



COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 10 th January 2024
Report Subject	Cost of Living and Welfare Reform
Cabinet Member	Cabinet Member for Housing and Regeneration
Report Author	Chief Officer (Housing and Communities)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides a combined operational update on the latest welfare response impacts, and the cost-of-living schemes to support residents.

RECOMMENDATIONS

1	Support the ongoing work to manage the impacts that welfare reform has, and will continue to have, on some of the most vulnerable residents.
2	Note the support measures implemented via Welsh Government to mitigate the cost-of-living crisis.

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION FOR WELFARE REFORM AND COST OF LIVING CRISIS MITIGATION
1.01	<p>The report provides an update on the impact that welfare reforms continue to have on Flintshire residents and the ongoing work to mitigate this, and support households affected.</p> <p>Vulnerable households are now also being impacted by the cost-of-living crisis. The report provides information around a range of measures implemented to help those affected by the cost-of-living crisis and the support provided to residents to help mitigate these negative impacts.</p>
	Spare Room Subsidy
1.02	<p>More commonly referred to as the Bedroom Tax, this reform relates to restrictions of Housing Benefit or Universal Credit where the claimant is under occupying the property. The restrictions are:</p> <ul style="list-style-type: none"> • 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'.
	Impact in Flintshire
1.03	<p>Currently, a total of 355 households in Flintshire are subject to a reduction in their housing benefit payments because of the spare room subsidy.</p> <p>75 households are affected by a 25% reduction. These households comprise of:</p> <ul style="list-style-type: none"> • 59 LA properties with a total weekly reduction of £1,739.69 • 16 Registered Social Landlords with a total weekly reduction of £475.83 <p>280 households are affected by a 14% reduction. These households comprise of:</p> <ul style="list-style-type: none"> • 218 LA properties with a total weekly reduction of £3414.68 • 62 Registered Social Landlords with a total weekly reduction of £1,006.77 <p>The above reduction totals £6636.97 per week and equates to £345,122.00 per annum.</p>

	<p>The spare room subsidy is a restriction that also is applied to Universal Credit (UC). Statistics in September 2022 confirm that a total of 834 Flintshire residents are subject to a reduction in their UC because of the spare room subsidy. However, the reduction costs are not available to report.</p> <p>This means that contract holders affected by this restriction must find extra money to pay their rent.</p>
	Benefit Cap
1.04	<p>The total amount of annual 'out of work' benefit income which a 'working age' household can receive is set at:</p> <ul style="list-style-type: none"> • £22,0201 for couples and lone parents (£422.30pw) • £14,753 for single claimants (£282.93pw) <p>The figures quoted are for households outside of Greater London and have been updated effective April 2023.</p> <p>The latest figures show that there are 9,529 households in Wales subject to a reduction in their housing benefit and 12,507 for those in receipt of UC.</p>
	Impact in Flintshire
1.05	<p>Currently there are 7 households in Flintshire which are subject to a reduction in their housing benefit and 617 households subject to a reduction in their UC as a result of the benefit cap being applied.</p> <p>The loss of income in relation to housing benefit for households affected by the benefit cap is around £225.55 per week, equating to approximately £11,728.60 per annum.</p> <p>The total loss of income for households in relation to UC is not currently available.</p>
	Energy Bills Support Scheme – Alternative Fund (EBSS-AF)
1.06	<p>The Energy Bills Support Scheme Alternative Funding (EBSS-AF) provided support of £400.00 towards the cost of energy bills for households in England, Scotland, and Wales without a direct relationship to a domestic electricity supplier. This support was provided by His Majesty's Government and was delivered by local authorities. The scheme is now closed.</p> <p>465 applications were received and processed. A total of 396 applications have been successful resulting in £158,400 of payments issued.</p> <p>Take up on a local level involved:</p>

	<ul style="list-style-type: none"> • Issuing an email to all Flintshire residents signed up via GovDelivery. • Promoting internally to the workforce via the Infonet. • Asking Members to raise awareness within their constituents. • Asking Social Services to raise awareness to care home residents. • Contacting Housing Associations to ask them raise awareness to contract holders. • Asking Deputyship Team to support clients with their applications. • Working with the Gypsy and Traveller Liaison Officer to ensure awareness is raised and support is provided with applications. • Promoting via Twitter and Facebook. • Accommodation Support Officers individually contacting Council contract holders to ensure they are aware and provide support with applications.
	Alternative Fuel Payment – Alternative Fund (AFP-AF)
1.07	<p>The Alternative Fuel Payment - Alternative Funding (AFP-AF) provided support of £200.00 for households that use alternative fuels, such as heating oil, biomass, and liquefied petroleum gas (LPG). This support was provided by His Majesty’s Government and was delivered by local authorities. The scheme is now closed.</p> <p>1103 applications were received and processed. A total of 942 applications have been successful resulting in £188,400 of payments issued.</p> <p>Take up on a local level involved:</p> <ul style="list-style-type: none"> • Issuing an email to all Flintshire Residents signed up via GovDelivery. • Promoting internally to the workforce via the Infonet. • Asking Members to raise awareness within their constituents. • Contacting Housing Associations to ask them raise awareness to contract holders. • Asking Deputyship Team to support clients with their applications. • Working with the Gypsy and Traveller Liaison Officer to ensure awareness is raised and support is provided with applications. • Promoting via Twitter and Facebook.
	Universal Primary Free School Meals (UPFSM) and Eligibility Free School Meals (eFSM)
1.08	<p>Universal Primary Free School Meals (UPFSM) is part of the Co-operation Agreement between the Welsh Government and Plaid Cymru, which will see school meals being available to all primary school pupils for free over the next three years regardless of household income.</p>

	<p>Welsh Government have given the commitment for a phased introduction of UPFSM to all primary school pupils by 2024 beginning with:</p> <ul style="list-style-type: none"> • Reception pupils - September 2022 • Years 1 and 2 – April 2023 • Years 3 and 4 – September 2023 • Years 5 and 6 – April 2024 <p>Eligibility Free School Meals (eFSM) is a free school meal which is provided for pupils whose parents receive certain qualifying benefits:</p> <ul style="list-style-type: none"> • Income Support. • Income Based Jobseekers Allowance. • Support under Part VI of the Immigration and Asylum Act 1999. • Income-related Employment and Support Allowance. • Child Tax Credit, provided they are not entitled to Working Tax Credit and their annual income does not exceed £16,190. • Guarantee element of State Pension Credit. • Working Tax Credit 'run-on' - the payment someone may receive for a further four weeks after they stop qualifying for Working Tax Credit or Universal Credit. • Universal Credit (if earned income is included in the assessment of UC it must be less than £616.66). <p>eFSM must be claimed for by completing an application form.</p> <p>Even though the roll out of UPFSM began in September 2022, and eligible year groups have begun to receive free school meals, families who are eligible for eFSM should continue to use the eFSM application process.</p> <p>eFSM not only provides a meal for a child who is from a low-income family, but also benefits the school financially. The school will receive £1,150 per child via the Pupil Development Grant (PDG), which is part of the Local Authority Education Grant.</p> <p>For the Academic Year 23/24, the PDG was £5,906,400. For schools with higher levels of deprivation, this funding can be of a high level. It is therefore vital to keep promoting and raising awareness of eFSM via schools, etc. An awareness campaign is planned for the Spring Term.</p>
	<p>School Essentials Grant (Uniform Grants)</p>
<p>1.09</p>	<p>Children whose families are on lower incomes and qualify for certain benefits can apply for School Essentials Grant.</p> <p>To be eligible to apply, parents must already be in receipt of, or applying for free school meals (eFSM) based on the following income:</p>

	<ul style="list-style-type: none"> • Income Support. • Income Based Jobseekers Allowance. • Support under Part VI of the Immigration and Asylum Act 1999. • Income-related Employment and Support Allowance. • Child Tax Credit, provided they are not entitled to Working Tax Credit and their annual income does not exceed £16,190. • Guarantee element of State Pension Credit. • Working Tax Credit 'run-on' - the payment someone may receive for a further four weeks after they stop qualifying for Working Tax Credit or Universal Credit. • Universal Credit (if earned income is included in the assessment of UC it must be less than £616.66) • All looked after children qualify for the grant, whether they receive free school meals or not. <p>Learners who receive free school meals due to transitional protection arrangements do not qualify. If eligible they will receive a grant of:</p> <ul style="list-style-type: none"> • £125.00 per learner. • £200.00 for learners entering year 7 (to help with increased costs associated with starting secondary school). <p>All compulsory school years from reception to year 11 are now eligible.</p> <p>Families are only entitled to claim once per child, per school year.</p> <p>The School Essential Grant runs from 01/07/23 to 31/05/24 this year. The grant for the 22/23 academic year closed on 30/06/23 and the grant for the academic year 23/24 opened on 01/07/23.</p> <p>The value of the grant has returned to the usual level for this academic year and the extra payment of £100.00 for the 22/23 academic year is no longer payable.</p> <p>A targeted take up campaign is due to be carried out in the Spring Term, alongside the eFSM Awareness campaign to ensure as many families as possible benefit from this grant. We also carry out a targeted take up campaign during May where we will identify children who are eligible for eFSM but have not claimed a School Essential Grant to encourage and support them to submit the claim form.</p>
	<p>Welfare Support</p>
<p>1.10</p>	<p>A cost-of-living report by the Bevan Foundation found, based on a survey, that 1 in 8 people in Wales face financial hardship.</p> <p>Their findings conclude that the extent of the hardship faced by some groups in Wales is worrying. Among the groups that are being most significantly affected are:</p>

- People in receipt of benefits
- Disabled people with limiting conditions
- Social renters
- Households with children
- Adults under the age of 65
- Unpaid carers

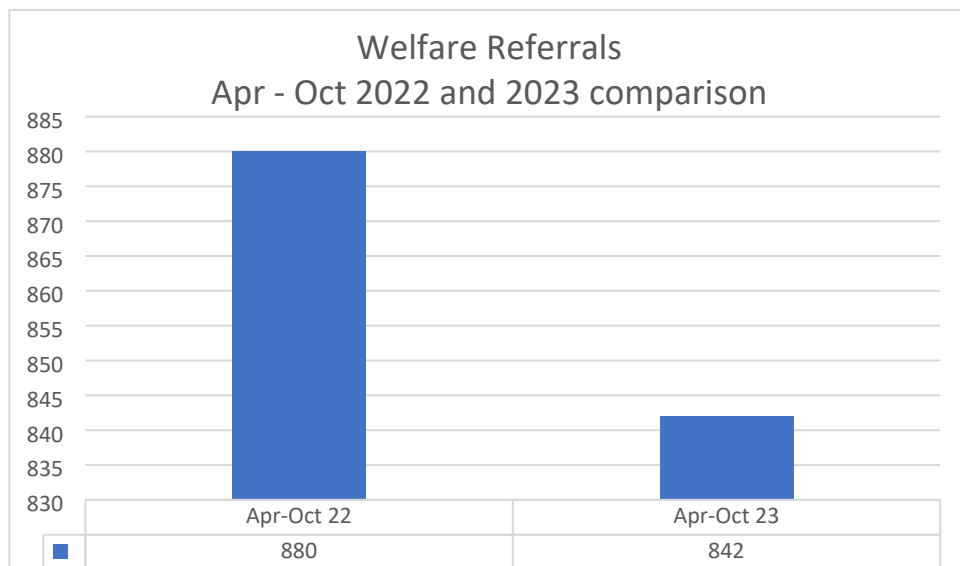
More than one in eight households (14 per cent) in Wales either sometimes, often or always do not have enough for all the basics.

People in receipt of Universal Credit are five times as likely to report that they sometimes, often or always struggle to afford the basics as the general population and social renters – nearly half report that they have had to cut back on food for themselves or skip meals.

Four in ten people go without heating in their home and carers are significantly more likely to have borrowed money between October and January than people who are not carers.

The number of residents seeking support and advice to help manage finances from the Welfare Reform Team is shown in the figure below and continues to remain static when comparing April to October 2022 and 2023. However, with the information from the Bevan Foundation and with the ending of Welsh Government Energy Support Schemes in 2023, it is anticipated that this will further impact more households.

Figures are shown in the chart below:

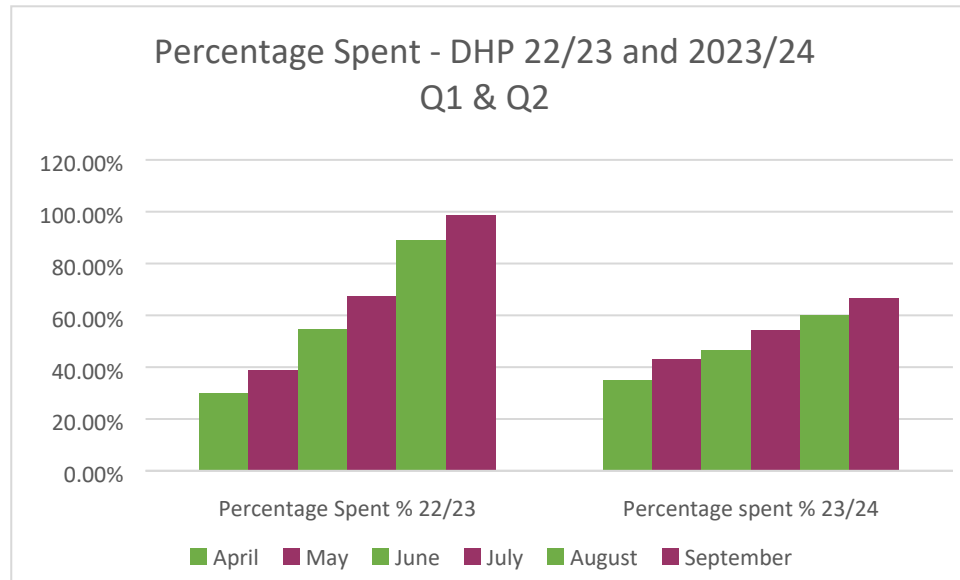


Discretionary Housing Payments (DHP's)

1.11

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. The chart below shows the expenditure over the past three years. The expenditure shows continuing demand. However, it is important to note that the DHP expenditure provided by Government to the Council has not always increased.



The chart shows the current expenditure expectation continues to be fully spent due to the ongoing demand.

In addition to the funding provided by DWP, further funding via homeless prevention has enabled additional households to be supported with DHP.

Additionally, it reflects that there remains ongoing need of support and assistance so they can pay their rent.

Our records show that the main reason for DHP applications is due to Local Housing Allowance (LHA) rates applied to their HB or housing costs within Universal Credit. This aligns with more people now in receipt of Universal Credit.

The Welfare Reform team will continue to target support to households to help access benefits and welfare support with the cost of living; additionally, will aim to:

- Identify households who may be affected by LHA changes in April 2024.
- Support households who may be affected by the 'Move to Universal Credit' to commence early 2024.
- To continue to promote awareness for those with potential entitlement to Council Tax Reduction (CTR) as application numbers have dropped across Wales and will help to reduce Council Tax arrears.

Future Changes	
1.12	<p>Universal Credit – ‘Move to UC’ Managed migration is where people getting legacy benefits will have their claims transferred to Universal Credit.</p> <p>From early 2024 and during 2025 there will be an increase in the number of Migration Notices being issued to households who will be required to move to Universal Credit commencing with households receiving tax credits. Tax credit claimants who also claim any of the other legacy benefits will be selected for the managed migration during 2024.</p> <p>At the point of moving over to Universal Credit, all legacy benefit claimants will be assessed for transitional protection and paid (where appropriate).</p> <p>Migration notices will start to be sent to tax credit claimants in Flintshire from 5th February 2024.</p> <p>Some preliminary work to understand the volumes of households affected by this change indicates that the numbers are:</p> <ul style="list-style-type: none"> • Tax Credit - 211 • Income Support - 217 • Job Seekers Allowance (JSA) - 14 • Employment and Support Allowance (ESA) (IR) - 1401 • Employment and Support Allowance (ESA) (C) - 104 <p>Further information is to be made available by DWP to Local Authorities in January 2024.</p>
1.13	<p>Local Housing Allowance Following the recent Autumn Statement, the Chancellor announced that Local Housing Allowance will be increased to the 30th percentile of local market rents from April 2024. This is expected to be beneficial to residents, however the impact cannot be assessed until the revised rates are released.</p>

2.00 RESOURCE IMPLICATIONS	
2.01	Resource levels continue to be reviewed to ensure sufficient capacity is directed to areas with the greater level of demand.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	To monitor DHP expenditure as demand is expected to exceed the DWP funding allocation to the LA due to higher rental costs and reduction in available accommodation following amendments to the Renting Homes Wales Act 2016 and replaced by Renting Homes (Amendment) (Wales) Act 2022.
3.02	To mitigate where possible demand on DHP funding by fully utilising additional homeless prevention funding for DHP applications.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Welfare Reform Act 2012 • Housing (Wales) Act 2014 • Renting Homes Wales Act 2016 • https://www.bevanfoundation.org/wp-content/uploads/2023/02/Snapshot-of-poverty-in-winter-2023.pdf

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Jen Griffiths, Service Manager – Housing Welfare and Communities</p> <p>Telephone: 01352 702929</p> <p>E-mail: Jen.griffiths@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Discretionary Housing Payment: (DHP's) is a discretionary payment which can help towards housing costs and a person is entitled to Housing Benefit or the Housing Costs element of Universal Credit.</p> <p>Eligible Rent: this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.</p>

Ineligible Services: 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.

Housing Benefit: helps contract holders pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.

Registered Social Landlord: (RSL) are not-for-profit organisations that aim to provide good, low-cost accommodation.

Spare Bedroom: 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.

Universal Credit: (UC) 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 aged people in and out of employment.

UC Managed Migration: 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.

Welfare Reforms: changes introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.

Job Seekers Allowance (JSA): is a benefit for people who are not in full-time employment (work less than 16 hours per week), are capable of working and are looking for work. There are two types of Jobseeker’s Allowance, income-based (IR) and contribution-based (C).

Local Housing Allowance: (LHA) are rates are used to calculate housing benefit or Housing Element for tenants renting from private landlord. The eligible rent is fixed for a household of a given size in a given region.