



COMMUNITY & HOUSING OVERVIEW & SCRUTINY COMMITTEE

Date of Meeting	Wednesday 11 th September, 2024
Report Subject	Cost of Living and Welfare Reform
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Housing and Communities)
Type of Report	Operational

EXECUTIVE SUMMARY

Residents in Flintshire, some of whom are amongst our most vulnerable, are still being impacted by the Welfare Reform changes and the cost-of-living crisis.

The report provides information around the impacts on residents and the range of measures being implemented to help those affected to try, where possible, to mitigate the negative impacts.

RECOMMENDATIONS

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

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION FOR WELFARE REFORM AND COST OF LIVING CRISIS MITIGATION
1.01	<p>Residents in Flintshire, some of whom are amongst our most vulnerable, continue to be impacted by the Welfare Reform changes and the cost-of-living crisis.</p> <p>The report provides information around the impacts on residents and the range of measures being implemented to help those affected to try where possible to mitigate the 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>During 2023-24 , a total of 345 households in Flintshire were subject to a reduction in their housing benefit payments because of the spare room subsidy.</p> <p>76 households affected by a 25% reduction resulting in a combined reduction in their weekly housing benefit payments of £2,375.14.</p> <p>These household comprise of:</p> <ul style="list-style-type: none"> • 62 LA properties with a total weekly reduction of £1,948.74 • 14 Registered Social Landlords with a total weekly reduction of £426.40 <p>269 households are affected by a 14% reduction resulting in a combined reduction in their weekly housing benefit payments of £4,514.87</p> <p>These households comprise of:</p> <ul style="list-style-type: none"> • 199 LA properties with a total weekly reduction of £3,304.28 • 70 Registered Social Landlords with a total weekly reduction of £1,210.59

The table below shows the current number of households when comparing Q1 in 2023-24 and the current year 2024/25, Q1. The table indicates that currently there is a reduction in the number of households subject to the Bedroom Tax.

Underoccupancy 23/24					
Underoccupancy (Data extracted is for total of 301 households)	LA	Total Reduction £	RSL/ HA	Total Reduction £	Total overall reduction
14%	234	3661.27	67	1085.86	4747.13
(Data extracted is for total of 87 households)					
25%	72	2126.51	15	445.08	2571.59

Underoccupancy 24/25					
Underoccupancy (Data extracted is for total of 263 households)	LA	Total Reduction £	RSL/ HA	Total Reduction £	
14%	195	3240.85	68	1175.72	4416.57
(Data extracted is for total of 73 households)					
25%	59	1852.38	14	428.24	2280.62

1.04 There is also a restriction that is applied to Universal Credit (UC).

 Statistics in February 2024 confirm that a total 832 Flintshire residents are subject to a reduction in their UC because of the Bedroom Tax, however, the reduction costs are not made available from DWP to report.

 The combined reduction in benefit payments to residents of Flintshire each year is around £350k, if you add to that the number of residents also affected via their UC claim, this amount would be much higher.

 These are the latest statistics available from DWP.

Local Housing Allowance (LHA)

In Quarter 1, 2023-24 the number of households subject to a reduction in their housing benefit due to Local Housing Allowance was 560.

	Comparing to Q1 in 2024-25 which is a reduction but remains high at 506 households.
	Universal Primary Free School Meals (UPFSM) and Eligibility Free School Meals (eFSM)
1.05	Universal Primary Free School Meals (UPFSM) provides funding from Welsh Government to deliver free meals to all primary school pupils.
1.06	Following a phased introduction, from April 2024 all Primary School children can now receive a Free School Meal under the UPFSM scheme.
1.07	<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 by completing an application form.</p>
1.08	<p>eFSM not only provides a meal for the child, it also creates a financial benefit for the school. The school receives funding of £1,150 per eligible child via the Pupil Deprivation Grant (PDG)</p> <p>In context, for the Academic Year 24/25, the PDG for the whole of Flintshire is £4.5million which goes directly to schools.</p>
1.09	<p>There is a risk that as the UPFSM is now providing a meal for all primary children, parents and families who may be entitled to eFSM may not see the need to make a claim.</p> <p>It is therefore vital to keep promoting and raising awareness of eFSM via schools and within communities to ensure our schools don't lose PDG funding as a result.</p>
1.10	In June 2023, Welsh Government confirmed the FSM School Holiday payments would not be extended past May 2023 half term.

	<p>No school holiday payments were made for summer 2023, however Cabinet approved payments over the Christmas holidays in 2023.</p> <p>In May 2024 approval was given by Cabinet to provide financial assistance so that parents of FSM eligible and transitionally protected (TP) children would receive £50.00 as a one-off payment, to assist families during the summer holidays. Around 5,000 pupils will benefit from the payment which will be paid to parents/carers in two instalments.</p> <p>The first payment of £25 was paid during the beginning 22nd July and the second £25 during the week beginning 12th August.</p>
1.11	An awareness campaign is also planned for the Autumn Term.
School Essentials Grant (Uniform Grants)	
1.12	<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.
1.13	<p>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>
1.14	The School Essential Grant for the 2023/2024 academic year claiming period was from 01/07/23 to 31/05/2024.

	<p>4,401 School Essential Grants were paid with a total value of £580,750. This is an increase on the previous year (2022/23) which was a total of 3,973.</p>						
<p>1.15</p>	<p>Last year we changed the process for claiming a School Essentials Grant.</p> <p>The change was introduced to reduce the need for form filling, and speed up the process of issuing the payments, therefore enabling the majority of parents and guardians to receive the payment before the end of July.</p> <p>Following the success of the new process this has been continued for this year.</p>						
<p>1.16</p>	<p>The new period of funding for School Essential Grants opened on 01/07/24 and 3,626 grants totalling £480,325 were issued on that date.</p> <p>We are currently in the process of processing applications for newly eligible children for which a further 461 grants totalling £59,500 have been issued.</p> <p>As of 12th August 2024, 4,087 claims have been successfully processed and paid.</p>						
<p>Welfare Support</p>							
<p>1.17</p>	<p>The number of residents seeking support and advice to help manage finances via the Welfare Reform Team is shown below and continues to remain high, however, there has been a reduction in people accessing the support when comparing to the previous year.</p> <p>Figures are shown in the chart below:</p> <div data-bbox="328 1368 1362 1973" data-label="Figure"> <table border="1"> <caption>Welfare Support Provided 2022-2023 & 2023-2024</caption> <thead> <tr> <th>Year</th> <th>Number of Residents</th> </tr> </thead> <tbody> <tr> <td>2022-2023</td> <td>1414</td> </tr> <tr> <td>2023-2024</td> <td>1003</td> </tr> </tbody> </table> </div>	Year	Number of Residents	2022-2023	1414	2023-2024	1003
Year	Number of Residents						
2022-2023	1414						
2023-2024	1003						

	<p>The table below shows the current number of households that the Welfare Team have supported in Q1 for 2024-25.</p> <table border="1" data-bbox="320 304 855 342"> <tr> <td data-bbox="320 304 683 342">No. of households</td> <td data-bbox="683 304 855 342">260</td> </tr> </table> <p>Most of these households accessed support through discretionary housing payment applications, others are referred when support is identified via other channels.</p>	No. of households	260
No. of households	260		
1.18	<p>However, with the Move to Universal Credit during 2024 and with the ending of Welsh Government Energy Support Schemes in 2023, it is anticipated that this will further impact more households during the coming year and we are expecting demand for the service to increase.</p>		
1.19	<p>The Benefits and Welfare teams will continue to target support to households to help access benefits and welfare support with the cost of living; additionally, will aim to:</p> <ul style="list-style-type: none"> • Identify households who may be affected by LHA changes in 2024-25. • Support households who may be affected by the 'Move to Universal Credit'. • Promote and support residents to access Council Tax Reduction (CTR) where there may be a potential entitlement, this will also help to reduce council tax arrears. 		
Promotional Activity			
	<p>During Q1, promotional activity was undertaken including:-</p> <ul style="list-style-type: none"> • households subject to shared room rate of LHA were identified and offered DHP support, these households did not see an increase in the level of Local Housing Allowance in early 2024, which has resulted in additional applications for DHP being received. Overall, a 12% success rate. • Promotional activity will also be undertaken to identify and contact households where the income is below the minimum living level to encourage benefit take up to increase household income levels. • Various community events in Flintshire to provide awareness and support to residents in relation to helping with rental costs, Discretionary Housing Payments, foodbank vouchers and signposting for specialist support. • Further events are planned during the year to promote support. 		

	<ul style="list-style-type: none"> • Expanding the Welfare Team's presence in attending foodbank locations to provide easier access and support . • Continue to support the Early Help Hub with appropriate budgeting advice and DHP support. 				
Discretionary Housing Payments (DHP's)					
1.20	<p>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.</p> <p>The chart below shows how much Discretionary Housing Payment was spent supporting households.</p> <table border="1" data-bbox="320 824 1139 972"> <tr> <td>Total DWP Contribution 23-24</td> <td>£205,365</td> </tr> <tr> <td>Total expenditure 2024*</td> <td>£280,976</td> </tr> </table> <p>*Additional expenditure was met from the Homeless Prevention Grant funding which enabled further households to be supported.</p> <p>For the current year, Q1 expenditure for Discretionary Housing Payments is £50,270.52.</p> <p>With higher rental costs across properties in Flintshire and especially in supporting Supported Accommodation properties, DHP expenditure remains high.</p>	Total DWP Contribution 23-24	£205,365	Total expenditure 2024*	£280,976
Total DWP Contribution 23-24	£205,365				
Total expenditure 2024*	£280,976				
1.21	<p>It is important to note that the DHP expenditure provided by UK Government to the Council has not always increased.</p> <p>For 2024-25 the Department for Work and Pensions (DWP) have not increased Flintshire's annual funding. It remains at 2023-24 level (£205,365).</p>				
1.22	<p>Our records show that the main reason for DHP applications is due to Local Housing Allowance (LHA) rates applied to their Housing Benefit or housing costs within Universal Credit. This aligns with more people now in receipt of Universal Credit.</p> <p>Overall, the Local Housing Allowance (LHA) rates have increased apart from the shared room rate which remains unchanged and potentially could impact more households as household rents increase but the housing element within their UC does not.</p>				

HRA Discretionary Fund	
1.23	<p>Within the Housing Revenue Account, funding for council tenants has been allocated for a discretionary scheme to support residents who live in council properties.</p> <p>Cases for support are identified within the Housing Service and decisions around funding applications are made by a panel of senior officers.</p> <p>This is very much in the early stages of development, however, applications have been approved to support residents in areas such as:</p> <ul style="list-style-type: none"> • Rent arrears • Garden or house clearance • Floor coverings <p>This scheme is designed to tailor support to the applicant based on their individual circumstances.</p> <p>As at the end of Q1, around £68,000 of support has been provided.</p> <ul style="list-style-type: none"> • Promotional activity will also be undertaken to identify and contact households where their income is below the minimum living level to encourage benefit take up to increase household income levels.
Migration to Universal Credit	
1.24	<p>Universal Credit – ‘Move to UC’</p> <p>Managed migration is where people receiving legacy benefits have their claims transferred to Universal Credit.</p> <p>During 2024 and 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 2024-25.</p>
1.25	<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 have already commenced in Flintshire, and work is underway to streamline processes and support arrangements which support residents where appropriate.</p>

2.00	RESOURCE IMPLICATIONS
2.01	Resource levels continue to be reviewed to ensure sufficient capacity is directed to areas with the greatest level of demand.
2.02	As mentioned earlier in the report, demand for DHP is generally increasing whilst the DWP contribution remains static. To mitigate this in part, Flintshire provide a reserve of £58k to enable claims for DHP to be paid after the DWP contribution has been exhausted.
2.03	In 2023/2024 the DHP fund was supplemented by the homeless prevention grant, however, there are no guarantees that this will be made available for 2024/2025.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	To monitor DHP expenditure as demand is expected to exceed the DWP funding allocation.
3.02	To mitigate where possible demand on DHP funding by fully utilising additional homeless prevention grant 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	Welfare Reform Act 2012 https://www.legislation.gov.uk/ukpga/2012/5/contents https://www.legislation.gov.uk/ukpga/2012/5/notes (explanatory notes)

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

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>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.</p> <p>Registered Social Landlord: (RSL) are not-for-profit organisations that aim to provide good, low-cost accommodation.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>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.</p> <p>Pupil Deprivation Grant: (PDG) The purpose of the PDG is to improve outcomes for learners eligible for free school meals (eFSM) and Looked After Children (LAC). It is intended to overcome the additional barriers that prevent learners from disadvantaged backgrounds achieving their full potential.</p>