how the SEISS would interact with UC.

161. As time went on, we also became concerned that government announcements and daily briefings were encouraging self-employed people to claim UC to support themselves until the SEISS became active, which was mirrored by the advice published online (as explained in CPAG's *Mind the Gaps* briefing dated 20 August 2020 (**SH/31 – INQ000608717**)). This is because the information and guidance provided by the government did not initially include any qualifications or warnings that for some people who were already in receipt of legacy benefits, claiming UC could make them financially worse off overall (again, see paragraphs 108 -113 above for a further explanation of the implications of migration from legacy benefits to UC). The following case study comes from our *'Supporting Families during the Covid pandemic'* briefing published and sent to all MPs on 4 June 2020 (**SH/24 – INQ000608732**):

"A couple with three children, one of whom is disabled, were managing their respective sole trader businesses around their childcare responsibilities when lockdown began. Since then, they haven't been able to work at all and have

been obliged to wait for the Self Employment Income Support Scheme to become available in June. They claimed UC to replace their lost earnings and received no warnings that they would lose their tax credits. They have lost £900 a month in tax credit payments, not counting their lost earnings. UC does not replace this loss, and they will remain worse off when they start working again. This is particularly worrying in relation to support for their disabled child."

162. Some workers who were not eligible for either the furlough scheme or the SEISS, also could not apply for UC, because they did not meet the conditions for entitlement, though they were nonetheless experiencing financial hardship.

Measures on Statutory Sick Pay ("SSP")

163. From 13 March 2020 until March 2022, the group of qualifying employees entitled to SSP was widened to include people self-isolating in accordance with advice published by Public Health England or the devolved health authorities and equivalent provisions were introduced in Northern Ireland. Prior to the pandemic, SSP was not payable for the first three qualifying days of a period of entitlement to SSP. From 28 March 2020 until March 2022, this 'waiting period' in relation to employees whose incapacity for work was related to coronavirus was disapplied, so that people who otherwise met the qualifying criteria could start receiving SSP from the first day of work missed due to sickness or self-isolation.
164. CPAG was not consulted on the design of the changes to SSP, though we welcomed these limited changes. Our main concern in relation to SSP for low-income families remained its coverage and inadequacy. We made repeated calls to the UK Government to widen the reach of SSP and to increase its value. For example, in our briefing '*Supporting families during the Covid-19 pandemic*' published on 25 March 2020, we supported calls from other organisations to extend SSP to the estimated two million low-paid workers who were not earning enough to be eligible for SSP, and to increase the value of SSP (**SH/14 – INQ000608745**). We repeated these asks in our follow-up briefing '*Supporting families during the Covid-19 pandemic*' published on 4 June 2020 (**SH/24 – INQ000608732**).
165. As the pandemic progressed, CPAG's EWS received examples of people who were ineligible to claim SSP. In some cases, this was because of reasons unrelated to the pandemic and highlighted the limitations of this mechanism of support which existed prior to the pandemic. For example, people who are self-employed, or who are not earning above a certain threshold, are not entitled to SSP. These impacts were obviously compounded during the pandemic.

166. We also received examples of people who were not entitled to SSP, but who had stopped work for reasons related to coronavirus. From April 2020, we received a number of cases where people had stopped work, either because they had an underlying health condition or because they were caring for someone who had been advised to shield, but were not entitled to SSP because they were not specifically self-isolating. The individuals in these cases were often being told to go to work (having not been furloughed), despite the risk to their health or the health of the person they were caring for. Examples included the below, collected by EWS in Scotland:

"An agency worker with diabetes in shielding. It is unlikely that he could claim ESA or SSP as he is not self-isolating. There is no work for him and he has not been furloughed, his only option appears to be to claim UC."

"Agency care worker has stopped working because he lives with his dad who is 85 and has chronic obstructive pulmonary disease (COPD). Whilst SSP has been updated to include people who are shielding, it does not extend to people who are unable to work because they are shielding someone else."

167. We shared the examples received via our EWS with DWP officials in a copy of our 'Mind the Gaps' briefing, which was published on 29 September 2020 (**SH/32 – INQ000608723**). CPAG in Scotland shared the examples received by EWS Scotland with DWP in Scotland and Social Security Scotland via our EWS latest 150420 (**SH/33 – INQ000608673**) and EWS latest 220420 (**SH/34 – INQ000608676**) bulletins on 24 April 2020.

Social security and tax credits easements

168. The DWP introduced a number of policy and operational changes to deal with the number of new claims for benefit and with capacity restraints, called 'easements'. We consider there were three broad categories of easements:

- a. Easements that were changes to operational practice/policy that did not require changes to the statutory rules, including the 'Trust and Protect' policy; the suspension of in-person Jobcentre assessments, appointments, reviews, and re-assessments; and the suspension of debt recovery;
- b. Easements that were underpinned by temporary changes to the statutory rules, including the suspension of the MIF and work-related requirements and conditionality; and

- c. Easements that involved DWP making benefit decisions that were contrary to the existing legislation, and were not underpinned by (changes to existing, or new) statute, including the suspension of the temporary absence from Great Britain rules and childcare-related easements.

169. CPAG was not consulted on the design of any of these easements. Had we been consulted, we consider that we could have provided valuable input, which in our view would have mitigated some of the problems and difficulties arising as a result of the way in which these easements were introduced, communicated and managed.

170. Throughout the pandemic we monitored the implementation of these easements and sought to share our findings in respect of them based on examples received by our EWS with the DWP, such as through our '*Mind the Gaps*' and '*Falling Through the Net*' briefings.

Easements: Changes to operational practice/policy

171. The following were changes to operational practice/policy introduced by the DWP, which did not require changes to legislation:

- a. The 'Trust and Protect' policy;
- b. The suspension of in-person Jobcentre assessments, appointments, reviews, and re-assessments; and
- c. The suspension of debt recovery.

172. Claimants faced different issues in relation to each of these easements.

'Trust and Protect' policy

Usual decision-making and verification framework for benefit claims

173. The Secretary of State for Work and Pension's ("**SSWP**") power to revise decisions on benefit entitlement is set out in s.9 of the Social Security Act 1998 ("**SSA 1998**") and its power to supersede decisions is set out in s.10 of the SSA 1998.

174. The SSWP may revise a UC, PIP, JSA and ESA benefit decision on "any grounds" (known as an "**any grounds revision**"), if they commence action leading to the revision within one month of the date of notification of the original decision (regulation 5 of the UC, PIP, JSA and ESA (Decisions and Appeals) Regulations 2013/381 ("**D&A Regulations**")). An any grounds revision can only be carried out on the basis of circumstances at the time the decision took effect.

175. The SSWP may also revise a decision at any time (called an “**any time revision**”), if the decision arose from official error, or was made in ignorance of, or was based on a mistake as to, some material fact and as a result is more advantageous to a claimant than it would otherwise have been (regulations 8-19, D&A Regulations).
176. The SSWP has the power to request information or evidence required for determining whether a decision on the award of benefit should be revised under s.9 of the SSA 1998 or superseded under s.10 of the SSA 1998 (see regulation 38(2) of the UC, PIP, JSA and ESA (Claims and Payments) Regulations 2013/380 (“**C&P Regulations**”). Claimants must supply such information within 14 days of being notified by the SSWP of the requirements of the regulation (or such longer period as is required in the SSWP’s notification of the information required, or alternatively such longer period as the SSWP is satisfied the claimant needs to provide the information) (regulation 45(4)(a) D&A Regulations).
177. If a claimant provides unsatisfactory evidence or fails to respond to the information request, the SSWP may suspend their award of benefit (in whole or in part) (regulation 45(6)D&A Regulations). They may also suspend payment of a benefit (again, in whole or in part), in other prescribed situations, including when an issue arises whether the conditions for entitlement to the benefit are or were fulfilled, an issue arises whether a decision relating to an award of the benefit should be revised under s.9 of the SSA 1998 or superseded under s.10 of the SSA 1998, an issue arises whether any amount of benefit paid is recoverable under or by virtue of section 71ZB, 71ZG or 71ZH of the Social Security Administration Act 1992, or the last address notified to the SSWP of the claimant is not the address at which the claimant resides (regulation 44(2)(a) D&A Regs).
178. Where payment of benefit to a claimant has been suspended in full, either (1) because they have not complied with a request for information by the SSWP, and more than one month has elapsed since the first payment was suspended (regulation 45(6) D&A Regulations); or (2) on the basis of the above mentioned prescribed circumstances, and the claimant subsequently fails to comply with a requirement for information or evidence and more than one month has elapsed since the requirement was made (regulation 44 D&A Regulations), the SSWP must decide that the claimant ceases to be entitled to that benefit with effect from the date on which the payment of the benefit was suspended (regulation 47 D&A Regulations). This is called terminating a claim.
179. Claimants can challenge benefit decisions, including a decision to revise their entitlement to a benefit award or a decision to terminate their award, through exercising

their statutory appeal rights to an independent tribunal. Before they can do this, they are required to first apply to the DWP for a revision (called a "**mandatory reconsideration**" or "**MR**") within one month of the decision being made. This deadline can be extended by up to 12 months if the claimant can justify the delay.

Identity verification during the pandemic

180. Prior to the pandemic, under the DWP's UC identity verification guidance, claimants could verify their identity through online identity verification, face-to-face appointments, documentary evidence, and biographical interviews.

181. In response to the pandemic, the DWP introduced a number of changes to eligibility checks for benefit claimants, to enable it to process a high number of claims quickly and avoid delays in claimants receiving their first payment, as well as to comply with public health restrictions. This was known within the DWP as the 'Trust and Protect' policy. Aspects of the 'Trust and Protect' regime included replacing face-to-face identity verification checks with telephone calls, and using automated technology to validate claimant information. At the time, we welcomed these changes, which in our view would help claimants navigate the social security system quickly and easily at a time when they would be managing a number of other stresses in their lives, including job losses and school closures.

182. In June 2020, the DWP reported that cases of fraud had gone up as a result of having introduced a more 'light touch' claims process for benefits. CPAG was not aware of any official statistics to support this claim. We encouraged the DWP to consider publishing additional statistics on the rate of fraud and error during the Covid-19 crisis, in addition to their usual fraud and error statistics.

183. One issue that we did see around June 2020, which we covered in our 11 June 2020 '*Mind the Gaps*' briefing (**SH/35 – INQ000608698**), was that of fraudulent UC claims being made by a third party. Despite being a victim of fraud, claimants had their benefit entitlement stopped as a result, leaving some people without any income at all. While this was not a new or Covid-19 related issue, case studies submitted to the EWS unsurprisingly demonstrated the particularly devastating impact this was having during the pandemic. People were having what was often their only source of income cut off at a time when it would have been very difficult for them to work, and people had less access to services, such as independent welfare rights advice, which is often essential to help resolve these situations.

184. In January 2021, the DWP began reverifying the details of some benefit claims made while evidence checks were eased. I understand that, in some cases, this has resulted in claimants incorrectly being asked to pay back the entirety of their UC award.

185. There was (and remains) limited publicly available information available about the DWP's reverification procedures or the initial 'Trust and Protect' policy. In July 2024, the Upper Tribunal (Administrative Appeals Chamber) noted in *RA v Secretary of State for Work and Pensions (Universal Credit)* [2024] UKUT 207 (AAC) that it was "surprising" that the 'Trust and Protect' policy was not put in evidence in that case.

186. Between January 2021 and June 2022, we received a large number of cases of claimants being subject to the reverification process via our EWS and advice services, and became extremely concerned about the impact that the reverification process was having on claimants.

Problems faced by claimants during the reverification process

187. Claimants subject to the reverification exercise were often asked to provide evidence of their identity (the legal basis of which is discussed at paragraphs 173 to 179 above). Some were also asked to provide evidence of housing costs or children in their household. I understand that the DWP's policy at the time of the reverification exercise was to contact claimants (or in some instances former claimants) via their online UC journal and/or by telephone a minimum of three times, accompanied by a text or email prompting them to check their journal.

188. Claimants experienced many problems during the reverification process. First, we saw many examples of people who simply did not realise that the DWP had asked them to provide evidence. For some individuals, this was because they were no longer receiving any UC by the time the DWP contacted them for evidence, because their earnings from work had increased or resumed to previous levels. This group no longer had reason to check their UC journal, and while they may have received a text or email saying there was a new message in their UC journal, the text or email did not state what the message was about. Some claimants whose phone numbers had changed after they stopped receiving UC would not have received a notification unless they successfully updated the DWP with their new details (although those who were no longer receiving UC would have had no reason to provide the DWP with updated contact details). The DWP did not post physical letters to claimants who failed to respond to journal messages, phone calls or text messages before issuing overpayment decisions.

189. Second, we saw examples of claimants who were told to provide evidence in a way that would have required access to a good quality camera and a certain level of digital skills (for example, a standard request was to upload a picture of themselves holding photographic ID). Some claimants would have been unable to provide evidence to the DWP in the format requested and by the time limits specified due to digital access barriers (see CPAG's '*Demands to Repay: The impact and legality of DWP's reverification of UC claims*' briefing (**SH/36 – INQ000608661**)):

"A man started claiming UC in May 2020, during the pandemic. With the help of welfare rights advisers, he posted a message on his online UC journal saying he was unable to maintain a digital claim. In February 2022, the man was asked via his journal to supply evidence of his identity and in March he received a message that his UC had been suspended due to failure to supply the evidence requested. Four weeks later his UC award was ended and his journal frozen. A message said that all the UC he received between May 2020 and February 2022 had been an overpayment. Each of the messages were communicated via the online journal, despite the note stating that the man could not manage a digital claim, and he was not able to respond."

190. Where claimants failed to provide the evidence by the deadline, they were notified via their journal that their 'claim had been closed' and that they would need to pay back the entirety of their UC awards. This is called an 'overpayment'. For many claimants, this amounted to thousands of pounds. For claimants who did not see decisions posted to their online UC journal, the first notification they received was a physical letter from DWP Debt Management saying they owed thousands of pounds, without explaining why the debt had occurred or providing information on how to challenge it. I discuss further problems with the concept of 'claim closure' in paragraph 193 below.

Problems faced by claimants seeking to challenge decisions arising from reverification exercises

191. CPAG understands that the DWP's reverification exercises routinely resulted in two kinds of decisions; (1) suspensions followed by terminations (set out in paragraphs 177 - 178 above) or, more commonly, (2) decisions revising entitlement to remove entitlement for the entirety of claimants' awards (which, as mentioned in paragraph 190 above, resulted in extremely large overpayments). It is important to note in relation to revision decisions that the reverification exercise took place many months after decisions awarding benefit were made, which meant that the DWP was outside the one-month time limit to initiate any grounds revisions of these decisions (see paragraph 174 above) – this meant

that the only grounds available to DWP to revise entitlement decisions was if the original decisions were the result of an official error, or if the original decision was made 'in ignorance of, or based on a mistake as to, some material fact' (an any time revision, see paragraph 175 above). Importantly, for the second ground to be met, the DWP must be mistaken or ignorant as to a primary material fact established by evidence and not simply have made a new conclusion based on a secondary or inferred fact.

192. Through our EWS and welfare rights and legal casework, we identified significant legal issues with how the DWP conducted reverification exercises. These were often exacerbated by practical barriers which made it more difficult for claimants to exercise their statutory appeal rights.

Legal issues

193. CPAG identified the following legal issues with the DWP's reverification exercise, which ultimately had profound impacts on claimants:

- a. The lack of transparency from the DWP regarding the legislative basis for the reverification exercise while it was taking place: I understand from my welfare rights colleagues that the welfare rights sector spent a few months attempting to clarify what legislative powers the DWP understood itself to be using before the DWP confirmed it was revising entitlement decisions on the ground of 'ignorance of, or based on a mistake as to, some material fact'. In October 2021, the DWP stated: "If there is a failure to reply and entitlement terminates, the decision maker has to decide from what date UC should not have been paid. Normally that would be the date from which payment was suspended, but where the issue goes to entitlement in circumstances which cast doubt on the entire award, then they would be looking to revise the decision effective from the date of claim." However, 'doubt' is insufficient to revise an entitlement decision as there needs to be a mistake or ignorance as to a primary fact rather than a new conclusion concerning an inferred fact. When investigating identity, this would mean a finding of fact that a claimant was not who they had said they were when they claimed UC;
- b. The DWP's failure to use the language of the statutory decision-making framework, in particular its failure to specify the kind of decision that had been made (i.e. a revision of entitlement from the start of their award, or a termination of their award) and the grounds for it, as well as its use of the non-statutory term 'claim closure'. This, combined with the lack of transparency described above, made it more difficult for claimants (and those supporting them, e.g. welfare rights

advisors) to understand if the decision was correct. Further, the term 'claim closure' creates a strong implication that there is no right of appeal, when in fact there is;

- c. The lack of detail in the overpayment decision letters received by claimants, which were delivered to them as links to a PDF document in their UC journal;
- d. The lack of detail in the debt recovery letters from DWP Debt Management regarding why the debt occurred or how to challenge the decision; and
- e. The failure to provide claimants who call the DWP Debt Management phone line with signposting as to how they may be able to challenge the overpayment decision.

Practical barriers

194. Our EWS collected many examples of claimants facing practical barriers to challenging revision decisions or decisions to terminate their benefits. One such barrier arises in UC, where following the termination of a claimant's award or a revision of an award to remove entitlement, their online UC journal is frozen. This means a claimant cannot raise a dispute about a decision there, meaning they must do so by phone or letter, or make a new UC claim and request a MR of the DWP's decision to terminate their previous UC claim or revise it to remove entitlement, via their new journal. However, if the claimant makes a new claim for UC, the journal history from their previous award is overwritten and they will lose access to all information about their previous award, including decision letters and records of communication relevant to the dispute. These issues are demonstrated in the following case studies, which are taken from CPAG's '*Demands to Repay: The impact and legality of DWP's reverification of UC claims*' briefing (**SH/36 – INQ000608661**):

"A man who cannot read or write well claimed UC in March 2020. In November 2021 he attended a telephone interview to reverify his ID at the DWP's request, after which he thought the matter was resolved. Days later a 'to do' was posted on his online UC account, which the man did not notice, asking him to upload ID evidence. A month later his UC award was terminated and an overpayment letter issued. The man also receives new-style employment and support allowance (ESA). It is not clear why the man's identity needed to be reverified for his UC claim when it would have already been verified for his ESA claim."

"A man claimed UC in May 2020 when he had to stop work due to lockdowns. He stopped claiming in June 2021 when he returned to work. The DWP called the man in September 2021 to verify his identity, but the man did not respond as he was in work and no longer claiming UC (the call would have come from a withheld number so he was not aware at the time that it was the DWP calling). The man subsequently received a letter saying that he had to repay the entirety of his award (£7,869), which he cannot afford to do. He has written to the DWP about the matter, but its response merely reiterated the amount of his overpayment, and prior to obtaining advice he thought there was no way to appeal the decision."

195. As set out in paragraph 179 above, claimants can request a MR (or revision) of a benefit decision within one month of that decision, or within 13 months of the decision, if they have a good reason. During the pandemic, we saw evidence that DWP officials were refusing to accept late revision applications in relation to decisions to terminate entitlement to a benefit, even when the reason for the delay was that claimants only became aware of the overpayment after receiving a letter in the post from DWP Debt Management some months after the decision was taken. DWP decisions also do not include information about the possibility of a 12-month extension to the one-month deadline to request a revision, which discouraged claimants from applying for a revision, even if they did not find out about the decision until after the initial one-month deadline had passed.

196. Even in cases where the DWP accepted a MR application, it was – and remains – DWP policy to recover UC overpayments while a DWP decision on the MR request was pending, which could take at least several months. If the DWP did not change its decision at the MR stage and a claimant pursued an appeal to the tribunal, recovery also continued while they were waiting for a decision from the tribunal. This means that some claimants were paying back money they did not owe while they waited for the decision to be overturned. Sometimes they were repaying via deductions from UC, if they had been able to reclaim after their award was terminated. Sometimes they were repaying directly out of their wages. Others continue to receive letters from third party debt collection agencies while they were waiting for a MR to be carried out.

197. On 15 December 2021, CPAG's acting Head of Policy, Hannah Aldridge, contacted Louise Phillips, Deputy Director, Engagement and Partnerships within the UC Programme at the DWP, to discuss issues related to reverification of benefit claims (**SH/37 – INQ000608635**). Hannah noted that CPAG had seen a few cases of reverification exercises having a significant detrimental impact on claimants, including having their UC

stopped without warning or having been told they owe large sums with little further information. Hannah noted that CPAG was putting together a briefing that identified the top issues we had seen, with recommendations as to how they could be addressed, and requested to meet with someone at the DWP to discuss some of these issues and the options to remedy them.

198. In June 2022, we published our briefing '*Demands to repay: The impact and legality of the DWP's reverification of UC claims*' (**SH/36 – INQ000608661**). In addition to covering the issues set out in paragraphs 187-196 above, the briefing set out a number of recommendations to DWP, including:

- a. at minimum, identifying potential overpayments in accordance with the law;
- b. contacting claimants in a variety of ways (including physical letters);
- c. improving the MR process;
- d. pausing the recovery of overpayments while a MR or appeal is pending;
- e. improving the quality of the information provided to claimants; and
- f. reconsidering the practice of freezing UC journals after awards had ended, and the overwriting of journals after new claims are made.

199. I understand from my colleagues in the Welfare Rights Team that they, along with other welfare rights advisors throughout the country, are continuing to deal with cases involving the DWP reverifying claims made during the pandemic as they proceed through the appeal tribunals. Recent examples from the EWS include:

"Joint UC claimants were advised they had been overpaid their entire UC entitlement from April 2020 – July 2021 due to one of the claimants failing to upload evidence of their ID in July 2021. Their UC award ended but the claimants had recommenced employment by this point and did not access their journal again. The overpayment decision letter from July 2021 was uploaded to the journal the same day the award ended and no notification of this was given. The claimants only became aware of the overpayment after receiving a DWP debt management letter in September 2024. When they inquired about the demand, they were advised they were out of time for a mandatory reconsideration; the claimant is seeking an appeal on the grounds of official

error as the DWP appear to have no legal basis for revising the original UC decision."

"A claimant was told he had been overpaid his entire UC award from March 2020 – April 2021, over £8000, due to failure to provide proof of his ID retrospectively. The claimant has been working since April 2021 and did not think it odd that his UC award ended. The claimant only became aware of the overpayment in March 2024 after receiving a letter from DWP debt management. The claimant is pursuing an any time revision on the grounds of official error as the DWP appear to have no legal grounds for revising his original UC award."

200. It is worth noting further that not every claimant who was subject to the DWP's reverification exercise and received a decision generating an overpayment will have been able to appeal that decision (including obtaining welfare rights advice to do so), meaning they may have repaid (or may continue to be repaying) money that they received as part of their lawful UC entitlement. We are aware that the DWP has administrative data as to how many claimants have challenged decisions that were taken as part of the reverification exercise, but we are not aware of any steps that have been taken by the DWP to proactively revisit decisions to check for errors.

Suspension of in-person Jobcentre assessments, appointments, reviews, and re-assessments

201. On 16 March 2020, the DWP announced that face-to-face assessments would be suspended for at least 3 months from 17 March 2020 for UC, ESA, PIP, Disability Living Allowance, Attendance Allowance and the Industrial Injuries Disablement Benefit. It stated that anyone who had a face-to-face assessment scheduled from 17 March 2020 onwards would not need to attend and would be contacted to discuss next steps and alternative arrangements, which could involve either telephone or paper-based assessments.

202. On 19 March 2020, the DWP announced that claimants would no longer need to attend the Jobcentre for in-person appointments for at least three months.

203. On 23 March 2020, the DWP announced there would be no new reviews or reassessments across all benefits for three months. It stated that it would extend the end-dates of awards that were due to expire so that claimants could continue to receive financial support at their current rate during this period.

204. These announcements had different implications for claimants, at different stages of their benefit claim.

Making new claims

205. The suspension of in-person Jobcentre appointments meant that people who needed to make new claims for benefits (such as UC) were often required to do so online, without any support or assistance. Prior to the pandemic, we knew that some claimants, for example disabled claimants or claimants without digital literacy, faced challenges accessing the online UC application form. Throughout the pandemic, our EWS received cases of claimants being unable to make or manage their benefit claims. This was exacerbated by the fact that many advice agencies were also forced to close, meaning that claimants could not seek in-person support from a support worker or welfare rights advisor. The below examples are from our Early Warning System Briefing on the Impact of Covid-19 on People with Disabilities dated 28 July 2020 (**SH/38 – INQ000608476**):

"A client who is shielding has no internet at home and would normally use his local library to access his UC journal. He needs to notify UC of a worsening health condition." #815 (14/05/20)

206. In other cases, the DWP's failure to provide an online application (which could be completed by an adviser on a claimant's behalf) prevented claimants from accessing remote support to claim benefits, such as in the case of the application for PIP. Usually, to make a claim for PIP, individuals need to call the DWP and request a PIP form, which is then sent to them by post for them to fill in. During the pandemic, we received many queries from advisors who were concerned about clients who were unable to fill in the PIP form by themselves. DWP did agree to email PIP questionnaires to claimants who could then forward this onto to their adviser but we subsequently received anecdotal evidence that this did not always work smoothly:

"Adviser has had queries from clients who are deaf and or blind who want to make a new claim for PIP but cannot do this without help and support. Having the ability to claim these online would assist advisers to provide this support during lockdown." #616 (28/4/20)

UC and ESA

Suspension of Work Capability Assessment (“WCA”) reviews and re-assessments

207. The work capability assessment (“**WCA**”) is used to establish whether a UC or ESA claimant has LCW or LCWRA. This assessment is important because it determines claimants’ work-related requirements (including whether they can be given such requirements), the amount of money they will get (as there is an additional amount given to those who have LCWRA), and whether they have a work allowance. There are circumstances when a claimant can be treated as having LCWRA without the requirement for an assessment, for example if they are terminally ill or receiving chemotherapy.
208. When a claimant applies for UC (and previously, ESA), they can report if they have a health condition or disability that affects their capability to work. If they have an existing award, they can also report a health condition or disability as a change of circumstances. Claimants must obtain a fit note from a healthcare professional (e.g. a GP) if their health condition or disability affects their capability to work for longer than seven days. If the claimant meets the other conditions (including not having earnings at or above the level of earnings they would receive for 16 hours’ work a week paid at the rate of the national living wage, apart from in particular circumstances), they may be able to obtain a WCA. Before the WCA, they will need to complete a ‘Capability for Work’ health questionnaire.
209. The DWP has the power to initiate reviews or re-assessments of claimant’s benefits, for example, to check whether the work-related activity group of a UC claimant remains appropriate when considering their circumstances.
210. We welcomed the suspension of DWP-initiated reviews and re-assessments of people’s benefits for three months, which would give claimants a degree of certainty about their income during a time of great stress and anxiety. We also welcomed the extension of people’s awards so that they could continue to receive financial support at their existing rate during this period.

Delays in processing claimant-initiated requests to be treated as LCWRA and WCAs

211. While the temporary pause in DWP-initiated reviews and re-assessments for claimants already in receipt of benefits was welcome, many claimants who requested a WCA as part of their UC or ESA claim experienced severe delays in obtaining these assessments. This put many people in situations of financial hardship, as they were denied additional sums of money that should have been available to them to meet the additional costs of sickness or disability, at a time when all households were facing additional costs as a result of the

requirement to stay at home (e.g. increased energy bills, costs of needing to shop in certain food shops that are able to deliver). Although these sums were backdated, by the time that they were paid, many families had already suffered severe hardship.

212. Through our EWS, we saw many examples of claimants experiencing significant delays in requesting and obtaining WCAs as part of their UC or ESA claim. For some claimants, this resulted in them missing out on much needed financial support from the social security system. We first reported on this issue in our *'Mind the Gaps'* briefing published on 11 June 2020 (**SH/35 – INQ000608698**).

213. One of the early issues we saw involved claimants who were awaiting, receiving, or recovering from cancer treatment. In UC and ESA, these claimants are treated as having LCWRA. Case studies submitted to the EWS via the charity Macmillan Cancer Support around June 2020 showed that claimants were missing out on the LCWRA element in UC due to DWP failing to decide that they should be treated as having LCWRA:

"A client with cancer should be automatically entitled to the LCWRA element in UC, by virtue of receiving chemotherapy treatment. This has not been added to their entitlement yet as the DWP has said that they are not currently processing WCAs. This is causing the client financial hardship as they are currently not receiving any money from UC, however if they had the LCWRA element included they would be receiving some financial support."

"A married couple are joint applicants for UC, and the woman has cancer. They are currently subject to the benefit cap, which is reducing their award by £930 per month. The benefit cap shouldn't apply to people who qualify for the LCWRA element, but the DWP has confirmed to the husband in a message on his journal that they will not process the WCA at the moment. This means the couple will miss out on both the additional LCWRA amount, as well as the amount lost because of imposition of the benefit cap, which amounts to £1271.92 per month."

214. In addition to case studies regarding people with cancer, the EWS received case studies related to claimants with other health issues or a disability who had not been able to access an assessment to determine their entitlement (**SH/35 – INQ000608698**):

"A bereaved man with severe anxiety and depression has been submitting fit notes to the DWP in relation to his UC award since before December 2019. He has not received a UC50 form but was told by the DWP that he is awaiting

assessment. When he called to chase up, he was told that due to Coronavirus all WCAs have been halted and decisions will be made on the information they have on file i.e. just fit notes for him. The DWP have still not made a decision and he is still struggling to make ends meet. He is currently relying on food banks."

"A single woman with significant mental health and substance abuse issues, plus considerable debt, started a UC claim in January and has been submitting fit notes since then. She has not received a UC50 or any news on an assessment, despite requesting this repeatedly in her online journal."

215. In May 2020 the DWP confirmed that WCAs had not stopped completely, and that wherever possible a paper-based or telephone assessment would be carried out. However, our EWS continued to receive examples of claimants experiencing severe delays in receiving assessments, and we continued to report on this issue in our 'Mind the Gap' briefing on 29 September 2020 (**SH/32 – INQ000608723**):

"A woman who has been claiming UC has a cancer diagnosis and is undergoing treatment. Her adviser asked on her journal for a UC502 to be sent out so that the limited capability for work-related activity can be added to her award. This would require the doctor to complete the back page to confirm she is on treatment. A DWP official has replied to say the form will not be issued until "everything is back up and running." In this case this response seems particularly unhelpful as the process is straightforward, it is clear that she is entitled due to the fact she is receiving treatment for cancer, and she does not need to undertake a medical assessment".

"An adviser reports several clients have not received decisions about capability for work. One client with limited capability for work asked to be re-assessed because his condition has deteriorated, however the DWP refused to issue a UC50. Another client who claimed UC recently was told to save up his medical certificates until things get back to normal."

216. In the case of contributory ESA, entitlement is limited to 365 days unless a claimant is found to have LCWRA. The lack of assessments during COVID-19 meant that claimants were reaching the end of their 365 days of entitlement without having their capability for work assessed. As a result, their contributory ESA entitlement would stop without them being able to access further financial support to which they were entitled. The below

example is taken from our 'Falling Through the Net' briefing dated 18 December 2020 (SH/39 – INQ000608749):

"A man who claimed contributory ESA waited over a year for a work capability assessment, by which point his ESA had expired. He couldn't claim UC due to his partner's income and capital. His adviser has been helping him to challenge the delay and obtain a decision, which is now subject to judicial review."

Personal Independence Payments (PIP)

Extension of PIP awards

217. PIP is usually awarded for a fixed period. Payments stop at the end of this period unless a new claim is submitted and a new decision is made on that claim before the end of the fixed period; a further decision is made to supersede the original decision; or a decision is made to revise the original decision, e.g. to change the end date of the award.

218. Losing PIP can be a significant financial loss. Given that it is designed to meet the additional costs associated with a disability, this can cause real hardship. First, at the time of the pandemic, losing PIP alone could result in a loss of £23.60 to £151.40 a week. Second, because PIP is also a passporting benefit for additional amounts ('premiums') in some means-tested benefits (for example, the Severe Disability Premium in ESA), the ending of a PIP award can also mean the loss of these additional amounts. The ending of PIP can also impact on benefit entitlement for a claimant's carer, as entitlement to Carer's Allowance may be dependent on the person being cared for receiving PIP.

219. Following the DWP's announcement on 23 March 2020 that there would be no new reviews or reassessments across all benefits for three months, some PIP awards that were due to end after that date were automatically extended by three months. Later, on 11 May 2020, the Minister for Disabled People, Health and Work confirmed that PIP claimants would get an automatic six-month extension to their award if it was due to end within three months.

220. We welcomed these automatic extensions of PIP, which would ensure a continuation of support to claimants during a time of great uncertainty. However, throughout the pandemic, we received numerous examples via our EWS of claimants who did not receive an extension and whose PIP stopped pending a decision on their new claim. In our 23 April 2020 'Mind the Gaps' briefing (SH/40 – INQ000608678), we reported examples of claimants' PIP stopping at the end of their award if the DWP had already issued a renewal

form prior to the 24 March 2020 announcement or if they had returned their renewal forms but an assessment was not carried out during the lockdown.

221. We also received numerous examples of cases where claimants who had been awarded PIP by a tribunal, following a statutory appeal, were refused the extension. See for example the below case study from our *'Mind the Gaps'* briefing published on 7 May 2020 (**SH/41 – INQ000608686**):

"A private tenant who has a learning disability and mental health problems lives alone. She is vulnerable and her prescriptions are limited to avoid overdose. Her mental health has been affected by the lockdown. Her housing benefit doesn't cover her rent (as it is capped by the local housing allowance) and she usually uses her personal independence payment to make up the shortfall. Her PIP award expired on 23 March so she will struggle to make ends meet. The DWP has refused to extend the PIP award by three months (as per the government announcement) because the award was made by a Tribunal."

222. Early on in the pandemic, the DWP stated in relation to such cases that it could not change an award made by a tribunal. CPAG's view, as expressed in our *'Mind the Gaps'* briefing published on 7 May 2020, was that, as a matter of social security law, this was arguably wrong. As time went on, I understand that the DWP changed its approach and did extend some PIP awards that had been decided by a tribunal.⁷

Delays in processing claimant-initiated PIP assessments

223. We also received cases via the EWS of claimants who had their existing PIP award extended for six months which then came to an end, or who had a PIP award end date which fell after the six-month extension period, who subsequently made a new claim for PIP and did not receive an assessment on their new claim. As a result, their PIP stopped, putting them in financial hardship.

224. On 21 January 2021, the Minister of State for Disabled People, Health and Work, Justin Tomlinson MP, stated that the DWP had been automatically applying extension of awards of PIP for all awards due to end between March 2020 and January 2021, except those where a new decision had been made since review and reassessment activity resumed in July 2020. It stated that a small number of awards had not been extended. However, we

⁷ Only DWP can explain how and why the problems described in paragraph 220 came about. However, CPAG understands that there may have been issues about the relevant legal power which DWP was using to extend awards.

saw many examples submitted to the EWS that contradicted the Minister's statement, for example:

"Client's PIP was due to end in April [2020] but was extended to October [2020] due to COVID-19. He completed a PIP 2 in June but an assessment was not carried out before October [2020] and his PIP award ended."

225. CPAG in Scotland wrote an EWS briefing on the issues arising from delayed disability benefit assessments (in relation to UC, ESA, and PIP) in January 2021 (**SH/42 – INQ000608834**). On 5 May 2021, my CPAG in Scotland colleagues Kirsty McKechnie and Henri Krishna met with DWP officials Angela Penman, Scotland Partnership Manager and Habib Baluch, Disability Services Advocacy lead, to discuss the issue. We were given some information about how to support claimants who were experiencing delays in receiving assessments, which we shared with advisors. We were told that PIP assessments were due to resume in assessment centres from 17 May 2021 onwards with COVID precautions in place, that there was no date for when assessments at home would recommence, and that telephone assessments would continue to be offered in the majority of cases.

Suspension of debt recovery

226. The DWP can recover debts from claimants through their benefit awards, in the form of what are known as 'deductions'. Deductions are taken from claimants' awards for a variety of reasons, but most often to repay debt. These could be rent or fuel arrears, or government debts for UC advance payments or historic benefit or tax credit overpayments (which in relation to UC overpayments can arise through no fault of the claimant's own, and yet still be recoverable).

227. 'New claim advances' in UC are a form of loan available to help people get through the initial wait for their first UC payment. Because UC is assessed in reference to an assessment period, it is paid in arrears, and new claimants will not be paid until five weeks after they have made an application. Thus, a new claim advance is a way of getting some money sooner, but it must be repaid.

228. On 3 April 2020, the DWP announced that it would suspend the majority of deductions for the recovery of UC and legacy benefit overpayments, Social Fund loans, and Tax Credit debts, though the recovery of advances by deductions from UC payments would continue. The DWP stated that this was because a significant number of debt recovery staff had been redeployed to front line roles. While we were not consulted on this, we welcomed the

suspension of benefit recovery, which would help provide some temporary relief for families who were struggling financially.

229. The DWP announced it would restart debt recovery in UC in the first week of July 2020. We expressed our disappointment that the DWP had deemed it necessary to re-start benefit debt recovery at a time when many claimants were unemployed with little prospect of finding a job in an extremely challenging labour market, and with many schools and childcare facilities remained closed (see our Mind the Gaps Briefing dated 10 July 2020 (**SH/43 – INQ000608710**)).

230. Throughout the pandemic, EWS received many examples of families experiencing real hardship as a result of deductions in their UC award. For many this came at a time when they faced additional costs (for example, children being at home) as well as a fall in income as a result of the pandemic. The EWS received numerous case studies regarding debt and deductions in UC, including cases where claimants asked the DWP to exercise discretion regarding recovery rates but these requests were refused.

Easements: Temporary changes to the statutory rules

231. The following easements were implemented by the DWP through temporary changes to the statutory rules:

- a. Suspension of the MIF in UC; and
- b. Suspension of work-related requirements and conditionality in JSA and UC.

232. The key issue faced by claimants in relation to these easements was the lack of certainty about how long they would be in place.

Suspension of the Minimum Income Floor ("MIF") in UC

233. UC is paid monthly, for an 'assessment period' (a period of one month following the date a person claims UC, and each subsequent month) ("**AP**"), UC entitlement is calculated each month based on a person's earnings and other circumstances.

234. The MIF is a set minimum level of earnings, that may be applied to a claimant's UC award if their main work is self-employment and their earnings are low. The MIF is calculated by using the level of the NMW for the claimant's age group, multiplied by the number of hours they are expected to look for and be available for work – usually 35 hours a week. It also includes a notional deduction for tax and National Insurance. If a self-

employed person earns above the MIF in an assessment period, their entitlement is assessed on the basis of their actual earnings. If they earn below the MIF in a month, they are treated as though they earned the MIF, which will affect the calculation of their UC.

235. On 11 March 2020 the Chancellor announced that the MIF would be suspended for UC claimants. He said this would mean that every self-employed person could now access UC at a rate equivalent to SSP for employees. The Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020 came into force on 13 March 2020, and gave the Secretary of State the power to determine that the MIF does not apply to a person who ceased to be treated as having LCW for the assessment period in which they cease to be treated as having LCW, and the SSWP may further extend the period during which the MIF does not apply.

236. Subsequently, the Social Security (Coronavirus) (Further Measures) Regulations 2020 (**"the Further Measures Regulations 2020"**) came into force on 30 March 2020, causing the provision in the Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020 pertaining to the MIF to cease to have effect. The Further Measures Regulations 2020 gave the Secretary of State the power to treat the amount of the individual threshold or the couple threshold in the MIF as if it were a lesser amount (including zero); delay a determination of whether a claimant is in gainful self-employment; treat a claimant who has been determined as being in gainful self-employment as not being in gainful self-employment; extend a claimant's start-up period; and except a claimant from a work search requirement or a work availability requirement which would otherwise apply in the absence of the MIF. These regulations were originally intended to have effect for a period of eight months beginning on 13 March 2020.

237. We were not consulted on the suspension of the MIF for self-employed workers, though we welcomed the positive impact it would have on low-income families and children.

238. We monitored the implementation of the suspension of the MIF via our EWS and conversations with our welfare rights colleagues. In general, we did not see many problems with the implementation of this easement. However, we did speak to families who were impacted by the uncertainty around how long the easement would be in place. For example, some of the families we spoke to as part of '*Covid Realities*' found that the lack of clarity surrounding the longevity of the suspension of the MIF was a source of stress and anxiety. We were also concerned about the eventual removal of the easement and the impact it would have on self-employed claimants.

239. On 3 November 2020, the SSWP announced that the suspension of the MIF would be extended until the end of April 2021. This was implemented through The Social Security (Coronavirus) (Further Measures) (Amendment) and Miscellaneous Amendment Regulations 2020, which extended the measures in the Further Measures Regulations 2020 until 30 April 2021.
240. At the 2021 Budget on 3 March 2021, the Government announced a further extension of the MIF until 31 July 2021.
241. In our '*Universal Credit: What needs to change*' briefing, published in July 2021, we highlighted our concerns regarding the imminent re-introduction of the MIF, given the flawed assumptions underlying it (**SH/44 – INQ000608780**). For example, we cited 2018 analysis from the TUC that found that half of self-employed adults aged 25 and over were earning less than the minimum wage, as well as FRC findings from 2016 that show that the earnings of the self-employed are a fraction of employees' earnings. We included the below example from the EWS in our briefing:

"A self-employed claimant is doing erratic work as an actor. He receives UC and the minimum income floor is applied. The client has mental health problems as well as learning difficulties. He is at risk of homelessness as a result of the minimum income floor causing his UC award to be reduced, pushing him into rent arrears. An adviser has helped him to stop his self-employment, and he now receives UC without the minimum income floor being applied. Now the client is not doing the work that was beneficial to his mental health and has to try to clear debts that accrued while his payments were reduced."

242. We were also concerned about the interaction between the removal of the suspension of the MIF and the £20 cut to UC. In a report we wrote for the All Party Parliamentary Group on Poverty, titled '*In-work poverty*' (**SH/45 – INQ000608824**), we quoted an APPG submission by the organisation Policy in Practice from January 2021 that estimated that the reintroduction of the MIF in combination with the £20 cut to universal credit would result in nearly half (47 per cent) of self-employed households in receipt of universal credit not being able to make ends meet.

Suspension of work-related requirements and conditionality

243. UC and new style JSA claimants are usually given work-related requirements as part of the conditions of their awards, unless they are exempt from work-related requirements

(such as if they are found or treated as having LCW). Failure to comply with a work-related requirement can result in a sanction, which is a deduction from a claimant's award, for a specific period of time, unless the claimant has a 'good reason' for not meeting those requirements. Claimants are required to sign an agreement which sets out their obligations, and the consequences of not meeting these obligations, in order to receive UC or new-style JSA, called a 'claimant commitment'.

244. The Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020, which came into force on 13 March 2020, provided that UC and ESA claimants who have COVID-19 and/or who are required to self-isolate may be treated as having limited capability for work.

245. On 30 March 2020, the coming into force of the Further Measures Regulations 2020 (discussed above in relation to the MIF, see paragraph 236 above) caused the provision in the Employment and Support Allowance and Universal Credit (Coronavirus Disease) Regulations 2020 allowing the SSWP to treat UC claimants who had Covid-19 as having LCWRA to cease to have effect (this did not affect the provision insofar as it related to ESA claimants). The Further Measures Regulations 2020 provided that UC and new-style JSA claimants must not have a work-search or work-availability requirement imposed on them for a period of 3 months. This meant that claimants could not be sanctioned for failing to meet work-related requirements during this period.

246. The Further Measures Regulations 2020 also provided that old-style JSA (meaning JSA awards in respect of which the UC system has not come into effect) claimants should be treated as available for work and actively seeking employment for the purposes of the Jobseekers Act 1995 for a period of three months; and that JSA claimants who have COVID-19 and/or who are required to self-isolate are to be treated as having a 'normal period' of sickness, which will not count towards the calculations regarding the number of permitted total 'normal periods' of sickness under JSA.

247. While we were not consulted on the suspension to conditionality, we welcomed it for the positive impact it would have on claimants, relieving them of some of the anxiety and stress they were feeling as a result of the lockdown.

248. Jobcentres began to re-open in the last week of June 2020. On 1 July 2020, the temporary suspension of conditionality in UC and JSA came to an end. The DWP said it would take a phased approach to the re-introduction of conditionality, and claimant commitments would be tailored to the 'new normal' taking into account local job markets,

and personal circumstances in order to prepare claimants for getting back into work. Specifically, it said that conditionality during the pandemic would be 'light touch' and that sanctions would be rare.

249. We shared our concerns about the potential impact of the resumption of conditionality for claimants with DWP via our *'Mind the Gaps'* briefing on 10 July 2020 (**SH/43 – INQ000608710**). In particular, we argued that for claimants with children, it would be vital for childcare responsibilities, and the availability of childcare, to be factored into claimant commitments in a way that accurately reflected the context of uncertainty and differences across the four nations (e.g. the phased return of schools and childcare facilities). CPAG understood that the DWP would be producing guidance to help ensure work coaches were applying conditionality fairly in the current circumstances, the effectiveness of which we sought to monitor via our EWS.

250. Following the end of the suspension of conditionality, we received fewer case studies on conditionality than usual, which suggested that the 'light touch' approach was indeed being implemented. Nonetheless, the case studies that were submitted to the EWS indicated how problematic conditionality was in the pandemic (as set out in our *Mind the Gaps* briefing dated 30 October 2020 (**SH/46 – INQ000608737**)):

"A woman had a brain haemorrhage and neurologists advised avoiding stress and taking regular rest. Despite significant medical evidence that her condition remained unchanged, when she was reassessed the DWP decided that she was capable of work-related activity. This decision was eventually overturned at appeal. Meanwhile, the Jobcentre pressured her regarding requirements to satisfy the work-related activity. Unfortunately she had a stroke which has left her severely unwell and still in hospital."

"A musician on UC obtained an audition but his work coach refused to accept that attending the audition would satisfy any requirements under his claimant commitment. The musician was at risk of sanction when he attended the audition rather than apply for other jobs. Luckily, he got the job. If he hadn't, he may have been sanctioned despite taking active steps to apply and interview for suitable work."

251. On 27 January 2022, the DWP launched its 'Way to Work' campaign. It stated: "As we move out of the pandemic, with restrictions lifted and life returning to normal, the 'Way to Work' campaign will focus on getting job-ready people off Universal Credit and into work,

rapidly filling vacancies which are at a record high. Targeted predominantly at those in the intensive work search group on Universal Credit, Way to Work will support people back into work faster than ever before and filling vacancies more quickly. Latest figures from the ONS show that the demand for workers is there, with a record 1.2 million vacancies to fill, 59 per cent higher than pre-pandemic levels.”

252. Subsequently, through our EWS we began to receive a high number of cases about UC claimants being required to attend frequent face-to-face appointments at the Jobcentre, which we believed was linked to the DWP's 'Way to Work' package of initiatives, or alternatively changes to the 'Jobcentre Core Offer' (what the DWP calls the interventions it says it “must deliver to claimants in the Intensive Work Search regime to give them the best chance of moving into work, closer to work or increase their earnings”).

253. A common feature of the examples we received via EWS was that work coaches were telling claimants that they must attend, usually weekly, face-to-face meetings, regardless of whether this was appropriate in the individual claimant's case. The examples we received demonstrated the hugely detrimental impact of this practice on claimants' finances and on their mental health.

254. At the DWP's regular OSEF meeting on 20 May 2022, we raised the issues we were seeing with claimants being required to attend frequent face-to-face appointments. The DWP Operational Stakeholder team requested that we provide the examples we had received via our EWS to Diane Spink, Sof Holmes, and Clare Talbot.

255. We sent a briefing on the examples we had received via our EWS, as well as our concerns, to DWP on the same day. In our briefing (**SH/47 – INQ000608821**), we requested that DWP share the learning materials provided to work coaches about the 'Way to Work' scheme, including any material relating to easements and flexibility; and the operational instructions for the 'Jobcentre Core Offer' guidance. We also recommended that the DWP use internal communications or refresher training to improve work coaches' understanding around flexibility and easements; cancel the scheme announced on 18 May 2022 and due to start on 14 June 2022 which would ‘offer’ claimants more Work Coach intervention while they await a WCA, instead focusing on more timely WCAs; and improve the 'Jobcentre Core Offer' guidance to make it clear from the outset where work coaches can deviate from the default approach. For example, where that guidance stated: “All Interventions should be face-to-face,” we suggested the DWP add: “Exceptions exist for claimants on the health journey and where an easement should be applied or reasonable adjustments should be made”.

256. The examples we shared with the DWP of claimants who were required to attend frequent face-to-face appointments included the following:

"A single man with severe arthritis has a Fit Note [a sick note] and is awaiting a work capability assessment. His Work Coach said that he must attend weekly meetings at the jobcentre. These meetings last less than 5 minutes. The man finds it painful to attend the meetings. He has difficulty walking to the bus stop so he uses taxis to get to the jobcentre and back. After cancelling an appointment due to pain, he was referred for a sanction but the decision maker accepted that there was good reason for the cancellation and no sanction was applied on that occasion. He has requested that appointments continue by telephone but was refused."

"A single mother with health problems has four children including a 15-year-old child with a mental health condition. She works 20 hours a week during term-time. Until her local councillor intervened, the jobcentre was requiring her to attend weekly appointments and to look for 35 hours of work a week. "

"A Syrian refugee couple, neither of whom speak English, arrived in UK in March 2022 and made a claim for UC immediately. Their work coach agreed to 'switch off' all work search requirements while the couple complete a DWP-contracted English language course. However, they were still required to attend weekly jobcentre appointments. They were told that these appointments would only last 10 minutes since they are not required to do any work-related activity. An adviser asked if the appointments could be less regular, or carried out by phone as they are expensive to get to and they need to be accompanied by an English speaker. The request was refused and they were told they had to attend a face-to-face appointment every week for the first 13 weeks of the claim due to the "post Covid regime". One work coach has twice tried to arrange fortnightly appointments instead, but both times they were cancelled and re-booked by a manager. The requirement for them each to attend a face-to-face appointment every week, on different days, is leading to very high travel costs."

257. We gathered further evidence in April 2022 about the impact of the requirement on claimants to attend face-to-face appointments, referencing similar issues and examples (see row 151 of Annex 2 which summarises this evidence).

258. On 14 December 2022, nearly seven months after we sent our briefing, we received a belated response to our briefing from the DWP (**SH/48 – INQ000608670**). The response did not address any of the concerns we had raised about the harmful impacts of being required to attend frequent face-to-face appointments at the Jobcentre, as reported to us by claimants, nor did it respond to our request for information about the guidance and training received by work coaches in respect of the 'Way to Work' programme or our recommendations regarding the need to enhance work coaches' understanding of when it is appropriate to apply flexibilities and easements for claimants. Instead, it went through the examples we provided and explained why in those particular cases the individual claimants had been required to attend face-to-face appointments, which was not what we had requested.

Easements that did not follow the underlying legislation and were not underpinned by statute

259. DWP introduced a number of easements that did not follow the existing legislation, that were also not underpinned by statute. We consider that to the extent that DWP sought to diverge from the legislation, it should have put these changes on a statutory footing, to uphold a rights-based social security system in which claimant entitlements are based on the law, with a clear right to appeal and limit on discretion. The DWP's failure to legislate meant that these changes could neither be effectively scrutinised by Parliament nor the Social Security Advisory Committee (an independent statutory body sponsored by the DWP which scrutinises secondary legislation underpinning the social security system), which is problematic from a rule of law perspective.

Suspension of temporary absence outside Great Britain rules

260. A claimant must be 'ordinarily resident' in Great Britain to receive some benefits and tax credits. Most benefits also require a claimant to be present in Great Britain. There are statutory rules that allow a claimant to be treated as present (or, for HB and Council Tax reduction, occupying their home) and therefore still entitled to the benefit or tax credit in specified circumstances during a temporary absence.

261. For example, in respect of UC, a person cannot usually be paid UC if they (and their partner, if they are joint claimants), are not in Great Britain. However, if the claimant was entitled immediately before the period of absence and continue to meet the other conditions of entitlement, UC can be paid when they are temporarily absent from Great Britain for one month, if their absence is not expected to exceed, and does not exceed, one month; two months, if their absence is in connection with the death of their partner or child or a 'close relative' and it would be unreasonable to return to Great Britain within the

first month; and six months, if either their absence is not expected to exceed and does not exceed six months and they are a mariner or continental shelf worker; or they are themselves, or they are accompanying their partner or child who is, undergoing medical treatment or medically approved care as a result of an illness that they (or their partner/child) had before leaving Great Britain.

262. In respect of HB, a claimant cannot usually get HB if they are not in Great Britain, due to the requirements for them to be occupying their home. However, provided that the claimant meets the conditions of entitlement, HB can be paid when they are temporarily absent from Great Britain for up to four weeks, if their absence is not expected to exceed this; up to eight weeks, if their absence is not expected to exceed that and is in connection with the death of their partner/child/or qualifying young person who normally lives with them or their close relative and the local authority thinks it is unreasonable for them to return within four weeks; or up to 26 weeks, if either their absence is not expected to exceed and does not exceed six months and they are a mariner or continental shelf worker; they are themselves, or they are accompanying their partner or child who is, undergoing medical treatment or medically approved care as a result of an illness that they (or their partner/child) had before leaving Great Britain; they are absent from home because of domestic violence; or if they are a member of the armed forces posted overseas.

263. A number of benefit claimants who had travelled outside Great Britain and who expected to return within four weeks of leaving were not able to return to the UK due to travel restrictions in place at various points of the pandemic.

264. In CPAG in Scotland's EWS briefing from 28 April 2020, we reported that a DWP contact had verbally advised us that claimants who travelled abroad before 17 March 2020 should not have benefits stopped if they exceed the permitted temporary absence period for their relevant benefit (**SH/49 – INQ000608680**). The contact also advised us that people could claim UC if they were stranded abroad so long as they had travelled before 17 March 2020, the date from which the UK Government advised against travelling abroad.

265. On 18 May 2020, the Minister for Disabled People, Health and Work, Justin Tomlinson MP stated: "DWP continues to support existing benefit recipients in exceptional cases where their absence abroad goes over the period allowed under the temporary absence benefit rules and are awaiting repatriation due to covid-19 travel restrictions." The Minister reiterated this statement on 10 July 2020.

266. In our EWS in Scotland June briefing on *'the Impact of Covid-19 on Migrants'*, we included one example of an EU national couple for whom the easement was not applied **(SH/50 – INQ000608470)**:

"An EU national couple claimed UC during COVID while husband couldn't work. He has been in Scotland throughout. His wife got stuck in Europe at the beginning of March [2020] after her return flight was cancelled. Two weeks into the UC claim DWP phoned and said the claim had to be closed because the client is not in the UK. They have both struggled financially ever since. Whilst DWP said they would accept UC applications from abroad, there has been no change in the regulations making it difficult to challenge. He could claim UC as a single person in the meantime." #1465 (28/6/20)

267. In our EWS briefing from 6 May 2020, we reported an example of a person having their claim refused because they are abroad **(SH/51 – INQ000608684)**:

"Polish national who has been living and working in the UK for seven years went home for a short visit at the beginning of March but got stuck there after Poland closed their borders. He applied for UC online but received a decision on 28th April stating that he is not entitled because he is abroad. He does not qualify for assistance in Poland because he is paying tax in the UK." #619 (28/4/20)

268. In respect of HB, I understand from my welfare rights colleagues that a DWP bulletin shared with local authorities on 4 May 2020 stated that DWP had been given permission to continue to pay existing HB claimants who were temporarily absent from home outside Great Britain on an extra-statutory basis (i.e. for a reason outside of the HB legislation).

269. On 2 June 2020, the Minister for Welfare Delivery, Will Quince MP stated: "Easements are in place for claimants who are unable to return to Great Britain as a result of travel restrictions. Guidance has been issued to Local Authority staff advising them to keep Housing Benefit claims open where the claimant has informed them that they were temporarily unable to return home due to Covid-19 travel related restrictions."

270. On 5 June 2020, the DWP confirmed in LA Welfare Direct 6/2020, a bulletin sent to local authorities, that an easement was in place to maintain HB entitlement for claimants prevented from returning to Great Britain within permitted temporary absence periods due to Covid-related travel restrictions.

271. I understand that there was a lack of clarity in respect of whether similar easements were in place for UC claimants who exceeded the temporary absence abroad rules due to coronavirus travel restrictions. I understand that some claimants in this position had their awards of UC superseded by the DWP, which decided that they were no longer entitled to, and had been overpaid, UC for periods of temporary absence which were not within their control (e.g. as they were legally prevented from returning to Great Britain).

Childcare-related easements

272. There are two types of tax credit: CTC for people with children and WTC for people in work. A person could get either or both. Tax credits were previously administered by HMRC. Tax credits were effectively abolished on 5 April 2025 (meaning it is not possible to make a new claim or renew an award for tax credits for the tax year beginning on 6 April 2025, and managed migration to UC has ended current awards).

273. It was previously possible to get help with childcare costs in WTC. To do so, a claimant needed to be working at least 16 hours a week if they are a lone parent. If a claimant was part of a couple, both members of the couple needed to be working at least 16 hours a week, unless the non-working partner was disabled, a carer or in hospital or prison. Claimants could get 70 per cent of their average weekly childcare costs, up to a maximum cost of £175 a week for one child, or £300 a week for two or more children, meaning that the most they could receive was £122.50 a week for one child, or £210 a week for two or more children. Claimants could only get help with childcare costs once they started work, and the work needed to be expected to last at least four weeks. If claimants stopped work, or dropped below 16 hours a week, there was a four-week run-on during which they could still get help with childcare costs. As a rule, childcare costs could only be claimed for childcare that had been provided.

274. UC allows parents in work to claim back 85 per cent of their childcare costs up to a certain limit. By default, childcare support is paid in arrears, with parents typically paying for it upfront out of their own pocket, and then claiming back the eligible costs afterwards. The 85 per cent limit means that parents pay at least 15 per cent of their childcare costs regardless of their income. If there is no childcare available within the cost limit, which has been frozen since 2016, parents have to pay any additional amount without help. While parents may get help with upfront childcare costs via the Flexible Support Fund, this is a discretionary fund available through Jobcentres that in CPAG's experience is generally not well-promoted or used. As a rule, UC will not pay for childcare that has not been provided.

275. During the pandemic, I understand there was a lack of clarity about how childcare costs would be dealt with in tax credits and in UC, given widespread closures of childcare services apart from those providing childcare to key workers. This was particularly concerning as we were receiving examples via our EWS of childcare providers continuing to charge parents/carers for childcare, even when they had been required to close in accordance with public health restrictions and as such were not actually providing childcare.

Working Tax Credit childcare costs during the pandemic

276. In respect of WTC, I understand that HMRC's advice as of mid-May 2020 was that if a claimant's childcare provider had asked them to pay fees as part of a retainer to keep their child's place in the service, and they would have to pay in full when their child was able to attend again, the childcare element in WTC could continue for at least four weeks. After four weeks, claimants were advised to report the change in circumstances and ask whether the childcare element could continue.

277. WTC childcare costs could also continue if the claimant was paying in advance for childcare in the future. For example, if their childcare provider had asked them to continue paying fees while their child was at home, but said that they would get a reduction on the fees when their child was able to attend again in the future, this could be covered by the childcare element in WTC. Claimants had to report the change in the amount they were paying.

278. I understand from my welfare rights colleagues that in practice HMRC was continuing to pay the childcare costs of WTC claimants even in cases where childcare was not being provided, for example in cases where families were paying to retain their child's place in the service, even though this was not reflected in changes to the statutory rules. This is in contrast to the situation for UC childcare costs, described in paragraphs 281 – 283 below.

279. I understand that from 7 September 2020, the childcare element of WTC was no longer paid for childcare that was not being provided. From that date, WTC claimants' children needed to be attending childcare in order for them to get help with childcare costs.

280. I understand from my welfare rights colleagues that the DWP guidance changed frequently between April and May 2020 in respect of UC childcare costs.

UC childcare costs during the pandemic

281. From April 2020, I understand that the DWP's position as expressed in public guidance was that claimants could not get UC childcare costs unless childcare was actually being provided, in line with the relevant legislation. This meant that parents/carers who were paying a retainer at their childcare provider for childcare that was not actually being provided could not recoup their childcare costs via UC, although as explained above, the position appears to have been different for WTC claimants. DWP advice for claimants who were paying for childcare that was not being provided due to Covid-19 appears to have been to speak to their childcare provider to see if the provider would reduce or waive their fees. I understand that on 29 April 2020, the DWP's 'Understanding Universal Credit' page stated that "Whilst the government's response to coronavirus is in place, unless you are a critical worker you will not be able to access Universal Credit childcare."

282. For parents/carers who were paying in advance for childcare, childcare costs could be included if they paid childcare costs for childcare that would be provided within the next two assessment periods, but would only be included in the assessment period in which the childcare was actually provided. For example, if a claimant's childcare provider asked them to continue paying half of their regular fees while their child was at home during April and May 2020, but said that they would then get a 50 per cent reduction on the fees when their child was able to attend again in June and July 2020, they were paying in advance, and so 85 per cent of the full cost of childcare could be included in their UC assessment periods for June and July 2020.

283. Throughout the pandemic, our EWS received many examples of families suffering financial hardship due to not being able to recoup childcare costs via UC, as the childcare had not actually been provided. Examples of this are set out in our 'Mind the Gaps' briefing published on 30 October 2020 (**SH/46 – INQ000608737**) and our EWS briefing on 'the Impact of Covid-19 on Families' (**SH/52 – INQ000608472**):

Client was getting the UC childcare element but has been furloughed so now has her child at home. Child minder is asking for payment in lieu of giving 4 weeks' notice that she would be removing her child and half payments to keep her place. It is unlikely that UC will reimburse the client for childcare that is not being provided." #427 (15/04/20)

A lone parent was furloughed from March until May [2020]. She was charged for 'virtual childcare' in April and May after the childcare provider sent activity packs and online materials to keep her children occupied at home. The woman paid the childcare provider but the costs were not reimbursed by the DWP

because childcare had not been provided and she was not working. She has not been able to pay for her childcare costs since she returned to work in June, having not been reimbursed for the money she has already paid for the period when she was not working. The DWP has told her that it cannot reimburse the childcare costs for the period from June onwards until the woman provides records that the childcare has been paid for.

Client has been getting UC childcare element since the beginning of lockdown, but UC now say they won't pay it any more as shouldn't pay for childcare not provided (their message doesn't however imply that she has been overpaid). She hasn't actually received any childcare since beginning of April, but her childminder has continued to insist on a retainer, which she has paid. She is now on furlough, getting reduced earnings, she has continued to claim childcare costs throughout. #1152 (05/06/20)

Other UK Government interventions

284. The following UK Government interventions fall outside CPAG's areas of expertise, and CPAG was not consulted or asked to advise on the design, implementation or monitoring of these interventions:

- a. Loans to businesses including the Bounce Back Loan Scheme, Coronavirus Business Interruption Loan Scheme, the Coronavirus Large Business Interruption Loan Scheme;
- b. Covid Corporate Financing Facility;
- c. Business rate relief;
- d. Grants to businesses;
- e. Eat Out to Help Out; and
- f. Changes to the insolvency rules.

England

285. In the following section I consider the key economic interventions designed by the UK Government which provided support to low-income families and children in England during the pandemic, including:

- a. Additional support for local authorities, including the Hardship Fund and Local Authority Emergency Assistance Grant;
- b. Household Support Fund ("**HSF**");
- c. Test and Trace Support Payment;
- d. FSMs replacement; and
- e. Funding to provide digital devices.

Additional support for local authorities, including the Hardship Fund and Local Authority Emergency Assistance Grant

286. On 24 March 2020, the MHCLG announced a £500 million Hardship Fund for local authorities in England, to support those in receipt of Local Council Tax Support schemes during the pandemic by reducing their Council Tax liability. Local authorities could also use the funding to provide further discretionary support to low-income households through LWAS.

287. On 11 June 2020, the UK Government announced that it would provide £63 million to local authorities in England through the new Local Authority Emergency Assistance Grant, to be administered by DEFRA, with the aim of supporting people who were struggling to afford food and other essentials due to Covid-19. This funding was intended to be spent within 12 weeks.

288. CPAG was not consulted or asked to advise or comment on the UK Government's decision to provide additional financial support to local authorities in England via these various grants administered by different departments, nor was CPAG consulted or asked to advise or comment on the design, implementation, or monitoring of this support. CPAG independently undertook to collect evidence via our EWS and via surveys conducted by our Cost of the School Day project of the gaps in support that existed for children and families affected by the Covid-19 pandemic.

289. In June 2020, CPAG published a report highlighting key principles for good LWAS during Covid-19 based on our research into how local authorities were spending the money they had been allocated from the MHCLG's Hardship Fund, called '*Cash in a crisis: Best practice on local welfare assistance for local authorities during Covid-19*' (**SH/09 – INQ000608703**). In our report, we welcomed the UK Government's additional support for local authorities in England, given that the loss of jobs and incomes resulting from Covid-

19 meant that many households would likely be struggling to meet their Council Tax payments. We also welcomed the fact that the UK Government had answered the LGA's calls for local flexibility over some of the hardship funding, so that local authorities could use their remaining grant allocation to provide Council Tax relief to those not eligible for Council Tax support, or provide additional discretionary support outside the Council Tax system in the form of local welfare assistance, for example.

290. Nonetheless, with 343 local authorities in England, we highlighted our concerns that the additional allocation of funds would not stretch far enough and the intention to deliver the majority of this support through Council Tax relief would miss families who needed support in other ways. For example, at least 10 (almost a third of all) local authorities in London told us that they expected all of the money allocated to them from the Hardship Fund to be spent on Council Tax relief, although we also found that some local authorities had effectively 'topped up' the money in their LWAS with money left over from the Hardship Fund. We echoed our call, made jointly with The Trussell Trust, The Children's Society, Independent Food Aid Network, JRF, StepChange Debt Charity and Turn2us, for a further increase in funding of £250 million to higher-tier local authorities in England on a one-year basis to improve their capacity to deliver local welfare assistance.

291. In terms of our advice to local authorities, we advised that local authorities should, in the design of their LWAS, prioritise cash payments, rather than in-kind support; relax the qualifying criteria of their schemes to support those most affected (such as those with NRPF, who have not been continuously resident in the area for the previous six months, or who had previously received an award); to promote the scheme widely to the public, make eligibility clear, and make the application process as simple as possible; and collect, maintain, and publish key data on awards made to applicants, collect data on the characteristics of applicants and keep records of the impact of awards.

292. Importantly, we emphasised the need for national social security policy change, given our view that it should not fall to local authorities and LWAS to have to mitigate the worst effects of national policies that are pushing children and families into poverty. Given that LWAS are discretionary and require families to know about them and apply for them, we noted that they could never be an adequate substitute for support delivered through the wider social security system which would always be more effective at getting money to low-income families quickly and at scale.

293. We gathered evidence on the impact of Covid-19 on education and children's services (summarised at Row 36 of Annex 2), which included an example of a family receiving no

information about accessing financial or practical support from local authorities, obtained through our Cost of the School Day project:

“I received nothing from council or housing association. I initially felt quite forgotten about, only a couple of my neighbours asked if we were ok.”

294. In our joint report with the Church of England '*Poverty in the pandemic*', published in August 2020, only six online respondents (out of the 285 low-income families living in England surveyed) said they had received additional Council Tax support (**SH/03 – INQ000608720**). Only one interviewee and one online respondent said they had received help through a LWAS. Family support workers and other practitioners were often instrumental in signposting to local services and ensuring families got the support they needed.
295. On 7 November 2020, CPAG's Chief Executive Alison Garnham met with the Minister for Welfare Delivery Will Quince MP. The Minister told Alison that on 8 November 2020, the UK Government would announce a £170 million COVID Winter Grant Scheme to local authorities to provide support to families over the winter. 80 per cent of this funding would be ringfenced for essentials, including food and bills. Funding would be required to be spent between December 2020 and March 2021. This support could take the form of cash grants. The Minister also explained that local authorities would receive £220 million from the DfE for the roll-out of the HAF programme. The Minister subsequently announced the details of the schemes he discussed with Alison Garnham on 8 November 2020.
296. In January 2021, we published further guidance to support local authorities to think about how any additional funding received can best help to tackle child poverty, '*Using Covid-19 funding to tackle child poverty: Guidance for local councils in England*' (**SH/10 – INQ000608759**). We reiterated the previous guidance we provided to local authorities, including to prioritise cash payments, take steps to simplify application processes, broaden the number of families eligible for support, allow flexibility, and extend support to families with NRPF.
297. On 3 March 2021, during Alison Garnham's meeting with the Minister for Welfare Delivery Will Quince MP together with representatives from Citizens' Advice Bureau, The Trussell Trust, and JRF to discuss the 2021 Budget, I understand from Alison that colleagues from the Trussell Trust raised the issue of the need for more sustainable funding for LWAS. I understand from Alison that the Minister advised our organisations that as LWAS funding comes under Departmental Expenditure Limits rather than Annually

Managed Expenditure, that issues related to LWAS could be dealt with in a spending review. The Minister advised that there was a possibility that there would be an autumn statement in 2021.

298. On 14 April 2021 the UK Government announced that the COVID Winter Support Grant would be renamed the COVID Local Support Grant, and would be extended to cover the period of 17 April 2021 to 20 June 2021. The COVID Local Support Grant would provide an additional £40 million to fund county councils and local authorities to provide direct assistance to support families with children other vulnerable households, and individuals in need. The Covid Local Support Grant was further extended again to cover the period between 21 June 2021 and 30 September 2021, providing a further £160 million to local authorities.

Household Support Fund (HSF)

299. On 31 September 2021, the UK Government announced a £500 million HSF which would enable low-income households to access support with essentials over the winter. The HSF was to be distributed by local authorities in England, in the form of small payments to meet daily needs such as food, clothing and utilities.
300. CPAG was not consulted in the design of the HSF, although we welcomed the investment into further support for families. That being said, we were concerned that the UK Government's guidance for the HSF encouraged local authorities to provide support via vouchers rather than cash (as noted in our briefing 'Covid Realities: Documenting Life on a Low Income During the Pandemic' dated 24 January 2022 (**SH/53 – INQ000608808**)).
301. We were able to monitor the impact of the implementation of the HSF through our usual channels as well as through a project we were running between 2021 and 2023 named Your Work, Your Way. Clients on this programme reported that the HSF was a lifeline for their families, and for some, the HSF meant they did not have to use a food bank. Two examples come from our joint report with abrdn Financial Fairness Trust '*You have to take it back to the bricks*': *Reforming emergency support to demand for food banks*' report published in March 2022 (**SH/11 – INQ000608816**):

“My partner changed jobs earlier in the month and without the household support fund we would have had to rely on family/friends or would have needed to go to a food bank which I don't like doing. My partner works full time and more often than not we have to rely on family and friends to help out with food. I don't like relying on them and I am planning to work once I have passed my

driving test with the help of Your Work, Your Way. We cannot live off my partner's working wage and UC for much longer due to the cost of living increases – it isn't working.” – Your Work, Your Way client, Taunton, two children.”

“The household support fund really helped me and my family as I have four children and my eldest as a teen eats all the time! This month I have not had to ask my Mum for food shopping. I don't like to rely on my mum for food but she would not see her grandchildren go hungry. I have not accessed a food bank but may have to in the future. I cannot work at the moment as my youngest is not in school and it's too expensive to pay for nursery for him.” – Your Work, Your Way client, Taunton, two children

302. At the same time, we also heard from Citizen's Advice Taunton that the Citizen's Advice Network in Somerset had to stop taking applications for HSF in February 2021, as Somerset Council's allocation of HSF grants had already run out.

303. With the HSF due to run out on 31 March 2022, we knew that many councils in England were facing a funding cliff-edge. While campaigning for an extension to the HSF, CPAG also noted the need for a better, more coordinated and coherent system for emergency assistance in England, with multi-year funding commitments rather than ad-hoc short-term funding, which in our view would best serve low-income families and children.

304. On 23 March 2022, the Chancellor announced an extension to the HSF to 30 September 2022, with an additional £500 million of funding to be used by local authorities to support low-income families and households. In our *'Briefing for Parliamentarians'* on the 2022 Spring Statement, which we circulated to all MPs, we commented that since the removal of the £20 uplift to UC and WTC, the HSF had become a way for the Government to push the consequences of its refusal to address inadequate levels of social security on to local councils (**SH/54 – INQ000608814**). We expressed our concern that this emergency funding, having been announced last-minute, gave local authorities no time to plan how they could make best use of it to support those in need.

Test and Trace Support Payment

305. On 20 September 2020, the UK Government announced a new £500 lump sum Test and Trace Support Payment for people on low incomes in England required to self-isolate in England, who were unable to work at home.

306. CPAG was not consulted on the design of the Test and Trace Support Payment. While we welcomed the introduction of the Test and Trace Support Payment, we had a number of concerns. First, we were concerned that people who were not claiming a qualifying benefit would be excluded. Second, we identified a lack of clarity as to whether people would be able to make a claim for the support payment more than once, given that it was described as a one-off payment. This was particularly relevant for families with children, as parents face the increased likelihood of having to self-isolate with their children if there was a Covid-19 outbreak at school, as well as self-isolation that may be necessary due to outbreaks at work or in other social interactions. Third, having seen cases via our EWS of people on low incomes who cannot work at home being required to self-isolate and being left without financial support, we were concerned at the lack of clarity as to whether the scheme extended to parents who needed to care for a child who is required to self-isolate. The issue was referred to in our Mind the Gaps briefing of 30 October 2020 (**SH/46 – INQ000608737**) which was shared with the DWP on the same day, and with another DWP contact on 26 November 2020. I do not recall there was any further discussion of this issue with DWP.

307. We monitored the implementation of the Test and Trace Support Payment, namely through our EWS system. In general, we found from the examples we received that there was confusion about how the different support schemes introduced would impact on benefit entitlement. We sought to feed this back to the DWP via our EWS briefings.

Free School Meals in England

308. Schools in England closed for the majority of pupils on 20 March 2020. On 19 March 2020, the DfE published guidance for schools in England giving them the flexibility to provide meals or shop vouchers to children entitled to FSMs. The DfE stated that schools would be able to order vouchers directly from supermarkets or shops in their communities to be emailed or printed and posted to families, with the cost to be covered by the DfE. At this point, a national approach to providing supermarket and shop vouchers was still being developed.

309. CPAG wrote to the Education Secretary on 20 March 2020 responding to the DfE's reported plans to establish a national scheme for the provision of supermarket vouchers to replace FSMs (**SH/55 – INQ000608333**). We argued that the DfE should take a more effective approach using the UK's existing infrastructure for supporting families, with our key recommendation being an increase in Child Benefit in the form of an extra £10 per child per week. We also outlined our concerns with a voucher scheme as compared to

direct cash transfers, including that a voucher scheme would likely tie families to certain large retailers and reduce their options; require families to take public transport with additional costs and risk to health; prevent families in self-isolation from being able to ask neighbours for assistance to shop on their behalf for small value essentials; and create stigma within families (as demonstrated through previous voucher schemes such as the scheme for asylum seekers).

310. On 31 March 2020, the DfE announced the launch of the national voucher scheme for children eligible for FSMs. Through the scheme, parents would be able to receive a voucher through their child's school which could be redeemed online via a code or sent to their house as a gift card and used at specified supermarkets. The DfE awarded a contract to administer the voucher scheme to a private contractor, Edenred.

311. Given the proximity of the Easter and May half term 2020 holidays, there were concerns among families as to whether the vouchers would operate during term-time only. On 4 April 2020, the Chancellor of the Duchy of Lancaster announced vouchers would be available over the Easter holidays.

312. In addition, on 7 April 2020, the DfE announced a package of financial support to schools to cover specific costs incurred as a result of the pandemic where schools were unable to meet these from their existing resources. One of the specific costs that schools could claim for was support for FSMs for eligible children who were not attending school, where those costs were not covered by the national voucher scheme.

313. From April 2020, it transpired that major problems were emerging with the FSM voucher scheme. Some of these problems related to the administration of the scheme. One lone parent told CPAG's Cost of the School Day project about the challenges they were facing (as noted in our briefing 'Parents and Children's Experiences of School Closures: Latest Survey Findings' dated 20 May 2020 (**SH/56 – INQ000608690**)):

"I'm not regularly getting the email codes. It is not easy to log in. You have to use the vouchers in multiples of 10. I've only had 3 weeks in total but lockdown has been longer."

314. Other problems related to the design of the scheme. As we had foreseen could happen with the voucher scheme in our 20 March 2020 letter to the Secretary of State for Education (**SH/55 – INQ000608333**), families reported to us that the fact that the vouchers did not allow for change to be given left them facing embarrassment at the till. In addition, families reported being restricted in their shopping choices, often having to walk long

distances or take public transport to one of the agreed retailers, which could affect social distancing and was often impractical with young children. In rural areas, getting to one of the agreed retailers was particularly difficult. Some parents reported feeling nervous about leaving home to travel to a supermarket that was not local, and some families felt stigmatised, either through having to show the voucher at the till or by the limitations set on where parents can shop.

315. These problems left hundreds of thousands of children without the support to which they were entitled. In England, some schools responded to problems with the national voucher scheme by introducing their own initiatives, such as providing cash payments directly to families or offering home delivery services or grab bag options.

316. On 7 April 2020, the DfE introduced guidance allowing schools in England to claim back money for provisions they had put in place, in acknowledgement that the voucher scheme was initially hard to access and not delivering for families. However, the guidance from the DfE did not include direct cash payments as one of the approved approaches that schools could recuperate their spending on. Schools were left unsure whether they would be reimbursed by central government for non-Edenred initiatives and outlay, leaving them potentially out of pocket and facing budget shortfalls. Although this was an issue we raised with the DfE and through other channels, it was never changed, meaning that these schools possibly missed out on funding even though they did what was best for their school community. We considered that this was particularly problematic, as our research during the first national lockdown found that 81 per cent of families who were receiving direct payments said this method was working extremely well or very well for them, far higher than any other method. Families we spoke to reported that this approach allowed flexibility, dignity, safety and convenience, which they all highly valued.

317. On 24 May 2020, the UK Government announced that a number of school years would return to school on 1 June 2020, including younger pupils. On 9 June 2020, the UK Government reversed this decision, instead stating that primary pupils would instead return in September 2020. Around this time, UK Government Ministers repeatedly stated that FSM provision for students would not cover the summer holidays. For example, the DfE published a blog post on 15 June 2020 stating that the FSM voucher scheme would not continue during the summer break, and that instead, £63 million had been invested in LWAS to help those struggling to afford food and essentials.

318. On 5 June 2020, Johann Vaucanson, Managing Director of Edenred UK wrote to Louisa McGeehan, then Director of Policy, Rights and Advocacy at CPAG, to provide an

update on Edenred's progress on the delivery of the national voucher scheme. It acknowledged that Edenred had experienced some "technical challenges" due to the significant demand the scheme was placed under as well as the decision to extend the scheme through the Easter holiday **(SH/57 – INQ000608422)**.

319. Following concerted efforts by CPAG and other civil society groups, campaigners, trade unions, as well as footballer Marcus Rashford, on 16 June 2020, the UK Government announced a new £120 million COVID Summer Food Fund, to enable eligible children registered for FSMs to continue to access support over the summer holidays.

320. On 25 June 2020, the DfE introduced guidance on the COVID Summer Food Fund. The guidance introduced some new flexibility into the FSM voucher scheme, for example, by stating that the full value vouchers did not need to be spent in one transaction. The guidance also confirmed that funding would cover existing alternative voucher schemes in cases where eligible families would be unable to access the supermarkets available via the Edenred scheme. Schools would be able to claim for the £90 per pupil costs incurred in providing this alternative support through the exceptional costs fund in the autumn, provided schools had ordered their vouchers one week before their school term ended.

321. The 25 June 2020 guidance also confirmed that the DfE had temporarily extended eligibility to some groups with NRPF, including children of *Zambrano* carers;⁸ children of families with NRPF with a right to remain in the UK on grounds of private and family life under Article 8 of the European Convention on Human Rights; and children of families receiving support under Section 17 of the Children Act 1989 who are also subject to a NRPF restriction. We signed a joint letter organised and sent to the Secretary of State for Education on 14 August 2020 by The Children's Society calling on the Secretary of State for Education Gavin Williamson to make this policy permanent and ensure that these children would continue to be eligible for FSMs **(SH/58 – INQ000608843)**.

322. We sent our '*Cost of learning in lockdown*' report to Edenred in around June 2020. On 7 July 2020, Johann Vaucanson, Managing Director at Edenred UK responded, acknowledging the concern we had raised regarding accessibility of shops, and confirming that some supermarket vouchers could now be used online **(SH/59 – INQ000608462)**.

323. On 2 July 2020, we organised a joint letter to the Parliamentary Under Secretary of State for Children and Families Vicky Ford MP along with other children's rights and anti-

⁸ The guidance describes a Zambrano carer as the primary carer of a British citizen child or dependent adult, where requiring the primary carer to leave the UK would force that British citizen to leave the European Economic Area (EEA).

poverty organisations, a copy of which was also sent to the Secretary of State for Education (**SH/60 – INQ000608458**). While welcoming the Government's extension of FSM entitlements over the summer holidays and its new guidance released on 25 June 2020, we raised a number of queries, including in respect of whether Edenred would be equipped to deal with the large wave of schools who would be signing up to the scheme before the holidays; the Government's strategy to ensure all schools were signed up in advance of the summer holidays; whether Edenred would be available to provide support to families given that school staff would not be around to help resolve technical problems; whether the number of retailers available as part of the scheme be reviewed and increase; and whether the DfE would fund other FSM replacements, such as direct payments to families, given the problems that we and others had already identified in respect of the voucher scheme, particularly in rural areas. The Parliamentary Under Secretary of State for Children and Families Vicky Ford MP responded to our joint letter on 8 September 2020 (**SH/61 – INQ000608525**), noting that Edenred had reported that over £380 million worth of voucher codes had been redeemed as of 19 August and over 20,350 schools had placed orders as of 28 July; that schools who had not activated their Edenred account had received step-by-step instructions as to how to do so; that Edenred had customer service channels available to support families and schools through the summer holiday period; that Edenred had expanded the number of supermarkets available on its scheme; and that schools could claim for the cost of alternative schemes to provide families who could not access the voucher scheme with FSM replacements.

324. On 1 September 2020, CPAG's Project Lead for the Education Team, Kate Anstey, along with Action for Children and The Children's Society met with DfE and DEFRA officials to discuss food poverty and particularly FSMs. Our organisations discussed issues faced by families with accessing the Edenred voucher scheme, and highlighted the importance of a 'cash first' approach. I understand from Kate that the DfE's response to the call for a 'cash first' approach was that it needed to set up the FSM system quickly, and that vouchers were a way to ensure that money provided to families was spent on food for children. In response to this point, our organisations highlighted that cash replacements were not just about food, but more widely, family budgets. I understand that the DWP's response was that a cash-based approach was preferable, but that vouchers had seemed like the best solution in light of the pandemic.

325. In September 2020, we wrote to English MPs ahead of the Comprehensive Spending Review on the case for expanding FSMs (**SH/62 – INQ000608727**). We argued that eligibility for FSMs should be extended to all families receiving universal credit (or

equivalent benefits); that the Government should permanently extend free school meal entitlements to families with NRPF; and that the Government should retain universal infant FSMs. In addition, CPAG called for an increase in Child Benefit of £10 per child per week to ensure parents can cover the additional costs of raising their children.

326. On 8 November 2020, the UK Government announced the COVID Winter Grant Scheme (see paragraph 295 above) as well as the extension of the HAF programme (which had been piloted prior to the pandemic) which would provide food and activities for disadvantaged children over Easter, summer, and Christmas in 2021.

327. On 4 January 2021, following the announcement of the third national lockdown, schools again closed for most pupils. The Education Secretary subsequently announced that families entitled to FSMs would again be offered food parcels or vouchers.

328. On 11 January 2021, CPAG and Children North East wrote a joint letter to the Secretary of State for Education **SH/63 – INQ000608548**). We urged the UK Government to learn lessons from the first lockdown, in particular our research with low-income families and children, and make decisions based a child and family-centered framework. In particular, we called on the Secretary of State to prioritise cash payments to families as a replacement for FSMs, take urgent action to ensure all children have the learning tools they need to take part in the curriculum, and provide families with greater financial support to cover the increased costs they were facing as a result of the pandemic. We did not receive a response to this letter.

329. During the third lockdown, significant concerns were raised by campaigners including CPAG as regards to the quality of the provision. The UK Government guidance stated that vouchers or parcels would not be provided during February half-term, and instead, that families could seek support via the COVID Winter Grant Scheme.

330. On 24 March 2022, the Minister for Welfare Delivery announced that the pandemic-related extension of FSMs to some children of families with NRPF would be made permanent and extended to children of all families with NRPF, subject to the following income thresholds: £22,700 per annum for families outside London with one child; £31,200 per annum for families within London with one child; £26,300 per annum for families outside London with two or more children; and £34,800 per annum for families within London with two or more children. This was introduced on 19 April 2022.

Funding to provide digital devices in England

331. On 19 April 2020, the DfE pledged £85 million to provide free digital devices to eligible pupils in certain year groups, those who receive support from a social worker, and care leavers in England. On 24 April 2020, the DfE announced that the Government had committed over £100 million to boost remote education, including by providing devices and internet access to pupils who did not have access to these resources. To deliver these commitments, we understand the DfE worked out allocations for schools based on how many disadvantaged children they had in years 3 to 11.
332. We continuously monitored the DfE's commitments to provide digital devices to pupils, including through conversations with schools. Over time, we became concerned that the DfE would not be able to meet its commitments, leaving many children unable to access remote education. At the time of our Cost of the School Day surveys in May 2020, almost a quarter of families reported not having what they needed for home learning (**SH/56 – INQ000608690**). Less financially-secure households were twice as likely to have had to purchase printers or digital devices, and over four times as likely to have invested in internet access. More widely, we found that 40 per cent of families who experienced a change in their financial circumstances had not looked for or received financial support during school closures. Parents and carers highlighted a number of challenges in accessing financial support, with one in three parents and carers who tried to access support told us that they found identifying and accessing support 'difficult' or 'very difficult'; available support often did not address a family's lack of resources for learning at home; and some families expressing frustration that they did not qualify for help but nonetheless were really struggling due to considerable changes to their household income.
333. On 15 May 2020, the DfE ordered 230,000 laptops, and in June 2020 the Education Secretary committed to distributing all of them to households in need by the end of June. By the end of June 2020, however, the DfE had not only missed the delivery target (according to the DfE's Devices and 4G Wireless Routers Data, 202,212 out of 230,000 laptops had been delivered by end of June 2020) but had also underestimated the number of devices required to support home education across all age groups.
334. Throughout the period of school closures, we heard from schools that demand for devices often outstripped availability, with some schools reporting that they did not receive their full allocation from the DfE. When laptops did reach local authorities and schools, we heard of cases where the devices did not have the appropriate software installed, delaying the time it took to get them to pupils.

335. In October 2020, the DfE announced plans to change the allocation process for digital devices to schools, so that schools would only be able to claim 20 per cent of the devices they had been allocated. This decision was eventually reversed following criticism.
336. On 20 December 2020, the DfE announced that it had delivered 560,000 digital devices to schools and councils in 2020, and that it had purchased a further 440,000 devices to distribute to schools and councils. It further announced the investment of £300 million to support remote education, including providing devices and internet access to pupils who required this support. On 12 January 2021, the DfE announced that a further 300,000 laptops and tablets would be distributed to support children and young people to learn at home.
337. In January 2021, we published a briefing with Children North East on '*Digital exclusion during the pandemic*' (**SH/64 – INQ000608761**). We called on the DfE to rapidly speed up the distribution timetable of the 440,000 purchased devices currently available to schools, increase the number of devices schools could apply for, and provide parents or schools with cash grants allowing them to purchase ICT equipment to enable pupils to learn from home. We also reiterated our call for Child Benefit to be increased by £10 a week.
338. Throughout the pandemic, we continuously sought to highlight the fact that the DfE's support for 'disadvantaged' pupils would always fall short because the department's criteria for what it means to be disadvantaged is too narrow – only stretching to children eligible for FSMs. Many school-aged children in England are living below the poverty line but do not qualify for FSMs. The main reason for this is because their parents have low-paid jobs that take them just over the eligibility threshold (as explained in our briefing for MPs on Expanding Eligibility for Free School Meals (**SH/62 – INQ000608727**)). Unfortunately, these families were excluded from the support packages provided by the DfE (whether digital or food-based), despite the fact that many would have benefitted greatly during this period.

Scotland

339. In the following section I consider the key economic interventions designed by the Scottish Government which provided support to low-income families and children in Scotland during the pandemic, including:
- a. Increased funding to the SWF;
 - b. The Covid Hardship, SCP Bridging, and Low Income Pandemic Payments;

- c. FSM replacements;
- d. Investment in laptops for disadvantaged learners; and
- e. Schemes to support self-employed workers.

Increased funding to Scottish Welfare Fund (“SWF”)

340. On 18 March 2020, the Scottish Government allocated an additional £45 million to the SWF. While we were not consulted on the Scottish Government’s decision to allocate additional funding to the SWF, CPAG in Scotland welcomed this move and the positive impact it would have on low-income families and children.

341. As the pandemic continued, we became increasingly concerned about issues and challenges many families across Scotland were experiencing while accessing SWF, which were reported to us via our EWS. The total expenditure on the SWF was £8.6 million between April and June 2020, which was lower than the £9.7 million spent over the same period in 2019, and also only 15 per cent of the £57.6 million available for 2020/2021. We would have expected that more of the funding available would have been used to provide a much-needed lifeline for people experiencing financial hardship.

342. On 13 May 2020, CPAG in Scotland coordinated a letter calling for the Scottish Government to use its devolved powers to deliver immediate emergency support to low-income children and families, amounting to at least the equivalent of £10 per week per child (**SH/65 – INQ000608390**). The letter set out a range of options for delivering such support including options of further investment into the SWF to provide a new coronavirus crisis grant for all low-income families, whilst retaining and boosting the capacity of the existing Fund to support all those facing income crisis. We received a response from the First Minister on 22 May 2020 which restated existing support being provided by Scottish government but did not commit further resources to the SWF or any other of the options outlined in our letter (**SH/66 – INQ000608844**).

343. On 8 July 2020, CPAG in Scotland wrote a private joint briefing paper with Aberlour,⁹ OPFS, the Trussell Trust, and Professor Morag Treanor (Professor of Social Policy and Inequality at the University of Glasgow and Deputy Chair of the Scottish Government’s statutory Poverty and Inequality Commission from 2019 to 2023) on the challenges and issues we were seeing with the SWF during lockdown (**SH/67 – INQ000608714**). While

⁹ Aberlour Children’s Charity helps disadvantaged children and families in Scotland, offering a range of practical and emotional care and support services across Scotland.

some of these issues had existed prior to the pandemic, the pandemic had magnified them at a time of urgent need for low-income families.

344. The first issue some families reported experiencing was the apparent suspension of CCGs in certain areas. Specifically, our colleagues in Aberlour found that of the families they supported to apply to SWF for CCGs, most had been refused due to the CCG element of the fund reportedly being 'closed' or 'suspended'. Many other supporting organisations reported at the time that they were hearing by word of mouth that this was the case, and therefore they were not advising or supporting families to apply to the SWF currently.

345. The second issue we identified was in respect of the accessibility of the SWF. Our organisations found that the application process for SWF was creating further barriers for families. For example, some local authorities had moved to online applications only, meaning that families who were digitally excluded with limited or no access to devices or data could not apply. In addition, we found that navigating many local authority websites to access the relevant SWF pages and information could be convoluted and unclear. Some local authorities were processing telephone only applications, but telephone lines were frequently busy and some phone numbers were freephone numbers which created further costs for families.

346. Finally, we found that while SWF was being promoted on local authority websites, it was generally not well-advertised and information regarding SWF appeared out of date or incorrect. At the point of drafting the joint briefing, there was little or no reference to the pandemic in relation to SWF on most local authority websites. Many websites contained incorrect information regarding eligibility criteria and did not reflect updated guidance information from the Scottish Government regarding the relaxation of eligibility. There was also an absence of accessible information for applicants with limited literacy skills or for whom English is a second language. More widely, a lack of promotion of SWF meant there was limited knowledge or awareness of the SWF, both amongst families eligible for support via SWF and also amongst organisations that provide support to families.

347. In our joint briefing, we made recommendations to improve the accessibility and administration of SWF, including ensuring that CCGs are open across all local authorities and available to all those who require support to access essential goods and items; simplifying the application process to ensure it is consistent, easily accessible and includes easy read information, as well as including information in relevant languages; updating and revising guidance for local authorities regarding the accessibility and administration of SWF to improve consistency of decision making and promote good practice across all

areas; and better promoting SWF nationally and locally to promote knowledge and awareness of the fund amongst the general public. We were concerned these issues were preventing the SWF from acting as the safety net it was intended to be for some families in urgent financial need.

348. On 8 July 2020, the Director of CPAG in Scotland John Dickie, alongside representatives from Aberlour, OPFS, the Trussell Trust, and Professor Morag Treanor, met with the following officials from the Scottish Government, to discuss the issues in our joint briefing on the SWF: Chris Graham, the official with policy responsibility for SWF; Hannah Graham from the Scottish Child Payment team; and Andrew Fraser, from the Social Justice team. I understand from John that there was no specific outcome resulting from that meeting.

349. Subsequently, CPAG In Scotland sent the joint briefing on the SWF to the Scottish Government's Social Security Directorate Financial Security Policy Circle.

350. Around September 2020, CPAG in Scotland collated our own evidence on the role of Scottish Social Security in the pandemic (summarised in Annex 2 at row 60) as well as working jointly with Aberlour and OPFS to collate additional evidence (summarised in Annex 2 at row 62). Many of the issues reported to our organisations were consistent with those highlighted by the Poverty and Inequality Commission's briefing paper on the role of SWF during the Covid-19 pandemic published in August 2020.

The Covid Hardship, SCP Bridging, and Low-Income Pandemic Payments

351. The Scottish Ministers first announced the SCP on 26 June 2019, with the aim of making the SCP available to children under the age of 6 before the end of March 2021 and to all eligible children aged under 16 by the end of 2022. SCP was to be the first benefit administered by Social Security Scotland on a high-volume, recurrent basis, after the establishment of Social Security Scotland in 2018. CPAG in Scotland played an instrumental role in securing the Scottish Government's commitment to introducing the SCP.

352. As discussed in paragraph 124 above, the Scottish Government introduced the SCP on 15 February 2021. The pandemic thus unfolded against the wider context of Social Security Scotland building up its operational capacity to deliver the SCP and the Scottish Government's pre-existing commitment to deliver the SCP to children under the age of 6 by March 2021 and all eligible children aged under 16 by the end of 2022.

353. From the start of the pandemic, my colleagues in CPAG in Scotland highlighted the need for the Scottish Government to use the powers and structures available in Scotland to provide additional financial support to low-income families and children, in the context of the Scottish Government's pre-existing commitment to deliver the SCP and in advance of the official launch of the SCP. In March 2020, following a meeting of the Scottish Government's Directors Group on Child Poverty, CPAG in Scotland's Director John Dickie proactively reached out to officials in the Social Justice and Regeneration Division of the Scottish Government to highlight our concerns that the Scottish Government's initial thinking regarding its response to the pandemic involved supporting food banks, charity food redistribution, and building on holiday programmes that included food, rather than using the mechanisms available to it at a local and national level to make cash payments to support families. We voiced our readiness to discuss possible mechanisms to support families in dignified, stigma-free ways.

354. On 13 May 2020 CPAG in Scotland took the lead role in organising and sending a joint letter signed by a broad coalition of national organisations, community groups, academics, trade unions, and faith groups, to the First Minister, calling on the Scottish Government to provide an urgent, direct financial boost to all low-income families prior to the introduction of the SCP (**SH/65 – INQ000608390**). We set out a list of options for how the Scottish Government could deliver this, for example, using Best Start legislation and payment systems to introduce new or increased payments of Best Start Grants; investing further in the SWF (discussed in paragraphs 340-350 above); increasing School Clothing Grant payments; topping up benefits that go to families to help with the costs of raising children; or using local government powers to provide payments to advance the wellbeing of children. We also suggested other forms of targeted support, including increasing the value of Best Start Foods, providing a crisis grants for families awaiting their first UC payment, providing additional direct payments to families affected by the two-child limit, and further increasing the DHP budget and directing local authorities to target additional funds towards those affected by the benefit cap.

355. Our joint letter noted that the Scottish Government would need to make judgements as to the organisational capacity within local authorities and Social Security Scotland, as well as the need to engage and work with UK agencies, and therefore a combination of the options set out in the letter may be needed to deliver support quickly. We ultimately emphasised that such support would be an essential foundation on which to build the full package of financial, practical and emotional support needed to protect children's wellbeing.

356. Also in May 2020, on behalf of our partners in the Children's Sector Strategic Forum, we drafted and sent a briefing paper, '*Towards recovery and renewal – child poverty priorities*' (**SH/68 – INQ000608411**) to Scottish Government officials and later, to Scottish Government Ministers, setting out in greater detail our proposals for greater support to be provided to low-income families.
357. The First Minister responded to our 13 May 2020 joint letter on 22 May 2020, reiterating that the delivery of the SCP was a priority for the Scottish Government (**SH/66 – INQ000608844**). It stated, "Whilst we want to do more if possible, we must also recognise that introducing any further changes to our social security programme risks not only the delivery of current benefits, but also delays to this vital new payment. We are also mindful of the capacity that exists within the social security programme, Social Security Scotland, our local authorities and the Department for Work and Pensions to design and implement any changes. Weighing these considerations in full, and to ensure that we do not risk the successful delivery of the Scottish Child Payment – which will provide invaluable support in the longer term – I believe that the combined measures we have put in place strike the correct balance. However, we will continue to keep that under review".
358. CPAG in Scotland continued to make the case for the need for additional support to be provided to families in light of the urgent circumstances of the pandemic, and urged the Scottish Government to explore different options for delivering this support. CPAG in Scotland's Director, John Dickie, raised the options proposed in the paper in various meetings, including at the Social Security Stakeholder Roundtable hosted by the Cabinet Secretary for Social Security and Older People on 15 June 2020, a meeting of the Directors Group on Child Poverty on 10 August 2020 (in his role as a representative for the Children's Sector Strategic Forum alongside Satwat Rehman at OPFS - described at paragraph 89 above), a meeting on 24 August 2020 with Ann McVie, Deputy Director of Social Security Policy in the Scottish Government, and a meeting on 25 August 2020 with Phil Alcock, Team Leader – Health and Wellbeing in Schools in the Scottish Government.
359. In December 2020, the Scottish Government announced the 'COVID winter hardship payment' scheme, to provide £100 for each child in receipt of FSMs due to reasons of low-income (Primary 1 to Primary 3 pupils receiving FSMs due to universal provision were not eligible), to be delivered by local authorities. Subsequently, the Scottish Government announced the Scottish Child Payment Bridging Payments - a series of quarterly payments over the 2021 calendar year, to provide £100-£160 for each child who was in receipt of FSMs due to reasons of low-income, again to be delivered by local authorities. In total this support comprised a £100 COVID Hardship Spring payment; a £100 Family Pandemic

Payment (for summer 2021); a £160 Autumn payment; and a £160 Family Pandemic Payment (plus uplift) (for winter 2021).

360. In 2021, the Scottish Government announced that a further, one-off £130 Low Income Pandemic Payment would be made by 31 October 2021 to households which were in receipt of Council Tax Reduction/Second Adult Rebate, or which did not pay Council Tax for one of the following reasons during the month of April 2021: they were living in temporary accommodation, including a refuge; their home was unoccupied because they were being cared for or were caring for someone else; or if all members of the household were care leavers, under 18 or severely mentally impaired.

361. CPAG in Scotland was not consulted on the design of the Covid winter hardship payment, Scottish Child Payment Bridging Payments, or Low Income Pandemic Payment, but my colleague John Dickie's impression is that the impetus for these specific hardship payments was CPAG in Scotland's and other organisations' campaigning for additional support to be delivered to low-income families and children in light of the pandemic, in the context of the Scottish Government pre-existing commitment to deliver the SCP and in advance of the official launch of the SCP.

362. CPAG in Scotland did monitor the implementation of these different hardship payments. For example, we provided feedback to the Scottish Government and CoSLA on the guidance issued to local authorities in April 2021 on Pandemic Support Payments, highlighting our concerns regarding the stringent eligibility criteria for the Pandemic Support Payments which meant that some families below the poverty line would nonetheless miss out as well as other issues that could arise from the administration of these payments by local authorities.

Free School Meal replacements

363. Schools closed for most pupils in Scotland on 20 March 2020. On 18 March 2020, we signed a joint open letter with other organisations to the Scottish Government highlighting the potential impact of Covid-19 school closures and calling for FSMs to be replaced with cash rather than vouchers (**SH/69 – INQ000608329**).

364. On 18 March 2020, the Cabinet Secretary for Community and Local Government in the Scottish Government announced a £70 million Food Fund to support people facing physical and financial barriers to accessing food. The Scottish Government also issued guidance to local authorities on the delivery of this funding, which included reference to the benefits of a 'cash first' approach to food insecurity.

365. Throughout the pandemic, we engaged with Scottish local authorities to share the benefits of a 'cash first' approach as opposed to a FSM voucher scheme. For example, on 5 June 2020, CPAG in Scotland's Director John Dickie along with representatives of the Poverty Truth Community met with the Director of Education of Glasgow City Council, Maureen McKenna, to discuss the possibility of a direct cash payment in future FSM replacements. Subsequently, on 17 June 2020, Glasgow City Council announced it would be shifting to direct cash transfers rather than vouchers to replace FSMs.
366. In June 2020, CPAG in Scotland shared our '*Cost of learning in lockdown*' report (**SH/07 – INQ000608706**) with our grant managers for the Cost of the School Day project in Scotland, based in the Pupil Equity Fund policy unit of the Scottish Government's Scottish Attainment Challenge (**SH/70 – INQ000608450**). I understand from my colleagues that our report was subsequently used in the Scottish Government's Equity Audit Report and in Education Scotland resources.
367. In July 2020, CPAG in Scotland provided MSPs with a briefing on the need to provide immediate cash support for families (**SH/71 – INQ000608425**). CPAG in Scotland also raised this in meetings with the Cabinet Secretary and Scottish Government officials.
368. The Scottish Government announced that schools would re-open full-time from 11 August 2020. The Scottish Government's guidance on the re-opening of schools included the mention of CPAG in Scotland's research on FSMs, although it did not include our recommendation on the importance of a 'cash first' approach.
369. On 20 October 2020, the Interim Child Poverty Lead in the Social Justice and Regeneration Division of the Scottish Government informed CPAG in Scotland of its commitment of over £10 million of funding to local authorities to support the continuation of FSMs over Christmas, February, and the Easter holidays (**SH/72 – INQ000608535**). The Scottish Government's guidance related to the replacement of FSMs over the holidays included explicit mention of the importance of a 'cash first' approach, one of CPAG's key recommendations.

Investment in laptops for disadvantaged learners

370. In April 2020, the Scottish Government established the ERG, with 11 separate workstreams, chaired by the Cabinet Secretary for Education and Skills. The purpose of the ERG was to help develop the response and recovery of the education system in Scotland to the pandemic.

371. CPAG in Scotland's Director, John Dickie, was invited to attend one of the meetings of the ERG in relation to Workstream 4: 'Supporting learners from disadvantaged backgrounds' on 19 May 2020. Prior to the meeting, a paper was circulated to the attendees, providing an overview of the responses to our Cost of the School Day survey around three key themes: how to ensure learners from different backgrounds get equity as opposed to equality of access to learning at school; how to support learners from disadvantaged backgrounds to engage in the new school/home learning offer; and how to support children and young people from disadvantaged backgrounds to actively learn and make progress.

372. I understand from John Dickie that in the meeting (and in a follow-up email afterwards) he highlighted CPAG's support for equity to be prioritised in every aspect of the ERG's work, and throughout the subsequent guidance to local authorities and individual schools (**SH/73 – INQ000608394**). In particular, he highlighted how CPAG's work and its Cost of the School Day project had reinforced the point that limited resource availability at home – e.g. books, stationery, craft materials, digital equipment and connectivity – alongside, too often it would appear, lack of engagement and support from school with online and home learning, created real barriers that needed to be recognised and addressed systematically as part of any action to achieve equity. John Dickie noted that the framework paper shared with attendees prior to the meeting had not focused very much on how lack of resources at home (particularly digital devices and online access) would be addressed systematically so that every child in Scotland had the equipment to learn, whatever their family circumstance. John further highlighted the need for the paper to include reference to the importance of promoting take up of FSM and school clothing grant entitlement. I understand from John that according to his recollection, there was no further follow-up to the meeting, and he did not attend any further meetings of the ERG.

373. In August 2020, the Scottish Government announced it would be investing £9 million for 25,000 laptops or tablets with internet access provided for disadvantaged children as part of the first phase of provision to support their learning outside school. It announced that a second phase of investment would see further funding to support digital inclusion. We were not consulted on this intervention, though we welcomed it, given our research which showed that lack of resources posed significant barriers to learning.

Schemes to support self-employed workers

374. In March 2020, two grant funds were made available to businesses by the Scottish Government to provide financial support during the Covid-19 pandemic: the Small

Business Grant and Retail, Hospitality and Leisure Grant Funds. The Scottish Government also announced a number of other schemes to support self-employed workers, such as the Newly Self-Employed Hardship Fund. We were not consulted on the design of these schemes.

375. We monitored the implementation of these schemes through our Scotland EWS. We received examples of cases where people were confused about how these grants would interact with the social security system, which we shared with the Scottish government. The following example was shared in response to a questionnaire from the Scottish Government on 6 June 2020 (**SH/74 – INQ000608701**):

Client has received £10K small business grant and wants to know how this will be treated by UC. There isn't a definitive answer as there is no DWP guidance that specifically refers to the Scottish small business support grant. #1009 (27/5/20)

Other Scottish Government interventions

376. The following Scottish Government interventions fall outside CPAG's areas of expertise, and CPAG was therefore not consulted or asked to advise on the design, implementation or monitoring of these interventions (and did not do so):

- a. Non-Domestic Rates Relief;
- b. Furlough support grant; and
- c. Funding to support travel networks, for example, Covid-19 Support Grant, Covid-19 Support Grant-Restart, Network support grant.

Wales

377. In the following section I consider the key economic interventions designed by the Welsh Government which provided support to low-income families and children in Wales during the pandemic, including:

- a. increasing funding and introducing flexibilities to the DAF,
- b. FSM replacements,
- c. PDG-A Funds, and
- d. The Self-Isolation Support Scheme.

Discretionary Assistance Fund (“DAF”) in Wales

378. In late March 2020, APC members wrote a letter to the Welsh Government, requesting amendments to be made to the DAF to enable anyone who is facing financial pressure as a result of Covid-19 to be eligible and to ensure that the DAF is able to absorb the increased number of applications and provide the support needed for those in crisis.
379. The Welsh Government responded to the APC’s letter on 2 April 2020, stating that it had no plans to change the type of support provided by the DAF in the wake of coronavirus **(SH/75 – INQ000608835)**. It also stated that the DAF was now tracking the number of applications it received due to coronavirus, and monitoring the situation in case of a significant increase in applications resulting in the need for an alternative and exceptional response. The letter noted that contingency plans were in place to meet any increased demand for the DAF.
380. On 1 May 2020, the Welsh Government announced that it would invest an additional £11 million into the DAF. It also introduced a number of flexibilities into the DAF, including allowing more frequent payments (one grant within a 28-day period, and three grant awards in a year) and introducing new flexibilities into the qualifying criteria, including allowing families to make a claim because they faced extra costs as a result of their children being unable to attend school. These flexibilities were designed to be temporary, to apply during the period 1 May 2020 to 31 July 2020 **(SH/76 – INQ000608380)**.
381. I understand from CPAG’s Cost of the School Day Wales Development Manager, Ellie Harwood, that her impression is that the Welsh Government was responsive to our and the APC’s calls for improvements to be made to the DAF to address the needs of low-income families and children in light of the pandemic. CPAG welcomed the changes introduced on 1 May 2020 by the Welsh Government for the positive impact they would have on low-income families and children.
382. On 28 May 2020, the APC sent Maureen Howell of the Prosperous Futures Division of the Welsh Government a summary of the issues we had discussed at a meeting of our coalition on 21 May 2020. One of the issues we raised was the fact that the Welsh Government had not yet finalised its hard copy leaflet of the DAF. Our organisations reported that we were sharing information about the DAF via our social media channels, but we were concerned this would only reach a narrow group of people, and that the production of the leaflet was not happening quickly enough given the critical stage we were at in the pandemic.

383. On 5 June 2020, Maureen Howell responded to the issues raised by the APC (**SH/77 – INQ000608415**). In particular, Maureen shared the leaflet that the Welsh Government had produced in respect of the DAF with bilingual English (**SH/78 – INQ000608396**) and Welsh versions (**SH/79 – INQ000608397**), for our organisations to share. She informed us that the leaflet had been shared with a range of organisations, and that the Welsh Government had also launched a triage tool to explain where people could get help and advice for their individual circumstances during the pandemic, which also included information on the DAF.
384. The flexibilities introduced by the Welsh Government for accessing the DAF were originally set to expire on 31 July 2020. Following advocacy on the part of members of the APC, the Welsh Government agreed to continue the flexibilities until the end of the financial year.
385. We continued to monitor the Welsh Government's use of the DAF to support low-income families and children, along with our colleagues in the APC. Notwithstanding the DAF's positive impact, we pushed for its further improvement and expansion. One of the issues we found through our work was that awareness of the DAF was extremely low. For example, evidence from our surveys with families in Wales as part of our '*Cost of learning in lockdown report*' between May and August 2020 showed that many families were enduring financial hardship that could potentially have been alleviated by a cash award, if the person had been aware this support existed (**SH/06 – INQ000608456**). Some schools and local authorities helped to signpost families to sources of financial support, but many families in need told us that they hadn't received any information about the DAF, or other ways to maximise their incomes. Of those who tried to find information to help themselves, more than half said they found it difficult to find the information they needed.
386. On 16 November 2020, the APC met with Maureen Howell, in which we highlighted our concern about the dearth of public information about the DAF and FSM replacements, notwithstanding the positive changes that the Welsh Government had made in respect of these two schemes. In the same meeting, we also requested more information about the impact of the increased flexibility on the DAF.
387. On 18 November 2020, we signed a joint letter organised by members of the APC to the Welsh Government, regarding the need to better publicise the support available to low-income families and children through the DAF.

388. The Welsh Government provided us with a written response to our letter on 15 December 2020. First, it informed us that it would be seeking to develop a communication strategy to raise awareness among individuals who may be eligible for support of the schemes available. It told us that it had a number of pilot activities in place already, and that their aim was for the projects to have helped over 4,000 people to claim additional welfare benefit income of £2 million by March 2021. The response also included the information that between 18 March 2020, when Covid-19 recording began, and 19 November 2020 the DAF has made 137,952 Emergency Assistance Payment (“EAP”) awards totalling £8.9 million spend. Of this, 110,964 were identified as Covid-19 related EAPs, totalling £7.1 million. The response also stated that the rule relaxation introduced on 1 May and up to 31 October 2020 had resulted in 15,219 applicants having received a 4th or 5th award, totalling approximately £1 million.
389. The extension to the flexibilities introduced by the Welsh Government into the DAF were originally due to end on 30 September 2021. We continued to campaign for the flexibilities to be retained and for further amendments to be made to maximise uptake of the DAF among low-income families and children.
390. On 13 July 2021, the APC met with the Minister for Social Justice, Jane Hutt MS. Among other issues, we asked for a further extension of the Covid-related DAF flexibilities, and again emphasized the importance of proactively promoting the DAF alongside income maximization advice and other financial welfare services, particularly ahead of the upcoming cut to the £20 increase in UC standard allowance and WTC.
391. On 15 September 2021, Jane Hutt MS announced that the Welsh Government had decided to extend the adaptations made to DAF until the end of March 2022.
392. On 7 October 2021, we wrote to Sally Hunt, Senior Child Poverty Manager at the Prosperous Futures Division of the Welsh Government, on behalf of the APC, to ask for further information about Welsh Government support for people in hardship during the winter, particularly in the aftermath of the £20 cut to UC and WTC (**SH/80 – INQ000608618**). In particular, we called for the allocation of further funding to the DAF, further publication of the DAF, and an expansion of the financial support available to people struggling with priority household bills and debts, including energy, rent and Council Tax.
393. On 4 November 2021, the Welsh Government responded to our letter, noting that the Welsh Government would shortly make an announcement in respect of how it would use the £25 million of funding allocated to the Welsh Government by the UK Government,

following the introduction of the HSF for local authorities in England (discussed above in paragraphs 299 - 304) **(SH/81 – INQ000608617)**.

394. Subsequently, on 16 November 2021 the Welsh Government announced a £51 million fund to support low-income families and children. We noted that the Welsh Government made arrangements with HMRC/DWP so that the £100 payment would be disregarded as income for tax and benefit purposes, and that the payment would be made directly into people's bank accounts. We cautiously welcomed this 'cash first' approach which would provide individuals with flexibility as to how to use the fund. We engaged in further correspondence with Sally Hunt for further details on how the fund would work, how information about it would be publicised so as to reach as many people as possible, and providing our advice on maximising take-up of the scheme **(SH/82 – INQ000608625)**.

395. Notwithstanding the positive impact of the DAF, we also identified recurring issues with its implementation during the pandemic. For example, as part of evidence gathered in August 2021 on the benefits system in Wales (summarized at Row 104 of Annex 2), we highlighted that the statistics showed that the majority of people accessing DAF payments had received help from the scheme in the past, suggesting that people facing hardship for the first time may not have been aware of this source of support. We further noted that many claims for EAPs were turned down. In 2018/19, 45 per cent of claims for an EAP were rejected by decision-makers. In 2020/21, the Welsh Government reported that 201,000 payments were awarded, while about 110,000 applications were rejected. Around 15,000 of these rejections were because people had already made five claims to the DAF in a 12-month period. We noted that the Welsh Government does not publish data on why the other applications were turned down, making it difficult to know the reasons why.

Free School Meal replacements

396. From early on in the pandemic, CPAG sought to engage with the Welsh Government about what support would be made available to pupils were schools to be forced to close.

397. On 25 March 2020, we wrote to the Minister for Education in the Welsh Government, Kirsty Williams MS, and Minister for Housing and Local Government in the Welsh Government, Julie James MS, to highlight why vouchers are a less safe and less dignified solution for replacing free school meals **(SH/83 – INQ000608837)**. We made the case that a voucher scheme would reduce low-income families' options for sourcing essential items (including in fulfilment of specific dietary needs) and could require families to take public transport (or walk) to particular retailers, resulting in additional costs and risk to health. We further noted that contracting coronavirus would be particularly harmful for lone parent

households (in which two-thirds of children eligible for FSM in Wales live). For families in self-isolation, we argued that cash would allow families to ask a neighbour to shop on their behalf for small value essentials such as a pint of milk. We also shared our research into previous voucher schemes, for instance the scheme for asylum seekers, which showed that because retailers did not give change in cash, families struggled with trying to ensure their basket of goods comes very close to the value of the voucher, and felt stigmatised at the check-out.

398. Also on 25 March 2020, we wrote to the leader of the Welsh LGA asking him to encourage other council leaders to adopt a 'cash first' approach to replacing FSMs, rather than using vouchers. We received a response to this letter, which stated that our letter would be sent to all council leaders in Wales.

399. On 21 March 2020, the Welsh Minister for Education announced that up to £7 million of additional funding would be made available to local authorities to support families of pupils eligible for FSMs. From 23 March 2020, local authorities mobilised their emergency provision for families and a variety of approaches were adopted. Through our Cost of the School Day work, we found that some poverty-aware councils, such as Neath Port Talbot Council made the switch to cash transfer. In other areas, local authorities continued to provide a mixture of food parcels and grab-and-go lunches. In some cases, schools and local authorities decided to use the provision of food aid to simultaneously carry out checks on children's welfare.

400. We provided feedback on the implementation of the Welsh Government's provision of FSM funding to schools as part of the APC (see Row 26 of Annex 2). Specifically, we advocated for families to be entitled to payments in lieu of FSMs until all children returned to school on a full-time basis and called for the Welsh Government instruct local authorities to offer all eligible families the option of receiving cash payments in lieu of FSMs.

401. On 22 April 2020, the Welsh Government announced that it would make £33 million available to help local authorities continue to fund FSMs for pupils in Wales throughout the summer holidays. It decided against introducing a national FSM voucher scheme (which had been introduced in England). Instead, it suggested that local authorities provide food parcels or supermarket vouchers, with cash transfers relegated to a third option on the list. The guidance also strongly recommended that local authorities exercise their discretion to provide FSMs to children of *Zambrano* carers; children of families with NRPf with a right to remain in the UK on grounds of private and family life under Article 8 of the European Convention on Human Rights; and children of families receiving support under Section 17

of the Children Act 1989 who are also subject to a NRPF restriction, though we noted this fell short of the guidance in England which stated that FSMs should be temporarily extended to these groups.

402. In June 2020, we shared a briefing including the qualitative data from Welsh respondents from our '*Cost of learning in lockdown*' report with all members of the Senedd, and the key civil servants we had relationships with in the Prosperous Futures Division of the Welsh Government (**SH/06 – INQ000608456**). In September 2020, we also shared this report with David Egan and Kirsty Davies-Warner, the researchers for the Welsh Government's Reducing Educational Inequalities Policy Review.
403. In September 2020, the Welsh Government announced a further £1.28 million to be made available to local authorities to meet additional FSM costs incurred during the first two weeks of the autumn term. In October 2020, it announced further FSM provision for all school holidays up to and including Easter 2021, with £11 million of additional funding announced.
404. In October 2020, we produced research showing that more than half of children living in poverty in Wales were not eligible for FSMs. We published and sent a briefing highlighting these findings to all MSs and MPs in Wales on 16 October 2020 (**SH/84 – INQ000608734**). We welcomed the Welsh Government's action to temporarily provide FSM support to children in families with NRPF who were facing hardship during the pandemic (**SH/85 – INQ000608747**).
405. We continued our dialogue with the Welsh Government on the implementation of FSM provision for children via the APC. On 16 November 2020, we met with Maureen Howell, and discussed issues we had seen faced by low-income families and children. One issue we sought to query was whether the Welsh Government had considered free breakfast provision for pupils eligible for FSMs (**SH/86 – INQ000608544**). Maureen confirmed in a subsequent written response that the additional funding made by the Welsh Government from the start of the pandemic was based on a daily allowance of £3.90 per child, per day. This includes £2.90 for lunch, plus an additional £1 to compensate for the fact that primary school children may be losing out on a free breakfast and free milk.
406. In March 2021, we shared an update to our '*Cost of Learning in lockdown*' report specifically focusing on our data from families in Wales (**SH/08 – INQ000608847**). We surveyed 296 respondents in Wales, comprising 257 parents and carers (responsible for 378 school-aged children) and 39 children and young people in their own right. We had

responses from residents of every local authority in Wales. These surveys and interviews took place between 26 January and 15 February 2021.

407. The majority of the FSM-eligible families we surveyed reported that they were now receiving direct bank transfers to enable them to replace the FSMs their children would usually receive. Parents and carers were very positive about this method of providing support, with 93 per cent saying it was working well for their family. In particular, families valued having dignity and choice when purchasing their food, as they were able to shop in a wider variety of retailers and choose food they knew their children would enjoy eating. Cash allowed some families to add the allowance into the overall food shop, ensuring better value for money because they could shop and cook for the whole household:

“I’m not limited to just certain stores. I can buy what my children like and need when out shopping.” (Mother of two children, Merthyr Tydfil)

“As we always eat as a family, and due to my husband and I being disabled, it is easier to just use [the money] while doing our online shop” (Mother of 3 children, Rhondda Cynon Taf)

“I like the empowerment and personal choice of what to buy and how to gain best value” (Mother of 3 children, Denbighshire)

“I prefer the cash payment as it allows me just to do a bigger food shop and I have more choice of shops so can get cheaper food. I can also get food I know my children will eat and have all allergies information - something we didn’t get when Wrexham was doing the pack lunches” (Mother of two children, Wrexham)

408. We found that the families who received hampers and food parcel deliveries were grateful to be getting help with the additional cost of children being at home, but most would have preferred cash transfer or supermarket vouchers if they had been given a choice. Only 4 per cent of the families we surveyed said they would prefer to have food parcels delivered.

409. On 6 May 2021, we signed a joint briefing with the Bevan Foundation on FSMs (**SH/87 – INQ000608584**). This was sent to Maureen Howell and her team in the Welsh Government; Jon Rae, Lisa Hayward and Gareth Thomas at the WLGA; and all members of the Senedd.

410. On 12 November 2021, CPAG's Director of Policy, Rights, and Advocacy Sara Ogilvie sent a letter to the Welsh Government Minister for Education and Welsh Language Jeremy Miles MS with our concerns regarding the management of arrears for school meal payments in Wales (**SH/88 – INQ000608621**). We sought to bring to his attention to the impact of school meal debt across Wales, and our recommendations for addressing the situation, so no child faces hunger and humiliation as part of the school day.
411. We received a response to our letter from Ella Davidoff, FOCUS Principal Project Manager, on behalf of the Minister for Education and Welsh Language, on 3 December 2021 (**SH/89 – INQ000608629**). She noted that the Director of Education and Welsh Language had written to all Head Teachers in Wales about the Cost of the School Day in November 2020, reminding them that schools are required to consider the impact of any costs set by the school and the impact they will have on families' finances, and enclosing a fact sheet of useful guidance and information that can be used to signpost families to financial support, with specific reference to school lunch debt.
412. On 26 November 2021, as part of the ECPN, we met with Jane Hutt, Maureen Howell, and Sally Hunt to discuss issues relating to low-income families and children. We discussed FSM replacements, including the cooperation agreement between the Welsh Government and Plaid Cymru announced on 25 November 2021 which included a new commitment to extend FSMs to all primary school pupils for the duration of the agreement, which we warmly welcomed.

PDG-Access funds in Wales

413. As part of the APC, we advocated for PDG-A funds to continue to be awarded to eligible families even if schools had not reopened full time to all pupils.
414. As the pandemic progressed, our asks around the PDG-A included calling for: 1) an increase to the £125 Pupil Development Grant to more closely reflect actual costs; 2) a review of the eligibility criteria for PDG-A to ensure that more families on low-incomes are supported; and 3) the automation of PDG-A in every local authority to remove barriers to applications to PDG-A and boost uptake.
415. On 18 August 2020, Lindsey Kearton in the Prosperous Futures Division of the Welsh Government circulated a draft survey to Welsh local authorities, as part of its research into how families were currently being supported to access FSMs and PDG-A funds.

416. Our briefing published on 16 October 2020 (discussed in paragraph 404 above) found that over half of children in poverty were missing out on FSM due to the tight means test. The eligibility criteria for PDG-A mirrors that of FSMs in Wales, meaning that over half of children in poverty in Wales were excluded from PDG-A grants.
417. In November 2020, the Welsh Government published its Child Poverty Income Maximisation Action Plan which has some pledges to streamline PDG-A application processes by “challenging local authorities to make the processes for claiming free school meals and PDG-Access as simple and straightforward as possible, as well as analysing the results of the Welsh Government communications campaign to promote PDG-Access and indications of take up during October”. It also pledged to make a decision on eligibility criteria and support for PDG-Access provision in January 2021.
418. On 22 June 2021, Ellie Harwood emailed a contact at the Welsh Government to ask about PDG-A payments for children with a NRPF condition attached to their visa who had been awarded FSM due to having a low-income (**SH/90 – INQ000608593**). She did not receive a response until 8 October 2021, when the guidance was clarified in an email from Sarah Austin at the Welsh Government (**SH/91 – INQ000608610**).
419. In September 2021, we gathered evidence and set out recommendations for what the main priorities should be in relation to children and young people in Wales, which included reconsidering eligibility for PDG-A (summarised in Row 112 of Annex 2).

Self-Isolation Support Scheme

420. In November 2020, the Welsh Government introduced the Self-Isolation Support Scheme. The Self-Isolation Support Scheme would provide a grant of £500 to people who were told to isolate by the NHS Wales Test, Trace, Protect service.
421. We provided feedback to the Welsh Government on the Scheme via the APC. In particular, in the APC’s 16 November 2020 meeting with Maureen Howell, we asked for clarification as to whether parents of children who test positive for Coronavirus were able to apply for support under the Scheme.
422. On 7 December 2020 the Welsh Government announced that the Self-Isolation Support Scheme would be extended to help parents and carers who had to take time off work to look after their children when they had to self-isolate because of a coronavirus outbreak in their school or childcare setting. People would be able to apply for the self-

isolation payment via their local authority website from 14 December 2020 and payments would be backdated to 23 October 2020.

Other Welsh Government interventions

423. The following Welsh Government interventions fall outside CPAG's areas of expertise, and CPAG was therefore not consulted or asked to advise on the design, implementation or monitoring of these interventions (and did not do so):

- a. Economic Resilience Fund;
- b. Covid-19 Wales Business Loan Scheme;
- c. Local Government Hardship Fund;
- d. Bus hardship fund and emergency measures agreement to support services; and
- e. Third Sector Covid-19 Fund (we were notified via the WLGA when this went live).

Northern Ireland

424. We were not consulted on the design, implementation, or monitoring of measures introduced by the Northern Ireland Executive affecting low-income families and children.

425. During the time period relevant to the Inquiry, we engaged sporadically with the Northern Ireland Executive Department for Education on FSM issues not specifically related to the pandemic. This is set out in paragraphs 102-103 above.

426. We did some analysis of the impact of UK Government economic interventions on low-income families and children in Northern Ireland. In August 2021, we published the first in a series of two joint briefings with STC titled '*Children can't wait: Investing in social security to reduce child poverty in Northern Ireland*' in August 2021 (**SH/92 – INQ000608786**). The purpose of the joint briefing was to inform the Northern Ireland Executive's planned Anti-Poverty Strategy. It highlighted the impact of the imminent £20 cut to UC and WTC on low-income families and children in Northern Ireland, in particular, our organisations' analysis that it would plunge an estimated 11,000 children in Northern Ireland into poverty. The briefing made recommendations to the Northern Ireland Executive to introduce a new child payment (modelled after the SCP in Scotland) of £20 per week for every child eligible for means-tested benefits to supplement Child Benefit; close the loopholes in the Northern Ireland Executive's welfare mitigations package (used to mitigate the impact of the bedroom tax and benefit cap); and introduce policies to mitigate the two-child limit and

restore the values of child-related benefits (child element in UC, CTC, and Child Benefit). STC was responsible for the distribution of this briefing. I understand that STC sent this briefing to the Northern Ireland Communities Minister Deidre Hargey, the anti-poverty strategy lead in the Northern Ireland Executive, Paul Gamble, Chair and Deputy Chair of the Northern Ireland Assembly Committee for Communities, Paula Bradley and Kellie Armstrong respectively, and Chair of the All Party Group on Children and Young People, Chris Lyttle.

427. In November 2021, CPAG and STC published the second joint briefing in our series (the first of which was published in August 2021), titled '*Brighter futures: The future of child poverty in Northern Ireland*' (SH/93 – INQ000608801). This briefing elaborated on the findings of the first joint briefing, including the impact of the £20 cut to UC and WTC. It called on the Northern Ireland Executive to mitigate the impact of the two-child limit in Northern Ireland and introduce a £20 Northern Irish Child Payment. STC was in charge of distributing these two joint briefings. I understand that the November 2021 briefing was sent to Paul Gamble, Paula Bradley and Kellie Armstrong again, alongside other members of the Northern Ireland Assembly Committee for Communities Aine Murphy, Andy Allen, and Mark Durkan, as well as the Mayor of Belfast Kate Nicholls.

Part D: The Economic Impact of the Pandemic

Overall economic impact of the pandemic on low-income families and children

Impact of the pandemic on the level of child poverty in the UK

428. The pandemic and the response to it caused a large economic shock which, in the absence of UK government action, would have led to a further increase in the already high levels of child poverty that existed on the eve of the pandemic. However, the initial UK Government response of creating the furlough scheme and SEISS, and especially increasing UC and WTC by £20 a week, led to a reduction in child poverty.

429. Since 2020/21 child poverty has once again risen considerably, and the latest figures published in March 2025 (for the period 2023/24) show a record 4.5 million children are in poverty (using our preferred HBAI relative AHC measure). This has been driven by the continued roll-out of the two-child limit which pulls a further 109 children into poverty every day, and by the cut in pandemic support such as the £20 per week increase to the UC standard allowance. The disbanding of the furlough scheme will also have played a role.

430. The decrease in child poverty during the time that the £20 uplift, furlough and SEISS were available demonstrates the role that social security plays in reducing poverty as does

the subsequent increase to child poverty when these measures were then removed.

431. HBAI statistics are the best measures of child poverty that we have, but they cannot capture the full economic impact of the pandemic on low-income families and children. This is for a few reasons:

- a. First, HBAI statistics are averaged across the year. When the pandemic first hit, there would have been many families who experienced a sudden financial shock where their income dropped considerably, pushing some families into poverty for the first time, and others far below the poverty line. There was also a delay in support getting to households as the government established new systems (e.g. the furlough scheme and SEISS) and the social security system needed to be modified to attempt to offset the inadequacies in the system that existed pre-pandemic (and which for the most part have since been reinstated).
- b. Second, HBAI, being an income-based measure, captures the 'usual' income of families at around the time of the Family Resources Survey. It does not, however, capture how much wealth families have. This matters because having a temporarily lower income is unlikely to have a significant impact on living standards if individuals are able to draw on savings; however, this will not be the case if individuals only have limited, or do not have any, savings.

Economic impact of the pandemic on low-income families and children

432. While the UK Government's response reduced the economic impact of the pandemic for many low-income families and children, as shown through the drop in the rate of child poverty described above, the severity of the economic impact of the pandemic meant that many families entered poverty, remained in poverty or were plunged deeper into poverty. The pandemic further exposed that low-income families with children are particularly vulnerable to health and economic shocks. The number of children in poverty rose in seven of the eight years leading up to the pandemic. Some of the Government's response, while welcome, helped to plug gaps that existed in the support available to families prior to the pandemic without necessarily responding to the additional pressures created by the pandemic for these families.

433. Around 8 in 10 of the respondents to our '*Poverty in the pandemic*' survey between May and August 2020 (**SH/03 – INQ000608720**), and around 9 in 10 of respondents to our survey between August and November 2020 (**SH/04 – INQ000608751**), reported a significant deterioration in their living standards due to a combination of falling income and

rising expenditure. Most of the families we interviewed, including those who were previously in work, were already at risk of poverty. Therefore, it only took a relatively small cut in their income or rise in living costs to push them into poverty and debt. For those who were previously on relatively high earnings and became reliant on benefits, for example because they missed out on SEISS or the furlough scheme, the income shock was very sudden and severe.

434. In terms of sources of income, about two-thirds of the respondents to our online survey between May and August 2020 were in paid work prior to the pandemic or had a partner in paid work. Most experienced a significant reduction in their earnings as a result of the pandemic, as a result of one or more of the following:

- a. having been made redundant or lost work before coronavirus, some respondents were finding it much harder to find a new job;
- b. some were made redundant as a result of the pandemic, or otherwise lost work;
- c. Some accepted lower-paid jobs after being made redundant or having lost work;
- d. some were furloughed on 80 per cent of their earnings, with no top-up from their employers – according to a study by the Resolution Foundation cited in *'Poverty in the Pandemic'*, only around 30 per cent of furloughed employees received a top-up from their employer. For employees earning the minimum wage or just above, a reduction in pay can make the difference between being able to cope financially and not;
- e. some received reduced self-employment income due to the pandemic;
- f. some were working fewer hours, due to the pandemic;
- g. some were newly affected by the benefit cap, due to being furloughed or made redundant and not being able to rely on the earnings exemption from the cap;
- h. some were not protected by UK Government income support schemes, because of ineligibility or because their employer refused furlough; and
- i. some were limited in their ability to maintain or find new employment because of childcare demands.

435. Between the publication of *'Poverty in the pandemic'* in August 2020 and our update

to the report in December 2020, we found that families who responded to our survey between August 2020 and November 2020 were more likely to report job loss or redundancy (including after being on furlough for a period) than those who responded between May 2020 and August 2020.

436. In terms of expenditure, nearly 9 in 10 families who responded to our online survey between May and August 2020 said they faced additional costs as a result of the pandemic, and were spending substantially more on food, electricity, and other essentials. Low-income families spend a much higher share of their income on these items, because their disposable income is less, so when these costs go up this has a disproportionate impact on their overall standard of living. The most commonly cited reason for this was that families were spending much more time at home; as a result, they were using more energy for cooking and home entertainment and their children were eating more. Quite a few families also commented that the pandemic meant they were spending more on food because their children were not getting FSMs, there were shortages in shops, and they were not able to shop around for the cheapest products. Some families expanded during lockdown, as older children returned home or elderly relatives moved in, placing an additional financial burden on household finances. Low-income families were acutely aware of these extra costs, because they were already living on such a tight budget.

Impact of the pandemic on pre-existing inequalities between low-income families and children and the rest of the population

437. Pre-pandemic, many low-income families were stuck in a poverty trap, where due to household circumstances and barriers to work they could not work enough hours/earn a high enough wage to cover their family costs, while other households could earn substantially more. The shock to the labour market (including the large fall in employment, and rise in unemployment and economic inactivity) caused by the pandemic meant that there was less disparity in earnings across the population.

438. The pandemic also highlighted how inadequate the social security was pre-pandemic. There were reports of people who lost their jobs being appalled to find out how little they would get through the social security system. I cannot say for sure whether this was a factor in the Government's decision to increase the UC standard allowance by £20 a week, but it is true that people who were only in receipt of UC for a short period between March 2020 and October 2021 would have encountered a more generous social security system than is usually in place.

439. In other respects, the pandemic exacerbated existing inequalities between low-income

families and the rest of the population. While the number of children in poverty fell during the pandemic – primarily driven by the £20 uplift which cushioned those at the bottom from some of the financial impacts of the pandemic – as I highlight throughout this statement, the support provided was ultimately a patchwork. Some families on a low income, such as those affected by the benefit cap, receiving legacy benefits, or those with NRPF were prevented from accessing any additional support through the benefit system and their experience of poverty would have become more severe.

440. Through our work with families during the pandemic we know that low-income families with children, regardless of their eligibility for the £20 uplift, struggled to cope with cost of day-to-day life during the pandemic. While millions of households experienced significant drops in income, low-income families with children faced a greater gap between income and need than many other groups. This is because the UK Government did not introduce any specific social security measures to help families with the additional costs of raising children. The £20 UC and WTC uplift was not adjusted for household size, so a single adult received the same as a family with children, despite the fact families had greater costs in terms of essentials such as food, utilities, and housing costs. As explained at paragraph 21 above, 3.5 million children living in poverty pre-pandemic were living in households with less than £1,500 in savings.

441. A study by the Centre for Economic Policy Research (cited in our report '*The cost of learning in lockdown*' (**SH/05 – INQ000608448**)) carried out analysis on anonymised household spending data and found that the pandemic had exacerbated inequality in income and expenditure. While those with higher incomes were able to save at a higher rate than normal, those with the lowest incomes, including people who fell into poverty during the pandemic, were increasingly being pulled into debt.

442. Through our extensive surveys with parents, carers, children, and young people across England, Scotland, and Wales, CPAG found that the cost burdens of school closures fell most heavily on families already living on a low income (as set out in our report '*The Cost of Learning in Lockdown*', June 2020 (**SH/05 – INQ000608448**)). In particular, CPAG found that low-income families who responded were twice as likely to say that they lacked all the resources they needed to support learning at home, with 40 per cent saying they were missing at least one essential resource. Low-income families were more likely to tell us they had to buy educational resources compared to those in better off homes. A third of people most worried about money have had to purchase a laptop, tablet or other device during lockdown.

443. Black and minority ethnic low-income working families who participated in our '*London Calling*' project with Trust for London reported feeling a growing sense of inequality between themselves and those in more privileged financial situations, and a sense of being trapped, in the context of high costs and stagnant or falling incomes during, as well as the pressures created by, the pandemic (**SH/94 – INQ000608799**). One participant said:

"I don't understand because we have the least, we struggle every month to keep going, but we're the ones who have been hit hardest. If you have a steady income, if you have savings, if you have paid off your mortgage, you're okay but it's those of us who don't know week to week if they can get by that are being hit."

Unequal economic impact of the pandemic on different groups of low-income families and children

444. The economic impact of the pandemic had unequal effects on different groups of low-income families and children. Furthermore, many low-income families and children experience intersecting forms of disadvantage, meaning that the effects of inequality will be magnified. The below is an overview of the unequal impact of the pandemic on women and lone parents (and their children); households where a person has a disability; Black and minority ethnic families and children; migrant families, including people with leave to remain subject to a NRPF condition and their children; European Economic Area ("**EEA**") (including EU) nationals, Swiss nationals, and their family members (and their children); and mixed immigration status couples (and their children). Families and children with one or more of these characteristics may be multiply disadvantaged.

445. Also in this section I consider the unequal economic impact of the pandemic on children in larger families and children of different ages, including groups who were disproportionately impacted because they could not benefit from a key economic intervention by the UK Government due to their exclusion from UC. Paragraphs 475-478 deal with CPAG's evidence in respect of the economic issues faced by low-income families including people with Long Covid.

Women and lone parents (and their children)

446. Women were disproportionately impacted by the economic impact of the pandemic as compared to men. This is because they were more likely to be key workers, employed in roles where their health was at risk (e.g. care work); more likely to be employed in sectors that were worst hit by the crisis economically (e.g. hairdressing, cleaning); and more likely to be carrying the burden of domestic and childcare responsibilities as a result of school

and nursery closures. CPAG evidence on the gendered economic impact of the pandemic gathered in July 2020 is summarised in Row 37 of Annex 2.

447. Our EWS received a large number of case studies concerning lone parent families (the vast majority of whom are women) who were facing job losses and financial hardship as they try to juggle employment and childcare responsibilities. We also received a number of case studies concerning women who were caring for other relatives during this time, for example a disabled or elderly relative:

"A lone parent key worker has been unable to get childcare for her two children as the local provision is full. She took 2 weeks off sick but has been on unpaid leave ever since. She has been advised to claim universal credit and told that she may lose her job if she cannot get childcare sorted out."

"A woman who is the parent of a vulnerable seven year old has been advised that her son needs to shield. Her employer has told her she cannot be furloughed. She will not be entitled to statutory sick pay as it does not extend to people who are caring for someone who is shielding."

448. Certain aspects of the social security system entrench economic inequalities between men and women, the impact of which was further worsened by the pandemic as more and more families turned to the social security system for support. One example is the benefit cap, which is detailed in paragraphs 135-148 above. Because of their higher costs, families with children are more likely to be affected by the cap, with lone parents disproportionately affected (69 per cent of affected families are lone parent families). This has a disproportionate impact on women as the vast majority of lone parents are women.

449. During the pandemic, there was an increase in the number of families becoming subject to the benefit cap (as explained at paragraphs 135-148 above). Examples of women being affected by the benefit cap, as received by CPAG's EWS, include the following:

"A lone parent with four children moved from income support to UC when she started a part-time job in February [2020]. The benefit cap is not applied if you earn more than [16 x National Minimum Wage x 52 / 12] a month. This client's monthly earnings are [around £170 a month less than the threshold] so the cap is applied and her UC is reduced by £220 a month plus £95 to repay her UC advance. She will not benefit from the increase in the UC standard allowance because of the cap."

"A lone parent with four children is subject to the benefit cap. Her latest UC statement shows that even more money has been deducted than usual due to the increase in child benefit and the UC standard allowance, with the effect that she does not benefit from these increases."

"A single mum with five children needs to stay at home as she needs to shield her son, who has additional needs. Her benefits have been capped and she doesn't know how she will manage financially."

Households with a disabled person

450. Disabled people faced a number of issues to do with DWP's administration of their benefits. As explained previously, our EWS received examples and reported on cases of disabled people facing barriers to making new benefit claims (see paragraphs 205-206 above) and experiencing financial hardship due to failures to extend their PIP awards and DWP delays in undertaking WCAs and PIP assessments (see paragraphs 211-225 above). Additionally, we were concerned that disabled people were feeling pressured to migrate from legacy benefits to UC to obtain the £20 uplift to UC which was not extended to most legacy benefits (apart from WTC), which meant that they were worse off overall once the £20 uplift was removed (see paragraphs 108-113 above).

Black and minority ethnic families and children

451. The UK Government does not gather enough data for a detailed or up-to-date analysis of the nuances of child poverty by ethnicity. For instance, HBAI data does not sample enough Black and minority ethnic families to produce poverty estimates with just a single year of data. Some indication can be obtained from the rolling average of the data over three years but even then, the sample is not large enough, for example, to break down people with a 'Black ethnicity' into smaller groups, even though there are differences between Black Caribbean and Black African communities that are masked by this aggregation.

452. Nonetheless, there is evidence of significant wealth inequalities in society going into the pandemic, which in turn would have affected the degree of economic impact of the pandemic on families and children of different ethnicities. For example, a report by Runnymede entitled *The Colour of Money: How racial inequalities obstruct a fair and resilient economy* published in April 2020 (**SH/94A – INQ000620908**) highlighted that Black and minority ethnic people generally have much lower levels of savings or assets than white British people. Indian households have 90–95p for every £1 of white British

wealth, Pakistani households have around 50p, Black Caribbean households around 20p, and Black African and Bangladeshi households approximately 10p.

453. The Covid-19 pandemic had a disproportionate impact on Black and minority ethnic communities (including migrants). According to a survey undertaken by Runnymede and ICM in August 2020 (**SH/95 – INQ000608503**), Black and minority ethnic people were more likely than white people to have experienced negative financial impacts as a result of the pandemic; more likely to be working outside their home; more likely to be using public transport; more likely to be working in key worker roles; less likely to be protected with PPE; and more likely to live in multigenerational, overcrowded housing. During the early stages of the pandemic, Black and minority ethnic people were dying of Covid at a higher rate than white people.

454. The financial impact of the pandemic for Black and minority ethnic women was particularly acute, as demonstrated in research by the Women’s Budget Group, LSE Department of Health Policy, Queen Mary University of London, and Fawcett Society (**SH/96 – INQ000228037**). This was because they were more likely to be low paid and in insecure employment, which meant their ability to weather the financial shock many families experienced during the pandemic was reduced even further.

Migrant families

455. Below I consider the unequal economic impact of the pandemic on families with parents/carers of different immigration statuses:

- a. Parents/carers subject to immigration control including those with leave to enter or remain with a ‘NRPF’ condition (and their children);
- b. EEA (including EU) nationals, Swiss nationals, and their family members (and their children); and
- c. Mixed immigration status couples (and their children).

456. I have not considered the economic impact of the pandemic on asylum seekers as asylum support provided under section 95 of the IAA 1999 falls outside of CPAG’s areas of expertise.

Parents/carers subject to immigration control including those with leave to enter or remain with a 'No Recourse to Public Funds' condition (and their children)

457. The pandemic marked the first time that many people accessed the social security system (such as by claiming UC). However, this was not an option available to all.
458. Section 115 of the IAA 1999 provides that persons subject to immigration control are not entitled to benefits apart from in limited circumstances. Persons subject to immigration control include people who require leave to remain in the UK but do not have it (i.e. they are undocumented); they have leave to remain subject to a 'NRPF' condition; they have leave to remain as a result of a 'maintenance undertaking'; or they previously had leave to remain, they applied for further or varied leave, but it was refused, and they are now appealing the decision.
459. The full list of benefits to which persons subject to immigration control are not entitled is set out in s.115 of the IAA 1999. It includes the majority of means-tested benefits, including UC, income-based JSA, Pension Credit, income-related ESA, PIP, Attendance Allowance, Severe Disablement Allowance, Carer's Allowance, Disability Living Allowance, Income Support, WTC, CTC, Social Fund payments, health in pregnancy grants, Child Benefit, and HB. If a person with leave to remain subject to a NRPF condition has been working and has made sufficient NIC, they may be able to claim contributions-based JSA or contributions-based ESA.
460. Some cohorts of people subject to immigration control (who are also more likely to be from Black and minority ethnic communities) were concentrated in 'key worker' or frontline roles, including as NHS cleaners or in social care. This meant they were more likely to be exposed to health risks as a result of the pandemic. They were also more likely to be lone parent households (and therefore women), meaning that they were more likely to be impacted by policies such as the benefit cap (**SH/97 – INQ000608828**).
461. Throughout the pandemic, CPAG's EWS received a number of case studies demonstrating the harsh impact of the restrictions on claiming benefit for persons subject to immigration control, including the below examples from our 28 May 2020 '*Mind the Gaps*' briefing (**SH/98 – INQ000608693**):

"A couple who have no recourse to public funds are struggling to make ends meet for themselves and their two children. The father was working but that has ended due to Covid-19. They have no money at all and are reliant on food banks."

"A lone parent with no recourse to public funds has been working at the university she was studying at, but is unable to work due to Covid-19 so she currently has no income at all and is not eligible to claim benefits."

EEA (including EU) nationals, Swiss nationals, and their family members (and their children)

462. EEA (including EU) nationals and their family members with pre-settled status under Appendix EU of the Immigration Rules also face difficulties accessing benefits.¹⁰ While technically not in possession of a visa with a NRPF condition attached, EEA nationals with pre-settled status are not entitled to UC, other means-tested benefits, or Child Benefit, unless they have an additional 'qualifying right to reside' (also known as 'free movement rights') for the purposes of benefits eligibility criteria. Establishing whether someone has a qualifying right to reside for benefits involves the application of a complex set of rules but, generally speaking, in usual times, EEA nationals often rely on qualifying rights to reside as a worker (when claiming UC as a 'top-up' to their wages or to help with housing costs) or as a self-employed person. Workers and self-employed people are able to retain their worker or self-employed status if they are recently unemployed and have registered at the Jobcentre, or are temporarily unable to work due to illness, or are unable to work because they are in the late stages of pregnancy. Close family members (spouses, children under 21, dependent parents etc.) of EEA nationals with qualifying rights to reside can also benefit from these rights, and in certain circumstances extended family members may also have rights under these rules. There are additionally circumstances where it is possible for an individual to derive rights from someone else who has a right to reside, for example as a primary carer of a child of an EEA worker, while that child is in education in the UK. Similar rules apply to Swiss nationals.

463. Due to the complexity of the rules in this area, EEA nationals with pre-settled status who legally have a qualifying right to reside for the purposes of benefits eligibility may initially wrongly have their claim for benefits refused by benefit decision-makers, and may need to pursue lengthy appeal processes before they can establish their eligibility. To complicate matters, there have been a number of legal developments in recent years affecting this group's rights to access benefits – in July 2021 the Court of Justice of the European Union considered a reference from a Northern Ireland social security tribunal and held that the UK, on receipt of a UC claim by an EU national, should consider whether refusing the claim would leave the EU claimant (and any dependent children) at risk of

¹⁰ The pandemic started during the 'transition period' under the Withdrawal Agreement, which ended at 11pm on 31 December 2020. This means that different legal frameworks applied to EEA citizens and their family members at different points in the pandemic, but the nature of the issues for accessing benefits were similar throughout.

destitution, i.e. unable to meet their basic needs of food, shelter (including adequate heating), clothing and basic hygiene in violation of the claimant's right to dignity and best interests of any children.¹¹ The UK Government initially did not accept that this judgment continued to apply after the end of 2020 and so DWP stayed decision-making on UC claims to EU citizens with no qualifying right to reside, even where it left families at risk of destitution, until January 2024, at which point it exhausted its appeal rights in relation to a further domestic case which established the continuing ability for EU citizens at risk of destitution to access UC. In February 2025, following extensive engagement with the Independent Monitoring Authority for the Citizens' Rights Agreements, the DWP accepted this also applies to family members of EU nationals. My understanding is that this is still not accepted for non-EU EEA nationals.

464. Throughout the pandemic, our EWS received many examples of EEA nationals with pre-settled status not being able to access UC because of a failure to satisfy the 'right to reside' test. The below examples are from our 28 May 2020 (**SH/98 – INQ000608693**) and 24 July 2020 (**SH/99 – INQ000608712**) 'Mind the Gaps' briefings:

"A couple who are both EU nationals are not able to work at the moment - one partner is pregnant, and the other worked full time until June 2019, but then had been working at a car wash, being paid cash in hand (below the national minimum wage) until it closed due to Covid-19. They are unlikely to be able to establish a right to reside that will entitle them to benefits at present."

"A Polish woman with five children came to the UK with her husband in 2018. He was working until he was arrested and remanded in prison in December 2019. She has tried to claim UC but her claim was refused. She is not entitled to claim UC unless she herself is a worker, or relies on a family member who is a worker. She can't get any work during lockdown and would in any case struggle to manage a job alongside childcare responsibilities."

"A couple who are both EU nationals have been working in the UK for three years but stopped working in December following a bereavement. They have been living off their savings but cannot now return to work as planned due to Covid-19. If they have made sufficient national insurance contributions they may be able to claim contributory jobseeker's allowance, but it is unlikely that they would be able to establish a right to reside that would entitle them to other

¹¹ C-709/20 *CG v Department of Communities for Northern Ireland* [2022] 1 CMLR 26

benefits required to live on (e.g. housing benefit, or UC)."

"A Polish man has lived in the UK since 2011. He worked until he sustained a serious injury, and now remains unable to work. He has been awarded Industrial Injuries Disablement Benefit for life, but it is not enough to live on. His application for UC was refused because he doesn't have right to reside, even though his work history and injury which occurred at work should mean that he satisfies the right to reside test. He now has to pursue the lengthy MR (and potentially appeal) process to access his entitlement."

"An EU national lived and worked in the UK from 2004 to 2015 before becoming unwell due to a brain tumour, developing weakness on one side of his body and epilepsy. However, the vast majority of the work he undertook was cash in hand and it is now difficult for him to prove this work history for the purposes of satisfying the right to reside test. When applying for the EU settlement scheme, he should have been granted settled status (which would automatically satisfy the right to reside test and give him access to means-tested benefits), however as his work history was 'non-official' his presence in the UK during these years would not have been picked up by the Home Office."

"An EU national moved to the UK in March with the offer of a job which was then rescinded due to Covid-19. She does not have a right to reside that entitles her to means-tested benefits."

465. As explained above, one way in which people with pre-settled status under Appendix EU can have a qualifying right to reside to access UC and other benefits is through retaining their worker status if they are involuntarily unemployed and register as a jobseeker with the Jobcentre by claiming JSA or UC. However, to retain worker status via this route – and hence access benefits - people must demonstrate that they are seeking employment. Another way is as a jobseeker, although jobseekers are entitled to more limited benefits. The huge shocks to the labour market had implications for EEA nationals' families' ability to access benefits when opportunities to work were severely limited during lockdown and unemployment was expected to increase in future months. These implications went unmitigated by the Government's response.

466. Even if EEA nationals and their family members were already in receipt of UC on the basis of having a qualifying right to reside, they were at heightened risk of losing this support whether due to their right to reside ending during the pandemic, or errors in

decision-making during reviews of their benefit award (this example is from our Mind the Gaps briefing dated 29 September 2020 (**SH/32 – INQ000608723**)):

"An EU national who is a lone parent has been receiving UC and statutory maternity pay, but now that her baby is ten months old she has been told to attend a genuine prospect of work interview. Even though she should have a right to reside as a worker while she is on maternity leave, she is concerned that if she cannot demonstrate a genuine prospect of work, she will lose her entitlement to UC and child benefit".

Mixed immigration status couples (and their children)

467. If someone is eligible to claim UC, but their partner is not (e.g. if they are an EEA national without a qualifying right to reside for the purposes of benefits eligibility criteria or someone with NRPF) the eligible partner can still claim but will be paid at the single person rate and their partner's income will still be included when calculating the award. So whilst couples and families received assistance through social security during the pandemic it was at a considerably reduced rate. The following examples come from an EWS in Scotland briefing on the experiences of migrants during the pandemic (**SH/50 – INQ000608470**):

"An EU national couple are not married and have 3 children, the youngest is a baby. He was working in a low paid job but has been laid off. He has settled status, gets UC at a single person rate but is also subject to the benefit cap and the two child limit." #1385 (22/6/20)

"A client with children lost his job due to COVID. His wife has NRTPF and receives a veteran's benefit. He can claim UC as a single person but the veteran's benefit will be deducted from his award pound for pound." #73 (19/3/20)

"A self-employed client's wife has NRTPF. He is applying to the Self-Employed Income Support Scheme. If he applies for UC in the meantime it will be calculated using the single person's standard allowance." #666 (1/5/20)

Unequal economic impact on different groups of children

468. Specific features of the social security system meant that the pandemic had an unequal economic impact on different groups of children.

Children in larger families

469. Children in larger families experienced financial hardship due to the continued operation and roll-out of the two-child limit policy. The below examples come from our joint report published with the Church of England '*It feels as though my third child doesn't matter: The impact of the two-child limit after four years*' (SH/30 – INQ000608771):

“I didn't realise how much the two-child limit would affect us until both my husband and I were made redundant due to coronavirus ... Being made redundant has made it increasingly difficult to pay our outgoing bills... We are tied up in 2-year contracts that we could afford whilst working. We will incur charges for non-payment and we can't afford the early settlement fee.”

“After being made redundant while pregnant during the pandemic, I have found myself on universal credit and being affected by the 2-child limit. We are seriously struggling to make ends meet, we have got rid of unnecessary outgoings and still find ourselves unable to provide all that our children need... Every week we are in more and more debt.”

Children of different ages

470. I have been asked to comment on what extent there was an unequal economic impact of the pandemic on children of different ages. DWP did not publish 2020/21 breakdowns of HBAI due to concerns over the quality of data collected during the pandemic. The explanation provided by DWP in its statistical release was that *“discontinuities and additional biases introduced by the changes to data collection during the pandemic become more evident when the statistics are disaggregated into smaller groups. For several of the detailed breakdowns of our headline estimates we have concluded that would be difficult for users to make meaningful statistical assessments of trends and changes in the most recent year compared to the pre-coronavirus (COVID-19) pandemic level.”* I understand that the quality of the underlying data was worse as lockdowns meant data could not often be collected face-to-face. In light of this, it is not possible to break down 2020/21 figures by age to assess whether there were different impacts on poverty rates across children of different ages during this period.

471. However, both before and after the pandemic, poverty rates were highest for families where the youngest child in the family was in the age group 0-4, as this is a time when the labour market participation of parents is particularly limited by caring responsibilities and families are reliant on support from the social security system to help with the additional costs of raising children, which had been stripped back in the years preceding the pandemic. Although families with young children (0-4) are more vulnerable to experiencing poverty, all children in a household will be impacted by poverty, making an assessment of the impact of poverty on children of different ages more difficult..

472. Although the pandemic negatively impacted the educational attainment of all pupils, it was those from disadvantaged backgrounds that were hit the hardest. In Year 2 the pre-pandemic attainment gap (defined as the difference in attainment between children claiming means-tested FSM and those not claiming) was 6 months in both reading and maths. The pandemic increased the maths attainment gap by between an estimated 0.5 to 1 months and reading by between an estimated 0 to 1 months.

473. There is also evidence that pre-school disadvantaged children also particularly suffered.

16-17 year olds with no benefit entitlement

474. CPAG's EWS received examples of cases of 16 or 17 year olds who were still living at home with their parents, who were no longer in education, but had not been able to start work or training due to the pandemic. Their parents were no longer entitled to Child Benefit or tax credits for them, but the young people were not entitled to any means-tested benefits in their own right, due to being under 18 and not meeting any of the exceptions for 16 and 17 year olds, such as having a child of their own or being without parental support.¹² This put a strain on the household's finances.

People with Long Covid

475. So far as I can establish by making enquiries of relevant colleagues, CPAG did not prepare any briefings during the pandemic specifically on the economic impact or other issues faced by low-income families including people with Long Covid.

476. We have been asked to provide details of all submission to our UK EWS which refer to Long Covid. Many of the EWS submissions that we receive reference ill -health and/or disability but the nature of the condition is not specified by the person making the

¹² 16 and 17 year olds can claim some non-means tested benefits such Personal Independence Payment in their own name, but this was not applicable in these cases.

submission. It is therefore possible that other submissions made to the EWS were in relation to people with Long Covid without expressly referencing the condition by name. We have identified the following UK EWS submissions expressly referencing Long Covid:

"An adviser contacted us about their client who was an EU national with pre-settled status arrived in the UK in May 2018 and worked as a paid carer from July 2019 to May 2021, when the person she cared for passed away. By this point, the client had reached pension-age. In August 2021, both she and her partner got COVID, and her partner passed away in September 2021. The client was subsequently evicted from her housing association property due to issues securing succession of the tenancy, becoming street homeless. The client has multiple health issues, including long COVID, and is unable to work to support herself. The claimant applied for pension credit and housing benefit but was rejected due to failing the Habitual Residence Test." (submitted to CPAG EWS in October 2022)

"A PhD student with long COVID requires 3 carers a day; she has a certificate of interruption of studies and her bursary is suspended. She is not in receipt of PIP and was not assessed as having LCW prior to her studies; she is not able to claim UC." (submitted to CPAG EWS in November 2022)

"A self-employed claimant was unable to work due to long-covid. The claimant was unsure if they would be entitled to universal credit due to capital held in a business account, intended to finance the restarting of his business, and whether it will be disregarded for UC. The rules around this are not straightforward in the claimant's situation. The claimant had built up rent arrears and was concerned he was at risk of eviction." (submitted to CPAG December 2021)

"A claimant reached out to a welfare rights adviser over concerns about being managed migrated to UC. The claimant is a lone parent of two children and is worried about how conditionality will be applied to her; she has long covid which fluctuates in severity and restricts the hours she can work."

"A UC claimant with long COVID claimed UC in 2020 and, after submitting fit notes from November 2020, was eventually assessed and found to have LCW. The claimant subsequently reported a deterioration in health and as of August 2023, was still waiting on a new WCA. While waiting for a new WCA, the claimant has been asked to prepare for work for 35 hours a week, with the DWP claiming he agreed to this. The claimant complained to the DWP, who revised the claimant commitment but did not offer any

explanation as to why they insisted on the previous commitment in the first place."

"An appointee was in the process of challenging how the DWP handled her daughter's initial PIP assessment, which resulted in no award. As part of this, the appointee was making a new PIP claim and had to ask for an extension to complete this due to the ongoing effects of long covid (on the appointee). The DWP granted this extension." (submitted to CPAG September 2023)

477. Some of the issues in the case studies intersect with issues described elsewhere in the statement, for example, the difficulties faced by EEA nationals to establish their benefit entitlement. Not all of the issues in the case studies affect families with children – for example, the example of the PhD student being unable to claim UC would only apply to students without children as student parents are able to claim UC.
478. I have been asked to address CPAG's view of the strength and weakness of the UK Government and Devolved Administrations' understanding of the economic implications of Long Covid on low-income families and children and the response (or lack thereof) of the UK Government and Devolved Administrations to the economic challenges faced by those with Long Covid. CPAG has not formed any view on these matters as we did not carry out any research or analysis specifically in relation to Long Covid and do not have sufficient evidence to form a view.

Economic impact on low-income families and children related to the availability of childcare during the pandemic

479. During the lockdowns, low-income workers were much less likely to be able to work from home. Many of these workers were also key workers, such as care workers and shop workers. At the same time, they faced challenges accessing childcare, with many nurseries closing entirely. While in theory key workers could send their kids to school, in practice this was not always easy, for example if a low-income worker had a child with health needs and they therefore needed for health reasons to keep their child at home (as set out in our submission to the National Audit Office on Support for Children's Education During the Covid-19 Pandemic in October 2020 (SH/100 – INQ000608743)).
480. As the lockdowns eased, low-income workers faced challenges juggling employment, domestic, and childcare responsibilities. For example, from 1 August 2020, all employees, including those who were considered clinically vulnerable and had been shielding, could be requested to return to the workplace by their employer, as long as their place of employment was considered safe. During this time, CPAG's EWS received case studies

of parents (mainly lone parents and women) who were asked to return to work, but who did not have access to childcare:

"A woman with two children who had been furloughed, has now been told that she is expected back at work at the beginning of June [2020]. When she explained that she doesn't have any childcare, she was told that she will have to take unpaid leave."

"A lone parent who works for a charity has been told that she cannot be furloughed and that she will have to take unpaid leave instead if she cannot return to work as requested due to childcare."

"A lone parent with two children normally works 16 hours a week but has been unable to work since late March as her relatives who normally provide childcare are all NHS workers. Her employer is clear that the shifts are there if she can work and have not dismissed her, but have said that they can't furlough her in the circumstances."

"A lone parent has been expected to work at home during Covid-19. She has a young daughter at home who requires constant supervision. She has been able to work online and to provide support by email but is unable to work on the phone as it would not be appropriate for her daughter to overhear some of the conversations. She has been told that she is expected to work 12-14 hours including phone calls (she normally works 21 hours) and if she cannot she will have to take unpaid leave or reduce her hours until schools return fully. This will push the family into poverty."

Changes in childcare arrangements including for parents/carers in low-income families who were furloughed or working from home

481. The pandemic resulted in changes to childcare arrangements for all parents/carers, including those in low-income families who were furloughed or working from home.

Furlough

482. I address the economic impact of furlough on low-income families and children in paragraphs 151 - 156 above. It is important to note that even for those families where people were furloughed, some families continued to accrue childcare costs, even when they were not working and looking after their children at home. This is because some childcare providers continued to require families to pay childcare costs, for example as

part of a retainer to maintain their child(ren)'s place in the service or in exchange for resources provided virtually. As I explain at paragraphs 272 - 280 above, UC did not pay back the childcare costs for childcare that was not actually provided, whereas the position was different for a period for WTC.

483. We were also made aware of cases where parents who were returning to work after being furloughed were not being told about the possibility of applying for upfront childcare costs in UC via the Flexible Support Fund.

Home-working

484. The rise in home working had varying impacts on different groups of families with children. Some parents/carers enjoyed working from home and being able to spend time with their children while looking after them. This was particularly likely to be the case if parents/carers were also able to reap the benefits from increased flexibility in working patterns introduced by employers to support workers to work while also looking after children. To the extent that there were benefits to home-working, we note there were disparities in which families could benefit from working from home – for example, many low-income workers who were key workers could not work from home. In our submission to the National Audit Office's inquiry into '*Support for Children's Education During the Covid-19 Pandemic*', we cited one report which found that children from better-off families spent 30 per cent more time learning at home than those in poorer households (**SH/100 – INQ000608743**).

485. Many families, however, experienced severe difficulties when faced with the dual challenge of working from home while also performing childcare at home. From a purely financial perspective, while it is true that some parents in families with low-income may have been better off without having to pay childcare costs, for many families, there were significant non-financial costs to being required to work at home while also looking after their children.

486. In our report '*Poverty in the pandemic*', nearly all of the low-income families we spoke to told us about how life under lockdown had been a constant struggle to make ends meet and manage the additional pressures on family life (**SH/03 – INQ000608720**). For lone parents, the challenge of balancing work and childcare was particularly difficult.

487. One of the key issues reported to us by families was low-quality housing and cramped conditions. Families we interviewed as part of our '*Poverty in the pandemic*' report told us about the challenges of having no outdoor space. Others told us about how the lockdown

made them painfully aware of the poor quality or overcrowded accommodation in which they were living. In our submission to the National Audit Office's inquiry into '*Support for Children's Education During the Covid-19 Pandemic*', we cited one report which found that young people from a Black and minority ethnic background were less likely than their white peers to have access to a garden and more likely to experience poorer-quality indoor conditions **(SH/100 – INQ000608743)**.

Wider impact on the economy as a result of the challenges faced by low-income families and children

488. CPAG has not done any research specifically to investigate the impact that the challenges faced by low-income families and children during the pandemic had on the economy as a whole. However, in addition to any temporary changes in employment and productivity due to barriers to work described elsewhere in this statement, I would expect that the economic drag effect of child poverty that we explain at paragraphs 65-67 would also arise from the pandemic period, as a result of impacts on children's education which in turn affects future earning potential.

489. Additionally, low-income families spend the money they have out of necessity (rather than saving it). Therefore, the sharp income falls for many low income families who were pushed out of employment would have reduced their spending in the economy. The £20 uplift, which equated to £6bn annually in terms of government spend, would have partially counteracted this, but this would not have fully compensated.

Part E: CPAG analysis and recommendations for consideration by the Chair

490. A chronological list of all research, briefings and analysis produced by CPAG relating to the matters covered by Module 9 is provided at Annex 2 of this statement. I set out below a summary of CPAG's views as to the strengths and weaknesses of the overall economic response, and the design and implementation of economic interventions, as well as other matters on which the Inquiry has specifically sought CPAG's views.

Strengths and weaknesses of the overall economic response to the pandemic by the state in relation to low-income families and children

491. At UK level, the overall economic response was not particularly targeted at low-income households who were already in poverty at the outset of the pandemic. Nor was the UK response designed with children in those households in mind. The aims of the state's

economic response should have included – at minimum – avoiding destitution and deep poverty; ensuring that all households were financially able to provide for their essential needs; and mitigating the unequal impact of the pandemic on children in poverty – as human beings with their own rights but, also, from an economic perspective, as an investment in our shared economic future as that generation enter adulthood.

492. In addition to the lack of targeted support to low-income families with children, key weaknesses in the overall economic response at UK level included:

- a. The patchwork nature of provision of household financial support through disparate mechanisms rather than via the already established social security system. The approach taken was characterised by confusion, delay, uncertainty and inefficiencies; and
- b. The prolonged failure to re-establish the link between support and need, by removing the benefit cap and the two-child limit. This was particularly unjustifiable and irrational when even the usual government justification for these policies is to incentivise work, and many people were simply unable to work as a result of the pandemic.

493. A key strength of the economic pandemic response was that, although it was done in a way that did not take account of family size, low-income families who received the full £20 per week increase in their UC payments between May 2020 and October 2021 did benefit significantly from it during that window and, had the increase not been introduced, things would have been much worse for those families in that period.

Strengths and weaknesses of the design and implementation of key UK Government economic interventions in relation to low-income families and children

£20 increase in UC standard allowance and WTC

494. A strength in the £20 per week increase in the UC standard allowance was that it was able to be implemented reasonably quickly, with families who were already on UC or who claimed UC in March-April 2020 when the pandemic hit receiving their first increased UC payments in May or June 2020. There was no administrative burden on low-income families already on UC, as they received the uplift within their existing award. This also meant that families did not miss out financially due to not knowing about the increase, as no additional claim for it was needed. For those who were aware of it, it was also relatively simple for families who were already in receipt of UC to understand how much extra they would get on top of their existing UC award, making it easier to budget, although there are

other reasons for significant fluctuations in UC payments which can occur as a result of the design of the UC system in 'normal' times, which may have counteracted this. For new UC claimants, who had not been in receipt of tax credits prior to the pandemic and were claiming because of a sudden drop in income from work, the increase would have reduced the size of the drop in income they faced, as compared to the position they would have been in if the increase had not been in place. The temporary fall in child poverty in 2020-2021 has been widely attributed to the £20 uplift.

495. A key weakness in the design of the £20 increase was that it was flat rate, irrespective of household composition. This put families with children at a disadvantage and did not account for the additional costs they faced. A further weakness of the design of the increase was that it was not accessible to all low-income families: groups that missed out included legacy benefits claimants not in receipt of WTC, some migrant families (see paragraphs 106 - 134 above), and households that were subject to the benefit cap.

496. The implementation of the £20 increase was flawed in respect of how it was communicated: families who were not already on UC were not always aware that they would lose their existing tax credits and other legacy benefit support when claiming UC with no ability to return to tax credits, including households that were worse off on UC or even not entitled at all.

497. The design of the increase as temporary (initially 12 months) meant that the reversal of the increase after 18 months, following a six-month extension, was the largest real terms cut to benefits in modern history. The introduction of the HSF and other support introduced around the time of the removal of the uplift did not come close to offsetting the impact of the £20 per week cut to benefits. Low-income families were forced to cut back even further and the number of children in poverty rose the subsequent year.

Coronavirus Job Retention Scheme

498. A strength of the design of the furlough scheme was that it provided beneficiaries of the scheme with a level of support proportionate to what they were receiving prior to the pandemic. This mitigated, to a certain extent, the pre-existing absence of earnings-related contributions-based unemployment benefits in the UK social security system (explained at paragraph 28 above). Beneficiaries of the scheme additionally retained a connection to their existing job meaning that they were able to return to their previous role and economic position.

499. A weakness of the furlough scheme was the coverage that it achieved: employers who chose not to furlough their employees led to people becoming unemployed and needing to apply for social security benefits which provided considerably less support (as contribution-based benefits in the UK are not proportional to previous earnings). Additionally, for some low-income earners who were beneficiaries of the scheme but whose payments were not topped up by their employers, a 20 per cent drop in income was significant, and resulted in them being unable to meet their basic costs. This drop in income from employment had a particularly harsh impact where it also resulted in reduction to their in-work social security top-up payments, due to the application of the benefit cap (see paragraphs 153 - 155 above). It was a failure in the design of the scheme to not consider fully interactions with the social security system, and a failure in implementation to not make changes to resolve issues, once they were raised.

Measures on Statutory Sick Pay

500. The changes to SSP during the pandemic were minor such that we would not consider the changes themselves to be a major economic intervention for low-income families and children. The key pre-existing weakness of SSP that persisted through the pandemic were the minimum earnings threshold which meant that SSP was not available to an estimated 2 million low-income workers. For those it was available to, the rate of SSP provided inadequate support.

Strengths and weaknesses of the engagement of the UK Government and Devolved Administrations with CPAG and other organisations and areas for improvement in any future pandemic

501. Aspects of UK Government engagement worked well when utilising existing lines of communication to provide information from government to stakeholders. However, this was not done to its full extent as some stakeholder groups were paused. Communication in the opposite direction, from organisations such as CPAG with evidence of what was happening 'on the ground' and in relation to the implementation of measures and emerging issues did not seem to be paid much attention in the earlier stages of the pandemic, but this improved as time went on.

502. The charity sector and other civil society organisations worked collaboratively and extensively in coalition during the pandemic which meant that there was broad consensus around action needed by Government. There were some instances where it felt like this was listened to and was effective with the UK Government, for example the six-month extension of the £20 uplift. Although I was not directly involved in CPAG's engagement

with the devolved administrations, my impression is that engagement with coalitions of civil society organisations that CPAG was part of was good in Scotland and Wales.

503. As extensive consultation is not likely to be as feasible in fast-moving emergency situations, alternative routes of gathering urgent views of civil society organisations should be developed for use during any future pandemic. For key measures, more detailed consultation should also be carried out in advance of any emergency, as part of the planning and preparation stages.

CPAG Recommendations

504. CPAG asks the Chair to consider making the following recommendations in order to improve the economic response to a future pandemic or civil emergency.

Recommendation 1: Use an improved social security system as the default mechanism for providing economic support to households in a civil emergency

505. CPAG's overarching recommendation is that the default mechanism for getting financial support to households in emergencies must be an improved social security system. For this to be effective, the following principles need to be applied to the social security system:

- a. Adequacy;
- b. Re-establishing the link between need and provision of/entitlement to support;
and
- c. Universal coverage for families in financial need.

506. The use in the Covid-19 pandemic of a myriad of delivery mechanisms for financial support led to delays, uncertainty, inefficiencies, patchy or inconsistent provision and, ultimately, families in financial need missing out on support. Whilst it demonstrated that when they decide to, governments can act quickly to design generous financial support to some families, for example through the furlough scheme, channeling financial support through an improved social security system would avoid the pitfalls identified earlier.

Recommendation 1A: Improve the adequacy of the social security system for families and children

507. The Covid-19 pandemic struck at a time when the social security system had been significantly under-funded by government, with a range of cuts and freezes that hit families

with children particularly hard. The UK government must invest in the social security system, improving its adequacy, so that in any future emergency it can function as the key mechanism for ensuring children and families can meet their essential costs.

508. This would ensure that the population as whole, including children and low-income families, would be less vulnerable to future economic shocks at a household level. Existing structures would already be in place to provide a minimum level of adequate financial support to the households that need it, when they need it. This would reduce uncertainty for families that arose from short-term measures, reduce confusion about different sources of support, and reduce the number of different places or public bodies that families need to turn to for support. It also means the government can focus on other pressing issues such as public health, without having to re-invent the social security system at a time of national crisis.

509. Investing in the social security system would be the single biggest protective step the government can take to safeguard families from the economic impacts of a future pandemic. As the Covid-19 pandemic has shown, what families needed above all else, and especially during a time when wider support services were closed, was the financial resources to meet their family's needs, and the best way to ensure this is via the social security system.

510. CPAG recommends investing in Child Benefit, in particular, as this provides consistent support to families and has a broad reach, without the complexities and limitations of the means-tested system. Further, since wages do not take account of children in a household, it is a form of financial support that is needed outside of an emergency, as well as during.

Recommendation 1B: Re-establish the link between need and support in the social security system

511. It is vital that the social security system provides financial support that reflects the level of need experienced by a family with children. Policies within the social security system that deliberately divorce entitlement to support from the assessed level of need within a household, such as the two-child limit and the benefit cap are damaging and push children into poverty. The UK Government must scrap both the two-child limit and the benefit cap as part of its Child Poverty Strategy to reinstate this principle within the UK's social security system. The reinstatement of this principle in our social security system and the scrapping of these policies would improve the financial circumstances of low-income families during civil emergencies, helping them to better cope during periods of national crisis.

512. This basic principle of ensuring that the amount of support reflects family need must also be applied in relation to any increase in support that is introduced during future civil emergencies, or else those emergency measures are likely to be ineffective.

Recommendation 1C: Ensure access to financial support for families currently excluded from the social security system

513. The social security system should protect all children, irrespective of their parent's immigration status. The UK Government should abolish the NRPF condition for, at minimum, families with children, as part of its Child Poverty Strategy. The UK Government should also amend benefits regulations so that pre-settled status under the EU Settlement Scheme is a qualifying right to reside for the purposes of UC and other benefits. During civil emergencies, families are less able to rely on income from work, due to circumstances entirely outside of their control, and additionally may be unable to travel abroad. Resolving this issue prior to the impact of any emergency is preferable, so that government efforts can be focused on dealing with public health or other urgent matters. It will also mean that operational changes are not needed in order to implement new forms of support for these families, at a time when civil service resources are likely to be stretched.

Recommendation 1D: Improve information and advice provision in relation to social security support for families with children

514. The UK Government must properly fund welfare benefits advice and create a sustainable plan for the independent advice sector. Part of this should include a programme of welfare benefits advice delivery co-located in places frequently attended by low-income families (for example, schools) which also uses technological solutions to provide remote delivery options that can be used during times of civil emergency. This would ensure that families were aware of the financial support they could access, and would not lose out due to lack of information or misinformation, as occurred at the start of the Covid-19 pandemic. The capacity of the independent network of advice providers is particularly essential during civil emergencies, when there is likely to be large amounts of potentially confusing information that government is trying to communicate to the public and public trust levels may be low. It would also relieve the burden on civil servants from providing information or dealing with queries that could have been addressed by advisers and provides a vital 'feedback system' to inform government of how emergency measures are working in practice (for example, via CPAG's EWS). Such a network cannot be created overnight, however, and so a sustainable sector outside of periods of crisis is necessary in order for it to function during an emergency.

Recommendation 2: Consider up to date information about the social security system when carrying out risk assessment and strategy planning for future civil emergencies

515. An assessment of the social security system should form part of any pandemic planning, including risk assessment and strategy processes. The government should be required to map and monitor gaps in the system to inform where emergency economic measures will be needed, and to identify where non-emergency changes can be made to improve economic resilience in case of a future emergency. This mapping should include:

- a. An assessment of the adequacy of the system;
- b. Identification of areas of the system where policy is de-coupled from need; and
- c. Identification of any gaps in coverage - groups who are unable to access support through the social security system or are at risk of not being able to access support.

516. The assessment should also take into account the extent of contributions-based benefits within the UK's system, which can serve as an income-maintenance mechanism in case of economic shocks. The UK entered the pandemic in a very different position from some European countries, where contributory benefits are based on a proportion of previous earnings; were this in place it would act as an automatic stabiliser to the economy in any future civil emergency, as well as providing support to families who face temporary sudden losses of income outside of an emergency, which has the advantage of putting them in a better position to quickly regain their previous level of earnings.

517. In addition to mapping the existing gaps in support that, as the Covid-19 pandemic demonstrated, will be drawn into even sharper focus in the event of an emergency, the government's emergency strategy must include steps to make the social security system more resilient in the key areas outlined above, so that the UK can better deal with the economic challenges raised by a future emergency. To the extent that any additional economic mechanisms that are not in place *outside of* emergencies are identified as being required *during* emergencies, the planning for those mechanisms should explain i) why the design of those mechanisms mitigate economic problems that are specific to an emergency; ii) why they are not necessary to implement outside of an emergency period; and iii) detailed implementation plans on how they will be rolled out at pace during a time of emergency.

STATEMENT OF TRUTH

I believe the content of this statement to be true. I understand that proceedings may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief of its truth.

Personal Data

Signed:

Dated: 26 June 2025