

MINUTES OF MEETING HELD AT NEW COURT ON 3rd DECEMBER 2008

Present: Chair: Sir Richard Tilt

Members: Mr K Akuffo
Mr L Allamby
Mrs B Campbell
Dr A Erskine
Mr R Exell
Ms A Garnham
Professor E Kempson
Mr L Naumann
Ms P Smail
Professor J Walker
Professor R Walker

Guests and Officials: Warren Evans (Item 3)
Mary Collins (Item 3)
Simon Lunn (Item 3)
Emma Reed (Item 3)
John O'Neill (Item 4)
Mike Keegan (Item 5)
Nick Butler (Item 5)
Mel Groves (Item 6)
Anne Brew (Item 6)
Helen Gadd (Item 7)
Christine Watkins (Item 7)
Mike Tibble (Item 7)
Claire Dodds (Item 7)
Liz Crowther (Item 7)

Secretariat: Ms G Saunders
Dr A Bee
Dr N Moss
Mrs E Harnett
Mr J Allen

Apologies: Simon Bartley

Observers: Sarah Watts, Michelle Odgers, Jane Bonner-Morgan, Andrew Burland, Anthea Watson

Private Session

Main Meeting

The **Chair** welcomed John O'Neill from the DSD in Northern Ireland, and Sarah Watts, Michelle Odgers, Jane Bonner-Morgan, Andrew Burland and Anthea Watson as observers to the meeting.

1. Minutes and Action List

1.1 **Members** agreed the minutes of the November 2008 meeting, noting grammatical and similar corrections. **Members** confirmed receipt of the documents sent out in response to the HMRC consultation on the Health in Pregnancy Grant (Action Point 6.9 – *Circulated 14/11/08*).

2. Chair's Report

2.1 The **Chair** advised members that the Stakeholder Seminar feedback was very positive. The write-up will be circulated after the meeting, with a view to publication on the website (together with an 'Update' note) in January. One suggestion for the work programme (looking at delivery of services to the estimated 20 per cent of customers who do not fit in the mainstream) will be developed for possible inclusion in the work programme.

2.2 Copies of the Gregg report will be forwarded to members. Paul Gregg has agreed to a meeting with SSAC members to discuss the report, and possible dates are being identified. It is likely that this meeting will take place after the White Paper is published later in the month.

2.3 The press interest in the report on the recent lone parent regulations (Cm 7480) is unprecedented and it is possible that the next report (on the Flexible New Deal regulations) could attract a similar response, as will any consultation on the forthcoming changes to mortgage interest provisions. The Secretary continues to alert the Sponsor Team as and when press enquiries are received.

2.4 A letter from the Secretary of State (responding to the recent letter on the use of 'urgency' in respect of the mortgage interest changes) is expected shortly. This will include more detail on the interest changes and confirmation that the SMI will remain unchanged at 6.08 per cent.

2.5 The Secretary is still trying to find out what has happened to the termination of the Community Sentences Pilot. The regulations have not been laid and it is not clear what the Department now plans to do.

2.6 A meeting with the Work & Pensions Committee is being set up for the afternoon of 4 March. Members are asked to let the Secretary know if they can still make this. The Secretary has written to the Committee in connection with its ongoing equality duty inquiry, drawing attention to the relevant section of SSAC's annual report.

2.7 Members were asked to note the meeting dates for 2009 and indicate if any of these are likely to be problematic. The 10 / 11 June meeting for Cardiff is now booked. Leigh Lewis will be a dinner guest, possibly with a minister. If the Stakeholder Seminar is to be moved again to the second week of November it would be helpful to have confirmation without delay.

2.8 Tony McNulty is attending the March meeting. Dates will be found for the Secretary of State and other ministers, and for Lesley Strathie of HMRC. Frances Wood of the Scotland Government will attend on 4th March to talk about social security, approaches to tackling income inequality and poverty and the relationship with DWP.

2.9 The **Chair** advised that the Memorandum of Understanding with HMRC and HM Treasury is now close to agreement.

2.10 **Members** gave feedback on recent visits and conferences attended. A **Member** reported that the Single Equalities Bill should tidy the law on equality, which is currently very complex. It was expected that Equality Impact assessments will continue to be required.

2.11 The **Secretariat** reported on a visit to a Children's Centre in North London and the need to build support for those in voluntary work as a way to paid employment. A **Member** reported that in her non-executive Trust role, a money guide for parents given to customers at an integrated children's centre was found to be a useful tool but too complex. She emphasised the need for staff training.

2.12 The **Chair** raised the anti loan-shark work of Illegal Lending Units. A **Member** reported how these are being rolled out nationally and the possible support from Credit Unions.

2.13 Members were advised that the January and February meeting agendas have filled up. The **Secretary** reported on future agenda items, pointing to a number of potential formal referrals. She noted the use of the urgency procedure for the Mortgage Interest regulations and explained that this was unprecedented in recent years. A **Member** expressed concern that reports from the Committee are generally considered during debates on regulations and that this consideration would not be available when the urgency procedures are used. The **Secretary** advised that comments by the Committee could still be considered in any prayer against the regulations.

3. Voice Risk Analysis – Presentation – *Reserved item.*

4. Presentation by John O'Neill, – Director of Policy and Legislation, Department for Social Development, Northern Ireland (N.I.) - Northern Ireland.

4.1 The **Chair** welcomed **Mr O'Neill** to the meeting and invited him to present his regular update to the Committee.

4.2 **Mr O'Neill** highlighted the high volume of work on social security, child support and pensions matters within the Northern Ireland Assembly since the return of devolution - five Bills in just over a year. Delays in the corresponding Westminster legislation increased time pressure on the Assembly Bill if common implementation dates were to be achieved e.g. the Pension (No 2) bill would require Royal Assent in a matter of days rather than weeks.

4.3 **Mr O'Neill** highlighted the key issue of parity with Great Britain. The enforced coalition nature of the Executive with no programme of government agreed in advance meant that the attitude of the constituent parties to the maintenance of parity varied from absolute acceptance to hostility.

4.4 **Mr O'Neill** noted that cross-cutting policies (for example the skills agenda) need to be approved by the Executive. He mentioned the recent lone parent conditionality changes and noted that they were only approved in Northern Ireland after the GB regulations had come in to force. Executive approval had only been achieved with difficulty.

4.5 Childcare is a key issue in Northern Ireland and is linked to lone parent conditionality. **Mr O'Neill** reported that current levels of provision are manageable for the first tranche of lone parent changes (12+), but that provision does not currently exist to cover the second and third tranches (with progressively younger children). The current regulations maintain parity but, operationally, will be slightly different from GB. For the first tranche of lone parents there will be a slightly modified JSA regime; if lone parents do not have suitable childcare then they will undertake postal signing every 13 weeks. However, **Mr O'Neill** noted that this approach might not be suitable for the second and third tranches of lone parents.

4.6 The childcare agenda and extent of provision is very different in Northern Ireland. There is no Extended Schools provision in Northern Ireland and no legislation around the provision of childcare. The office of the First and Deputy First Minister (OFMDFM) now propose to address the issues of responsibility and resources.

4.7 The **Chair** asked about the likelihood of childcare provision being in place for the second tranche and **Mr O'Neill** reported that he was not confident that Northern Ireland will be ready by October 2009.

4.8 **Mr O'Neill** reported that OFMDFM is also very interested in fuel poverty and in-work poverty. A fuel poverty taskforce has been set up, by DSD although currently there is neither legislation nor money available. However, Northern Ireland Electricity has agreed to operate a scheme to help alleviate fuel poverty; eligible claimants will be given a credit on their electricity bill. This will cover claimants on IS but not Tax Credits, which means that it probably won't be available to pensioners.

4.9 **Mr O'Neill** mentioned that consideration was being given to a revised procedure to speed up the handling of parity Bills but that this would depend upon the agreement of all the political parties. The Social Development Minister was clear that parity, given the financial and operational consideration, was the

best deal for Northern Ireland, and intended to put a paper to the Executive. However some parties might have difficulty in signing up to a blanket acceptance of parity given their views on some of the proposals in the Gregg Report and other welfare reform papers.

4.10 A **Member** asked about the disproportionate cost of pre-payment meters. **Mr O'Neill** noted that the energy market in Northern Ireland was very different from GB. In Northern Ireland there are limited social tariffs and meters are encouraged, although he was not sure of the costs of meters. **Mr O'Neill** noted that there is only one electricity and two gas providers in Northern Ireland.

4.11 A **Member** asked if the fuel poverty paper was available on the web, as the Committee would be very interested to read it. **Mr O'Neill** was not sure if it was available but noted that he would get a copy for SSAC if it was.

4.12 A **Member** noted that Westminster is trying to get providers to contribute towards the alleviation of fuel poverty. **Mr O'Neill** noted that the differences in the Northern Ireland system mean that the electricity bill credits seems to be the easiest approach for Northern Ireland. However, he did note the difficulties with targeting those in fuel poverty and suggested that Housing Benefit may be a better approach to identifying all those on low incomes.

4.13 A **Member** noted that Northern Ireland did not adopt all the proposals in the Green Paper, e.g. they have not yet decided on tendering out to private companies. **Mr O'Neill** noted that sometimes Northern Ireland will vary the delivery method but achieve the same outcomes and that there were some aspects of the Green Paper that Northern Ireland did not like, e.g. joint birth registration. In addition, some issues were not bound by parity, e.g. the skills agenda which falls to a different department (DEL).

4.14 **Members** probed further on the issue of childcare in relation to the lone parent conditionality changes. **Mr O'Neill** reiterated that his Minister has committed to all three tranches and is putting lots of political pressure on to try and develop childcare. However, no department will agree to take the lead on childcare and therefore the Executive will have to decide.

4.15 The **Chair** noted that the issue of parity and IT was very interesting, and that if Northern Ireland wants to move away from parity they will need an IT strategy to do so. **Mr O'Neill** reported that Northern Ireland had intended to set up a separate IT benefit processing scheme in the 1980s, but that the cost had been prohibitive, because of the need to be able to link to the GB system.

4.16 **Members** raised the issue of sanctions, particularly around Northern Ireland decisions to use sanctions. **Mr O'Neill** reported that there is already variability in Northern Ireland in the use of sanctions. Overall use is low, but there is variability across offices.

4.17 A **Member** asked how the amount of money for benefit expenditure for Northern Ireland was determined. **Mr O'Neill** reported that estimates were made on a yearly basis by the Department, Department of Finance and Personnel and HMT. There is a separate Northern Ireland National Insurance

Fund for contributory benefits but generally this needs topping-up from the GB fund (£350 million last year) because insufficient NICs are raised in Northern Ireland. There is an understanding that HMT will maintain funding so long as parity is maintained, but if there was a departure from this, then HMT would review. If Northern Ireland were to spend beyond parity, the additional costs would have to be met from the Northern Ireland Block Grant.

4.18. The **Chair** thanked Mr O'Neill for his presentation to the Committee and asked if they would see him again in the future, as Mr O'Neill is due to leave the Department next year. **Mr O'Neill** reported that his last presentation to the Committee would be in April 2009.

5. Flexible New Deal Regulations 2009 – the SSAC report

5.1 **Mr Mike Keegan**, JRFND Implementation Manager and **Mr Nick Butler** from Jobseeker's Division Strategic Design Team attended the meeting.

5.2 **Mr Keegan** thanked the committee for their time and for early sight of the consultation report. **Mr Keegan** said that he also welcomed the opportunity to add comment.

5.3 **Mr Keegan** explained that the invitation to tender exercise for the FND closed on the 12 November, but in view of the current and predicted economic downturn, the Department had written to prospective providers asking for detail on how they would handle fluctuating numbers of customers.

5.4 **Members** discussed the report and a number of drafting suggestions were made and accepted. It was agreed that the amended report would be circulated to members for final comment, and that the complete report would be sent to officials by 10th December.

The covering letter and the final report were sent to officials on 9th December.

6. Mel Groves – Chief Executive Jobcentre Plus

6.1 **Mel Groves** thanked the Committee for the opportunity to come and speak to them. He outlined that Jobcentre Plus is a delivery organisation and one that has gone through major restructuring. He was pleased to note the acknowledgement in the SSAC Report of the significant achievement of the Jobcentre Plus's modernisation programme to improve levels of service to all our customers through 31 Contact Centre, 750 modernised Jobcentre Plus offices and 80 centralised Benefit Delivery Centres.

6.2 He outlined that customers expect access Jobcentre Plus's services like any other organisation, as easily, directly and flexibly as possible. Jobcentre Plus are, therefore, offering far more services, both to employers and individual customers, through the Contact Centre network and Internet open access.

6.3 This is reducing the need to call into Jobcentre offices and, increasingly, offices are used for booked appointments only as customers use the readily accessible telephone and on-line access. In addition, there is a shift towards a more individual service for our most disadvantaged customers, delivered in partnership with the public, private and voluntary sectors.

6.4 All this is improving the service Jobcentre Plus can provide for all its customers and ensures that it is delivered in the best way for them. However, **Mel Groves** outlined that Jobcentre Plus has seen an unprecedented increase in claim volumes over the recent months – 50% above original forecast – and he expects this trend to continue.

6.5 The number of people claiming JSA Allowance benefits has been rising since the beginning of 2008, with the count going up by 32,000 last month. Inflows on to Jobseekers Allowance were nearly 250,000 in August compared to 200,000 at the turn of the year. He stated that the organisation clearly needed to plan for how to react to this higher level of activity each month.

6.6 However, **Mel Groves** said that, having gone through two previous recessions, he did believe that the economy and Jobcentre Plus is better placed than in the past to face the current global economic problems, offering greater support to individuals to help them back into work.

6.7 He acknowledged concerns about the Social Fund and the significant level of change that the Department was introducing e.g. Lone Parent Conditionality, Employment Support Allowance and the challenges placed on the organisation with the forthcoming White Paper. He outlined that the Social Fund Review was an important step in addressing the longer term issues inherent within the current Fund.

6.8 **Mel Groves** outlined that there are still new jobs coming up and large numbers of people are still moving off benefits and into jobs. At present the off flows are holding up with 60% of people making a new claim spending less than 3 months on the count. He outlined that active intervention is key - for both those newly unemployed and for those who have been unemployed for some time.

6.9 **Mel Groves** outlined that Jobcentre Plus are maintaining services through tight management of resources and that they announced last month an increase in Jobcentre Plus staffing of 2,000 for 2008/9. Following the Pre-Budget Report, they plan to increase staffing further by around 6,000 in 2009/10. Jobcentre Plus are also increasing resource available through redeploying head office and back office staff to customer facing posts, extending working days and starting to deploy twilight shifts; and they have also suspended the proposed closure of 25 Jobcentres while the current economic uncertainties exist, to increase delivery capacity.

6.10 So against a backdrop of rising business volumes **Mel Groves** outlined that his mantra remains: answer the phones; timely interventions and paying the claim – right money at the right time.

6.11 The **Chair** asked about the dilemma between reforming Jobcentre Plus and the impact on Personal Advisors. **Mel Groves** noted the need to balance personalised support in returning to work with paying entitlement. Work is being done on where to deploy the additional staff and the training requirement.

6.12 A **Member** thanked Mel Groves for the informative report and acknowledged the importance of the work that Jobcentre Plus undertakes. He asked about the market analysis and forecasting role of Jobcentre Plus – specifically who are the newly unemployed and whether the long term unemployed are likely to be the same as before? **Mel Groves** advised that figures show unemployment is spread across the country unlike the previous recessions where specific sectors were affected. Many individuals are facing unemployment for the first time. However, it appears that employers are trying to retain skilled staff. The best measure of unemployment is the labour force survey. This indicates that students and people who are at home but want a job are the most effected at this stage.

6.13 A **Member** supported doubling the budget for rapid response and asked that this be publicised to individuals as well as employers so that more customers find new jobs before they stop their old one. **Mel Groves** agreed and outlined that District Managers contact local firms, the TUC and the local MP as soon as significant redundancies are announced. They will work closely with the Regional Development Agency and other key partners to support those facing redundancy.

6.14 The **Member** noted that the Jobseekers Act had halved the time on short time work before employees need to seek alternative work and commented that this could be counterproductive. He asked that the provision should be temporarily lifted to get through this difficult time. **Mel Groves** agreed to raise this at the next weekly meeting of DWP, BERR and Ministers.

6.15 A **Member** commented that many of the newly unemployed have IT skills and asked about using IT to deliver support which should be available before people become unemployed. She asked about national publicity with a local focus; information about keeping healthy; the role of volunteering and how to write a CV. **Mel Groves** noted that they are looking at such ideas and the role of Job Clubs for those who do not have IT skills or access at home.

6.16 Along with questions on staff training, a **Member** noted the importance of experienced Personal advisors, seeing them as the Jewel in the Crown of Jobcentre Plus. **Mr Groves** noted this, adding that the practical role of the Personal Advisor is to balance empathy for the customer with technical knowledge and support.

6.17 A **Member** asked about footfall in Jobcentre Plus. **Mel Groves** advised that regions have been asked to produce service delivery plans to look at how they can address increasing volumes. He outlined that Jobcentre Plus are working with a number of partner organisations, going in to children's centres and opening longer hours to increase capacity. **Mel Groves** agreed that he or Ruth Owen, the new Chief Operating Officer, would attend the Committee early next year to provide an update.

6.18 A **Member** expressed concern about some of the emotive language being used in the press, for example in the reporting the Gregg Report; noting that some press reports work against Jobcentre Plus, leading to the public keeping away. **Mel Groves** noted that there have been good stories in the press and some unhelpful emotive language.

7. State Pension Equalisation Regulations. Paper 55/08

7.1 **Helen Gadd, Christine Watkins, Claire Dodds, Liz Crowther and Mike Tibble** attended the meeting to discuss the regulations. A **Member** began by raising the issue of the disregard of property occupied by a relative aged over 60. The **Member** was concerned that as the age of the relative increased in line with Pension Credit age, then more individuals would be at risk of losing their place of residence. For example, a carer who moved in to care for an elderly relative might find that the house needed be sold to fund the cost of care if the elderly relative had to move into a care home. There is also a mismatch between the disregards in Income Support and those applied by Social Services.

7.2 **Ms Gadd** responded that they had consulted with stakeholders and that Age Concern had raised this issue as a potential problem. The complex interaction of benefit rules and the ways that Local Authorities treat property makes the situation more complex. **Ms Gadd** said that a person who did not qualify for Pension Credit because of this rule might not be personally disadvantaged since she understood that the effect would be to reduce the care home resident's contribution to their fees but provided they were entitled to some State Pension they would still be left with the personal allowance. Officials do not have data on the future extent of this problem but anticipate that the effect is likely to be small. There was agreement that an increase in life expectancy might increase the problem as the number of elderly people going into care is likely to grow. The **Member** asked whether there was any rationale for the uplift, given that the potential monetary savings are likely to be limited. **Ms Gadd** replied that the change was being proposed for coherence rather than to generate financial savings.

7.3 The **Member** asked whether the capital limits were being increased to 65 and whether there were any related regulations that were being left at 60. **Mrs Watkins** replied that the capital rules were inbuilt in the Pension Credit provisions which had been linked to women's State Pension age from the outset of the scheme in October 2003. **Ms Gadd** added that the regulations before SSAC would not be the last word on equalisation. There will be a further set of regulations relating to WFIs once the primary legislation is in place. Officials still need to make a decision about regulations relating to the treatment of notional income in respect of personal or occupational pension income in the income-related benefit regulations.

7.4 The **Member** asked whether there had been any assessment of the impact of increasing the age at which conditionality ceases for couples making a joint claim for JSA. Members had expressed concerns about regulations that

raised the age for joint claim conditionality to 60 when they were presented to SSAC in 2007. **Ms Gadd** replied that joint claiming had initially applied where either member of a couple was under 25 before being extended in two phases to those aged 25 – 60. **Ms Gadd** did not know whether the final phase had been evaluated. She added that if the proposed change was not made, it would result in a rather odd framework where mandation would cease for a joint claim couple before it ceased for a single claimant.

7.5 A **Member** made reference to the Impact Assessment and noted that while officials had provided information on the numbers likely to be impacted, they had not provided information about the extent of the impact, which was what SSAC required. The **Member** was also concerned with the last sentence in paragraph 113, which notes that the impact on child poverty 'is likely to be negligible', although there is no evidence presented to support this.

7.6 **Ms Gadd** apologised that this section was not clear and agreed that notwithstanding the evidence indicating that the numbers of children affected is likely to be low, this was not by itself sufficient information. Pension Credit is used as a proxy to determine the number of children likely to be affected by the change. **Ms Gadd** noted that the income of families on Pension Credit with a dependent child is already below 60% of median income and that the working age benefit rate will be lower than the Pension Credit rate, so that the gradual withdrawal of the Pension Credit rate of benefit for people aged 60 to 64 would lead to a fall in income to significantly below 60% of median income for the families affected by the change. The **Member** appreciated the difficulty in estimating the figures, but noted that information on the likely scale of the impact needed to be provided in the Impact Assessment. The **Member** summarised the impact suggesting that these changes will exacerbate poverty as those affected by the changes are already poor and will be poorer after the change.

7.7 A **Member** highlighted the issue of communication and suggested that Financial Advisers also need to be told about the change, as they are often badly informed about State provision. The **Member** highlighted that they do use the Pension Calculator website and therefore it might be useful to place information on this site.

7.8 A **Member** returned to the issue of linking the property disregard to State Pension Age (SPA) and felt that there was no logical reason for the link. **Ms Gadd** reported that this was a historical feature of the benefit system; in its original form the regulations referred to "aged" which became defined as age 60 or over in line with women's SPA and also applicable to men at that age because of the need to have a common rule for men and women. She discussed the issue of defining vulnerability, for which age has typically been a proxy. Consistent with other changes, 60 is no longer seen as a proxy for being elderly and frail.

7.9 A **Member** highlighted that it was likely that this change would impact disproportionately on women, as they felt it was more likely that women would have moved to care for their elderly relative.

7.10 The **Chair** thanked officials for attending the Committee and reported that the regulations would not be formally referred but that the Committee would write to officials highlighting a number of issues of concern, including the property disregard issue. The **Chair** asked officials to amend paragraph 51 of the Explanatory Memorandum, as it was not strictly accurate. **Chair** also asked that regulation 10 on joint claims was looked at again, that paragraph 113 of the Impact Assessment was expanded to include scale of impact and noted that SSAC would make some suggestions around dissemination of the equalisation changes.

8. Action Points and Action Taken

AP & Para.

- 8.1 *Reserved item.*
- 8.2 The delivery of services to the estimated 20 per cent of customers who do not fit in the mainstream to be considered in for inclusion in the work programme. ***The draft work programme has been circulated to members and includes this item***
- 8.3 **Secretary** to circulate copies of the Gregg report to members. ***The report has been circulated.***
- 8.4 **Members** to let Secretary know if they can attend the Work and Pensions Committee meeting on 4th March 2009. ***The majority of members have indicated that they are available (the venue will probably be the Jubilee Room, 13.00 – 15.00)***
- 8.5 **Secretary** to invite Secretary of State, ministers and Leslie Strathie of HMRC to SSAC meetings in the new year. ***Invites have been issued.***
- 8.6 *Reserved item.*
- 8.7 **Mr O'Neill** to send copy of fuel poverty paper to SSAC if it is available. ***Awaited***
- 8.8 **Mel Groves** or Ruth Owen to attend SSAC meeting early in the new year to update members on how Jobcentre Plus are addressing increasing volumes. ***Now likely to be February or March.***
- 8.9 **Committee** to write and highlight areas of concern and make some suggestions around dissemination of the equalisation changes. ***A draft will be prepared in time for the January meeting.***
- 8.10 **Officials** to amend paragraph 51 of the explanatory memorandum; to look again at regulation 10 on joint claims, and expand paragraph 113 of the Impact Assessment, to include scale of impact. ***A redraft is expected shortly.***