Dear Mary

Thank you for your letter about the Department for International Development’s cross-Government Voluntary National Review (VNR) of the UK’s progress against the UN Sustainable Development Goals (SDGs).

You asked for my views, as Chair of the Work and Pensions Committee, on the Government’s progress in meeting the goals that fall within the remit of the Department for Work and Pensions (DWP/the Department). This response focuses on Goal 1: No poverty and Goal 2: Zero hunger.

You also asked whether the Government has engaged with key stakeholders in the VNR. The Government did not approach the Committee for its views on any of the goals relevant to its work. I cannot confirm whether external stakeholders were engaged. The National Audit Office’s 2018 report on Rolling out Universal Credit, however, noted the Department’s failure to “systematically capture the views of external organisations” on the impact of its policies;¹ a concern we have also heard in other inquiries.² The content of the Emerging Findings Document (EFD) leads me to fear that a similar failure has occurred here.

“Zero hunger”
DWP is listed as a “key supporting department” for Goal 2: Zero hunger. It is difficult to see what input, if any, the Department has made to the EFD.

The EFD notes the median number of calories consumed per day by UK adults (1,810). It cites UN data showing that the prevalence of “undernourishment” in the UK in 2015 was less than 2.5%. There is a focus on childhood obesity. “Key activities” to support this goal domestically include “working with the Food and Drink Federation to develop a sector deal”; the introduction of the Soft Drinks Industry Levy in April 2018; and “University students in the South East [producing] local beer by planting hop vines through sustainable production methods based on monastic traditions”.

No doubt these are all valuable and interesting initiatives. But their inclusion at the expense of an issue central to this goal—the use of foodbanks in the UK—is perplexing.

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¹ National Audit Office, Rolling out Universal Credit, para. 2.41
² See, for example, Work and Pensions Committee, PIP and ESA assessments, Seventh report of Session 2017-19, February 2018
The most complete data on UK foodbank use comes from external stakeholders: notably the Trussell Trust. The Trust’s data shows that more than 1.33 million three-day emergency food parcels were given by Trussell Trust foodbanks in 2017-18: a 13% increase on the previous year.\(^3\) 28.49% of referrals to Trussell Trust foodbanks in 2017-18 were due to low income. A further 23.74% and 17.73% were for “benefit delays” and “benefit changes” respectively.\(^4\)

The Secretary of State for Work and Pensions recently acknowledged a link between the roll-out of Universal Credit and use of foodbanks, based on her own constituency experience.\(^5\) Although she was swiftly contradicted by her own junior minister, her comments reflected what we on the Committee have heard over several inquiries.\(^6\) The Department has also recently committed to including a series of questions on hunger and “food insecurity” in its annual Family Resources Survey. This implies that it recognises hunger is a problem in the UK.\(^7\)

Given all of this, the EFD’s complete lack of acknowledgment of the growing problem of hunger and food insecurity in the UK—much less what the Government plans to do about it—is startling and deeply worrying.

**“No poverty”**

*Measuring poverty*

The UK Government does not have a single measure of poverty. Two measures are commonly used. Both can be measured before or after housing costs (BHC/AHC):

- Relative low income (people living in households with income below 60% of the median in that year); and
- Absolute low income (people living in households with income below 60% of [inflation-adjusted] median income in a base year, usually 2010/11).\(^8\)

We are currently holding an inquiry on the adequacy of the UK’s Welfare safety net.\(^9\) Multiple organisations have told us about how poverty might be measured more accurately.\(^10\) The existing measures fail to account for “inescapable costs” some households face (for example, relating to disability, debt or childcare). They also give Government the option of choosing a measure of poverty that does not account for the cost of housing—an inescapable cost, and a key driver of poverty. Inescapable costs can leave households with the same incomes in very different financial situations. They can be the difference between being “poor” or not, and can affect the risk, depth and persistence of poverty.\(^11\) Failing to consider both sides of the balance sheet—income and inescapable costs—may lead Government to over- or underestimate levels, the composition, and nature of poverty in the UK.\(^12\)

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\(^3\) Trussell Trust, [*End of year stats 2017-18*](https://www.trusselltrust.org/)

\(^4\) Ibid.

\(^5\) Q69 (Amber Rudd)

\(^6\) HC Deb, [*18 March 2019*](https:// Hansard Online ), vol. 656

\(^7\) [*UK Hunger survey to measure food insecurity*, 27 February 2019](https://www.gov.uk/government/news/uk-hunger-survey-to-measure-food-insecurity)

\(^8\) House of Commons Library, [*Poverty in the UK: Statistics*, 2018](https://library.parliament.uk/

\(^9\) Work and Pensions Committee, [*Welfare safety net inquiry*, April 2019](https://workandpensionsselectcommittee.parliament.uk/)

\(^10\) See, for example, [*Q108-183*](https://hansardonline.parliament.uk/)

\(^11\) Social Metrics Commission, [*A new measure of poverty for the UK*, September 2018](https://www.socialmetrics.co.uk/)

\(^12\) Ibid.
The Committee has taken a particular interest in the new measure proposed by the Social Metrics Commission. This incorporates some inescapable costs. The Department told us it supports this approach in principle. It has been working closely with the Commission to determine how its measure could help to better understand poverty in the UK. Given that DWP is lead Department on this Goal, it is surprising that there is no acknowledgement of the measurement issue in the EFD.

Poverty levels
The EFD states that “the percentage of individuals in relative low income remained stable” between 2015/16 and 2016/17. The proportion of children in relative low income households (BHC) decreased from 20% to 19% between 2015/16 and 2016/17. The EFD also notes that, in 2016/17, 57% of adults in relative low income were in working families, with no comparative data given. Factors including strong labour market performance and major reforms to the welfare system are given as examples of Government activity to end poverty. The continued roll-out of Universal Credit and “tackling working patterns and work intensity” are proposed as key means of reducing poverty in future.

This account of the Government’s progress and prospects in eradicating poverty in the UK is both very partial, and very optimistic.

In the last decade, the percentage of all people in relative low income has remained fairly stable, whether measured AHC or BHC. The EFD cites BHC relative poverty rates, which tend to be lower than AHC rates: in 2016/17, for example, the overall relative poverty rate AHC was 22% (as opposed to 16% BHC). Several organisations have told our Committee that it is preferable to take the costs of housing into account when measuring poverty levels, since housing is not a cost that can usually be avoided.

The headline relative poverty figures conceal important differences between groups of people. The proportion of children and pensioners in relative poverty has risen over the last five years, for example. 27% of children and 13% of pensioners were in relative poverty (AHC) in 2012/13, compared to 30% and 16% in 2017/18 respectively. The EFD makes no reference to this, even though SDG 1.2 requires countries to “reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions”.

There is no reference to future poverty trends. Independent analysis of Government data predicts that poverty amongst children, disabled adults and parents (in or out of work) will increase by 2022-23, and there is a risk of child poverty hitting record highs by that year. Poverty levels amongst pensioners are predicted to remain flat. The only group for whom poverty is expected to decrease slightly is working adults without children (see Figure 1, below).

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13 Ibid.
14 Q124-126
15 Poverty in the UK; Statistics
16 See, for example, Q119
17 DWP HBAI statistics, Summary table 6a, April 2019
18 Resolution Foundation, Living standards outlook 2019, February 2019. See also Institute for Fiscal Studies, Living standards, poverty and inequality in the UK, 2016-17 to 2021-23
The EFD does not address absolute low income. That has seen “modest” decreases overall in recent years. The Institute for Fiscal Studies predicts that the overall proportion of households in absolute poverty AHC will remain flat to 2021/22, with rates decreasing slightly for pensioners and working-age adults without children, and increasing for children—largely due to tax and benefit changes. It is curious that the EFD neglects to mention this data.

**Contributing factors: the role of welfare reform**

The EFD suggests that Universal Credit, and welfare reform more widely, will be integral to achieving Goal 1. The evidence we have heard over successive inquiries does not inspire such optimism. On Universal Credit, I draw your attention to:

- The built-in five week wait for payment. Claimants and organisations that support them have told us repeatedly that this causes financial difficulties. The Department’s own research (including a belatedly-published report on the experiences of tax credit claimants moving to Universal Credit) reflects this.

- Childcare support under Universal Credit. The vast majority of extra hours that DWP expects claimants to work under Universal Credit are attributed to single parents and working mothers—either moving into work, or increasing their hours. Universal Credit claimants include some of the poorest households in the country. They have to pay for childcare upfront and reclaim costs back from DWP. For many, this is simply

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20 HMRC and DWP, *The transition from tax credits to Universal Credit: qualitative and quantitative research with claimants*, HMRC research report 526 (November 2017), April 2019
unaffordable. The structure of childcare support under Universal Credit actively works against the Department helping households boost their financial resilience through work.21

- Lower benefit payments for some disabled people and some families with disabled children, relative to the system Universal Credit replaces. This could lead to disabled people “living more isolated lives”, having to leave personal care and households tasks undone, or relying to a greater extent on their school-aged children caring for them.22
- Debt. Under Universal Credit, the maximum amounts that can be deducted from claimants to repay government, local authority or utility debts are substantially higher than under the previous system. The Department will reduce the maximum deduction cap from 40% to 30% of a claimant’s standard allowance from 2021. This is still far too high for most claimants.23 Even if households avoid the worst consequences, unmanageable deductions reduce their financial resilience and leave them vulnerable to economic “shocks”—and poverty.24

The Committee has also heard substantial evidence on the impact of other recent welfare reforms. Their effect on household income can be devastating. For example, the cumulative impact of the various caps and freezes on benefits that the Government has introduced since 2010 mean that in 2019/20, a single-earner couple with two children, working 35 hours per week at the minimum wage, will be £1,845 worse off than they would have been had benefits been uprated in line with inflation.25 I am astonished that the EFD does not so much as acknowledge this issue.

I draw your attention to two changes in particular:

- The “benefit freeze”. In 2016 the Government introduced a four year freeze at 2015/16 rates for most working-age benefits. Professor Suzanne Fitzpatrick, author of the 2018 Destitution in the UK study, told us that the “chronic problem” driving destitution and poverty in the UK is that benefits are simply paid at far too low a level for people to live on. This has been exacerbated by the freeze.26 By the time the freeze ends next year, the level of benefits will be 6.1% lower than if they had kept pace with inflation.

- The “two child limit”. Most children born into families with two or more children after 6 April 2017 will not receive the additional child element of Working Tax Credit, or its Universal Credit equivalent. The Government decided in January 2019 that it would not apply the policy retrospectively (ie. to children born before April 2017). The Institute for Fiscal Studies says that by the mid-2030s, around 700,000 families will be entitled to less support than they would have had without the two-child limit. The decision not to apply the policy retrospectively “does nothing to change the fact that, in the long-run, the two-child limit substantially reduces the extent to which the benefits system

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22 Work and Pensions Committee, Universal Credit: support for disabled people, Twenty-first Report of Session 2017-19, December 2018
23 StepChange (UCR0261)
24 Ibid.
25 House of Commons Library, Benefits up-rating 2019, March 2019
26 Q101 and Benefits up-rating 2019
supports poorer families with three or more children”. The Child Poverty Action Group told us that “you could not design a policy better to increase child poverty than this one”.27

It is deeply concerning that the EFD presents welfare reform solely as a force for poverty reduction, failing to take seriously its potentially devastating—and counter-productive—impact on poverty levels.

General approach
May I also briefly comment on the Government’s overall approach, which may result from its decision to make DFID the co-ordinating department for this work? The SDGs relate as much to the health, wellbeing and safety of UK citizens as to the UK’s laudable development work abroad. Some parts of the EFD worryingly suggest that the Government views meeting the goals as a “job done” on the UK side. The paucity of discussion of hunger is a case in point. The evidence our Committee has received over multiple inquiries shows that there is still a long way to go in ensuring UK citizens uniformly have the standard of living they deserve. These are squarely domestic as well as international policy concerns. I am not at all convinced, based on the EDF, that the Government fully acknowledges this point and is taking it seriously.

I hope this information is helpful in your session with the Secretary of State in early May. If I or the Committee can offer any further assistance, please do not hesitate to let me know.

With best wishes,

Rt Hon Frank Field MP
Chair, Work and Pensions Committee

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