

## COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday 22 <sup>nd</sup> January 2020
<b>Report Subject</b>	Welfare Reform Update
<b>Cabinet Member</b>	Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Officer – Housing & Assets
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Welfare Reform will, by 2020, have reduced expenditure on social security benefits available to low income working-age households by around £31<sup>1</sup> billion per annum.

Since 2012, Flintshire County Council, together with its partners, have been working to mitigate the full impacts of the reforms from falling upon vulnerable Flintshire residents, this report considers how we will continue to manage the impacts of the reforms introduced under the provisions of the Welfare Reform and Work Act 2016.

This report provides an update to Scrutiny on the impacts that Universal Credit 'Full Service' and other welfare reforms are having on Flintshire residents and the work that is ongoing to mitigate this and support these households. It also includes details of plans for the work that is required to continue to support Flintshire residents.

### RECOMMENDATIONS

1	That Scrutiny supports the report and the ongoing work to manage the impacts that Welfare Reforms has and will continue to have upon Flintshire's most vulnerable households.
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<sup>1</sup> The Welfare Reform Act 2012 introduced reforms that reduced expenditure on social security benefits by £19 billion pa and the Welfare Reform and Work Act 2016 is introducing reforms which will reduce expenditure by a further £12 billion pa.

## REPORT DETAILS

1.00	<b>EXPLAINING THE WELFARE REFORM UPDATE</b>									
1.01	<p><b>Removal of the Spare Room Subsidy</b>– More commonly referred to as the <b>Bedroom Tax</b>, this reform relates to restrictions to Housing Benefit or Universal Credit where the claimant is under occupying the property. The restrictions are:</p> <p>14% reduction to the eligible rent where a person living in a social landlord property, has one or more “spare bedroom”  25% reduction to the eligible rent where a person living in a social landlord property, has two or more “spare bedrooms”</p>									
1.02	<p>According to statistics provided by the Department for Work &amp; Pensions (DWP) as at August 2019, 21,591 recipients of Housing Benefit in Wales had a reduction to their weekly award. No equivalent data is currently published for Universal Credit customers.</p>									
1.03	<p>80% of Housing Benefit recipients in Wales were deemed to be under-occupying their property by one room.</p>									
<p><b>Impact in Flintshire</b></p>										
1.04	<p>At September 2019, a total of 610 households in Flintshire were subject to a reduction in their housing benefit payments as a result of the Bedroom Tax.</p>									
1.05	<p style="text-align: center;">Flintshire Households Affected by "Bedroom Tax"</p> <table border="1"> <caption>Data for Flintshire Households Affected by "Bedroom Tax"</caption> <thead> <tr> <th>Category</th> <th>14% Reduction</th> <th>25% Reduction</th> </tr> </thead> <tbody> <tr> <td>LA</td> <td>368</td> <td>110</td> </tr> <tr> <td>RSL</td> <td>106</td> <td>26</td> </tr> </tbody> </table>	Category	14% Reduction	25% Reduction	LA	368	110	RSL	106	26
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1.06	<p>136 households in Flintshire are subject to a 25% reduction in their weekly housing benefit payments and 474 households are subject to a 14% reduction in their weekly housing benefit payments.</p>									
1.07	<p>The reduction in Housing Benefit for people who are subjected to the Bedroom Tax in Flintshire equates to around nearly £10,500 per week which is over £500,000 per year.</p>									

1.08	This means that tenants affected by this restriction have to find this extra money to pay their rent.
1.09	The data here is limited to those tenants who still claim housing benefit. The Bedroom Tax is a restriction that also is applied to Universal Credit (UC), however the council does not have access to this data to be able to report the position.
1.10	An indication of the number of tenants affected in UC can be shown by the number of tenants on UC that have been supported via a Discretionary Housing Payment
1.11	As at December 2019 154 UC customers affected by the bedroom tax were supported with help towards their rent through a Discretionary Housing Payments.
	<b>Benefit Cap</b>
1.12	The total amount of annual 'out of work' benefit income which a 'working-age' household can receive is set at (figures for households outside of greater London): <ul style="list-style-type: none"> <li>▪ £20,000<sup>2</sup> for couples and lone parents (£383.56pw)</li> <li>▪ £13,400 for single claimants (£256.99pw)</li> </ul>
1.13	At August 2019 4,057 households in Wales were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied.
	<b>Impact in Flintshire</b>
1.14	At September 2019 206 households in Flintshire were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied.
	<b>Universal Credit</b>
1.15	At October 2019 the DWP confirmed 131,000 customers in Wales were in receipt of UC of which 34% were working. The number of customers working whilst in receipt of UC are comparable with those in the rest of the United Kingdom.
	<b>Impact in Flintshire</b>
1.16	At September 2019 the caseload for Flintshire customers in receipt of UC has increased by around 23% to 7,137 in a 6 month period.
1.17	In Flintshire the current UC caseload confirms 37.34% of those customers (2,665) are working which is above the national UK average.

<sup>2</sup> For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

1.18	The Housing Benefit caseload has reduced by around 12% which is likely to reflect customers moving onto UC.									
1.19	As Flintshire was a pilot area for UC the impacts of this change have been more pronounced at an early stage when compared with other areas that moved onto UC later in the rollout programme. This reflects changes to UC as it was being developed in a 'live' environment, as such these impacts are likely to be more significant for the early go live areas.									
1.20	At November 2019 there were 575 Flintshire Council House tenants in receipt of UC of which 492 were in arrears.  The total amount of rent arrears for these tenants was approximately £564,293 which represents average arrears of £1,147.00 per tenant.									
1.21	The impacts on rent arrears are also being experienced by other Social Landlords within the county. One Housing Association confirmed that as at the end of June 2019, 331 tenants were in receipt of UC and that the arrears were £228,164.19 which represents average arrears of £689.31 per tenant.  Another reported 109 tenants in receipt of UC and the arrears are £44,938.30 which represents £412.27 per tenant.									
	<b>Help to Claim Service</b>									
1.22	From 1 <sup>st</sup> April 2019 DWP withdrew funding to Local Authorities to provide Universal Support (which consisted of personal budgeting and digital assistance) but instead Citizens Advice (England and Wales) and Citizens Advice Scotland have taken on the responsibility for delivering the replacement service which is called "help to claim process".									
1.23	The provision in Flintshire is being delivered by neighbouring Cheshire West Citizens Advice for 18.5hrs per week as follows:  <table border="0"> <tr> <td>Monday</td> <td>Mold Job Centre</td> <td>9.30 to 2.30</td> </tr> <tr> <td>Tuesday</td> <td>Shotton Job Centre</td> <td>9.30 to 2.30</td> </tr> <tr> <td>Wednesday</td> <td>Flint Job Centre</td> <td>9.30 to 2.30</td> </tr> </table> These sessions are to provide face to face, telephone and webchat support.	Monday	Mold Job Centre	9.30 to 2.30	Tuesday	Shotton Job Centre	9.30 to 2.30	Wednesday	Flint Job Centre	9.30 to 2.30
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1.24	There is currently no data available to us from Cheshire West Citizens Advice to understand the numbers of residents accessing their service so there is no evidence to indicate whether or not this is delivering satisfactorily for our residents									
1.25	There are, however, concerns about this model due to the limited support that is available to customers specifically around the support required with personal budgeting, which in UC is particularly significant to customers who may be entering work for the first time, or have been in receipt of benefits for some time, and for whom moving to one combined monthly payment poses a real challenge.									

1.26	Since the start of UC, the council has seen unprecedented demand on services in relation to managing their finances, navigating the UC online systems and supporting customers to understand their claims and challenge where necessary.
1.27	As the Help to Claim model does not include the personal budgeting support element and is only available to a limited group of customers up to the date they receive their first full UC payment. The council continues to provide this support to our residents via the welfare reform team
1.28	In relation to digital support, however, there has been a 74% reduction in the number of residents seeking this support from Connects offices. This decrease could be due to customers accessing support from the Help to Claim model rather than accessing support in the Connects offices.
	<b>UC “Managed Migration”</b>
1.29	Managed migration describes the transfer of existing legacy benefit claims to Universal Credit, where there has not been a change of circumstances that has resulted in a ‘natural’ transfer to Universal Credit.
1.30	<p>In March 2019 DWP announced that Harrogate was going to be the pilot area for a major trial of ‘managed migration’ due to its diverse range of customers.</p> <p>Harrogate was selected as it was one of the first areas to implement UC. The pilot will run for a minimum of 12 months so at the earliest this will end in July 2020.</p> <p>Being part of the pilot is optional for customers and only those who consent to moving to UC are being included.</p>
1.31	It is anticipated that the learning and evaluation from this pilot area will be shared in advance of ‘managed migration’ being introduced in Wales so that the council can be prepared to support those customers in readiness for the move to Universal Credit.
1.32	DWP have not issued any evaluation or findings of the pilot so far, but, have confirmed that the numbers of claimants in the trial are low.
	<b>Council Tax Reduction Scheme (CTRS)</b>
1.33	<p>Welsh Government have recognised that there is a national trend in reducing caseloads for CTRS in the last 2 years.</p> <p>In Flintshire the caseload has been steadily declining since 2013:</p>

	<p style="text-align: center;"><b>CTRS Caseload</b></p> <table border="1"> <caption>CTRS Caseload Data</caption> <thead> <tr> <th>Year</th> <th>Caseload</th> </tr> </thead> <tbody> <tr> <td>2014/15</td> <td>12,200</td> </tr> <tr> <td>2015/16</td> <td>11,800</td> </tr> <tr> <td>2016/17</td> <td>11,800</td> </tr> <tr> <td>2017/18</td> <td>11,150</td> </tr> <tr> <td>2018/19</td> <td>10,850</td> </tr> <tr> <td>2019/20 (at 30.11.19)</td> <td>10,600</td> </tr> </tbody> </table>	Year	Caseload	2014/15	12,200	2015/16	11,800	2016/17	11,800	2017/18	11,150	2018/19	10,850	2019/20 (at 30.11.19)	10,600	
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1.34	<p>The reason for the reduction in people claiming is not clear, however, it is possible that the introduction of UC has impacted this in some way on the basis that there is a requirement to claim CTRS separately to UC rather than in one claim.</p>															
1.35	<p>The council has been actively promoting the scheme and to remind people of its aim to support residents who are finding making payments to their council tax a struggle based on low income or receiving benefits (including UC).</p>															
1.36	<p>Work is being undertaken through a combination of proactive and reactive methods with the aim of helping as many residents as possible. Some of the work that has been completed so far;</p> <ul style="list-style-type: none"> <li>• Leaflets are now included in all Council Tax reminder letters and they will be included with all Year-End bills</li> <li>• Proactive engagement to contact customers who are in arrears with their Council Tax and have previously been entitled to CTR</li> <li>• Data from Free School Meals is being cross-referenced to ensure that customers who are entitled also claiming CTR</li> <li>• Partnership work with other agencies such as Flying Start, Family Information Service and Care and Repair to promote the campaign</li> </ul> <p>Internal processes have been also been reviewed to ensure the complexities of UC do not make claiming CTRS more difficult.</p>															
	<p><b>Welfare Reform Team</b></p>															
1.37	<p>The Welfare Reform Team combines the administration of discretionary housing payment with general financial and holistic support for all customers inclusive of whether or not they are being impacted by Welfare Reforms and their objectives include:</p> <ul style="list-style-type: none"> <li>• Supporting people in crisis by improving income and employment opportunities</li> </ul>															

- Providing advice about reducing expenditure by Discretionary Housing Payment application and maximising income/benefit entitlement.
- Help to provide short term solutions such as Discretionary Housing Payments to move home (where circumstances are appropriate).
- Assist those with longer term solutions through budgeting advice and access to specialised support.
- Promotional work around uptake of Discretionary Housing Payment and Welfare Support for residents subject to; Bedroom Tax, Local Housing Allowance rates and those residents who are under 35 years

1.38 Support provided since April 2019:

**Table 1 April 2019 – November 2019**

Safeguarding tenancy/prevent homelessness	433
Budgeting/Money Advice	247
Benefit check/maximise income	38
Priority bills/debts	111
Non Priority bills/debts	51
<b>Total outcomes</b>	<b>880</b>

**Discretionary Housing Payments (DHP)**

1.39 Discretionary Housing Payments (DHPs) are payments that may be made by the Council to people that are receiving Housing Benefit or Universal Credit (Housing Element), but who may still need further financial help with their housing costs.

1.40 Between April and November 2019 789 DHP applications have been received:

- 487 Universal Credit customers
- 302 Housing Benefit customers.

1.41 Bedroom Tax remains the most common reason why a customer applies for help which as of November 2019 was 289 (36.5%) of the 789 applications.

1.42 Around 60% of applications are successfully awarded.

The most common reason for an application to be refused is the customer failed to provide requested information or they had excess income.

2.00	RESOURCE IMPLICATIONS																																																				
2.01	<p>Reduction in the Discretionary Housing Payments Fund provided by DWP of £38,851 for 2019-20 means there is less DWP funding for residents in need of assistance (for HB and UC).</p> <p>The DHP budget for 2019/20 was £286,264.00 and as at the end of November expenditure was £227,408.94 which equates to 79.4% of the DWP allocation.</p> <div data-bbox="320 501 1286 1077" data-label="Figure"> <table border="1"> <caption>DHP 2019/20 Expenditure Data</caption> <thead> <tr> <th>Month</th> <th>Exp 19/20 (£)</th> <th>Predicted Exp (£)</th> <th>19/20 DWP (£)</th> </tr> </thead> <tbody> <tr><td>April</td><td>30,000</td><td></td><td>286,264</td></tr> <tr><td>May</td><td>60,000</td><td></td><td>286,264</td></tr> <tr><td>June</td><td>85,000</td><td></td><td>286,264</td></tr> <tr><td>July</td><td>135,000</td><td></td><td>286,264</td></tr> <tr><td>Aug</td><td>155,000</td><td></td><td>286,264</td></tr> <tr><td>Sept</td><td>170,000</td><td></td><td>286,264</td></tr> <tr><td>Oct</td><td>200,000</td><td></td><td>286,264</td></tr> <tr><td>Nov</td><td>220,000</td><td></td><td>286,264</td></tr> <tr><td>Dec</td><td></td><td>245,000</td><td>286,264</td></tr> <tr><td>Jan</td><td></td><td>270,000</td><td>286,264</td></tr> <tr><td>Feb</td><td></td><td>295,000</td><td>286,264</td></tr> <tr><td>Mar</td><td></td><td>350,000</td><td>286,264</td></tr> </tbody> </table> </div> <p>This expenditure trend is monitored in year to highlight any potential pressures which will be reported through budget monitoring processes.</p>	Month	Exp 19/20 (£)	Predicted Exp (£)	19/20 DWP (£)	April	30,000		286,264	May	60,000		286,264	June	85,000		286,264	July	135,000		286,264	Aug	155,000		286,264	Sept	170,000		286,264	Oct	200,000		286,264	Nov	220,000		286,264	Dec		245,000	286,264	Jan		270,000	286,264	Feb		295,000	286,264	Mar		350,000	286,264
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2.02	<p>Delivery of Personal Budgeting Support is no longer funded by DWP. However, Welfare and budgeting support will continue to be provided by the Welfare Reform Team due to the extra resources that have been secured for the next two years and a further financial pressure has been highlighted for year three.</p>																																																				
2.03	<p>The team will, with the additional resources, be able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms up to the end March 2022</p>																																																				
	<p><b>Financial Implications</b></p>																																																				
2.04	<p>From April 2019, the DWP no longer fund the Council to provide Universal Credit customers with Personal Budgeting Support and Assisted Digital Support.</p>																																																				
2.05	<p>Demand for budgeting support continues to increase and will continue to be provided by the Welfare Reform Team to all residents who are affected by Welfare Reform not just those receiving Universal Credit.</p>																																																				

2.06	Flintshire Connects will continue to respond to ongoing demand for digital support for Universal Credit customers.
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<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
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3.01	For some Flintshire households the financial impacts of Universal Credit is yet to be fully felt in terms of the time taken to receive the first payment of Universal Credit. However, the work of the services go some way to mitigate the negative impacts, as far practicably possible, and have been noted in the main report.
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3.02	The services assist residents in dealing with the financial pressures felt as a result of the implementation of Universal Credit. The teams work to directly target advice and support for any households throughout Flintshire whom, due to the impact of the ongoing welfare reforms, are at most risk of losing household income, facing increasing difficulties in maintaining their rent payments, and those at an increased risk of homelessness. The Welfare Reform Team support all any households irrespective of tenure type.
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3.03	Under the five delivery principles of the Well-being of Future Generations Act the Welfare Reform Team can have the following impacts:										
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	<b>Well-being Goals Impact</b>										
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	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	Positive –support residents to make simple changes such as reviewing energy providers and bank processes - such as the promotion of local credit unions.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	None.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<a href="https://www.gov.uk/government/news/citizens-advice-to-provide-support-to-universal-credit-claimants?utm_source=4f4a9ae5-2d1e-4c58-acad-f05b19d5849e&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=immediate">https://www.gov.uk/government/news/citizens-advice-to-provide-support-to-universal-credit-claimants?utm_source=4f4a9ae5-2d1e-4c58-acad-f05b19d5849e&amp;utm_medium=email&amp;utm_campaign=govuk-notifications&amp;utm_content=immediate</a>
6.02	<a href="https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml">https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml</a>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<b>Contact Officer: Jen Griffiths, Benefits Manager</b> <b>Telephone:</b> 01352 702929 <b>E-mail:</b> Jen.Griffiths@flintshire.gov.uk

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<b>Discretionary Housing Payment (DHP)</b> Discretionary Housing Payments (DHPs) are payments that may be made by the Council to people that are receiving Housing Benefit or Universal Credit (Housing Element), but who may still need further financial help with their housing costs.
8.02	<b>Eligible Rent</b> – this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.

8.03	<b>Housing Benefit</b> - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.
8.04	<b>Ineligible Services</b> – These are charges that may be included in rent that are not eligible for support through either housing benefit or universal credit. Such as: heating; lighting; hot water; meals.
8.05	<b>Registered Social Landlord (RSL)</b> - RSLs are not-for-profit organisations that aim to provide good, low cost accommodation.
8.06	<b>Spare Bedroom</b> – in the context of the spare room subsidy (or bedroom tax) this is where there are more bedrooms in the property than the household need. For example, a single person living in a two bedroom house would be deemed as having one “spare” bedroom.
8.07	<b>Universal Credit (UC)</b> – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.
8.08	<b>UC Full Service</b> – in a full service area, UC will be claimed by all working age claimants who make a new claim for a means-tested benefit.
8.09	<b>UC Live Service</b> - access to UC within a live service area is controlled by an ‘eligibility gateway’ which, predominantly, restricts new UC claims being made unless the claimant is a newly unemployed single person.
8.10	<b>UC Managed Migration</b> – Managed migration describes the transfer of existing legacy benefit claims to Universal Credit, where there has not been a change of circumstances that has resulted in a ‘natural’ transfer to Universal Credit.
8.11	<b>Universal Support</b> – Helps claimants through every step of making a UC claim. Offers people comprehensive and practical support they need to get their first payment on time and be ready to manage it when it arrives. It has a focus on personal budgeting advice and digital support.
8.12	<b>Working Age</b> – for social security benefits ‘working age’ ends for both men and women at the female statutory retirement pension age. In May 2016 this is 63 years old. The female statutory retirement age is gradually increasing to equalise with men (65 year old) in October 2018. The pension age for both men and women will then increase to 66 in 2020.
8.13	<b>Welfare Reforms</b> – changes being introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.