

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 <sup>st</sup> November 2017
<b>Report Subject</b>	Welfare Reform Update – Including Universal Credit
<b>Cabinet Member</b>	Cabinet Member for Corporate Management and Assets
<b>Report Author</b>	Chief Officer (Community & Enterprise)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The welfare reforms 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.

This report provides an update on the impacts Universal Credit 'Full Service' and other welfare reforms are having on Flintshire residents and the work that is ongoing to mitigate and support these households.

### RECOMMENDATIONS

1	To note the report and continue to support the ongoing work to manage the impacts that Welfare Reforms has and will have upon Flintshire's most vulnerable households.
---	--

### REPORT DETAILS

---

<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.

<b>1.00</b>	<b>EXISTING WELFARE REFORMS</b>
1.01	<p>The welfare reform response team has been in place for the last two years and combines the administration of discretionary housing payment with personal budgeting support.</p> <p>A report has been commissioned which has provided an up to date Welfare Reform impact assessment analysis for Flintshire County Council. This detailed analysis has modelled impacts for today and as it will be in 2020, both under the current benefit system and Universal Credit.</p> <p>The analysis has identified a number of household that continue to be highly impacted by welfare reform, and has evaluated individual circumstances using two measures of living standards; relative poverty and financial resilience.</p> <p>This data and information is being used to form a proactive action plan for the welfare reform response team to target support to these households in order to help to alleviate the impacts and also help households to prepare now for future changes.</p> <p>The updated analysis report is attached at appendix 1</p>
	<b>The Benefit Cap</b>
1.02	<p>From the autumn of 2016, the benefit cap ceiling has been significantly lowered. The total amount of annual ‘out of work’ benefit income to which a ‘working-age’ household can receive is set at (figures for households outside of greater London):</p> <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> <p>As at September 2017 there are 111 households that are impacted by the Benefit Cap.</p> <p>This equates to a collective weekly loss of income to Flintshire households of £12,300 – annually this is £639,619.24.</p>
1.03	<p>In advance of the reduced benefit cap ceiling being introduced, the Council offered face-to-face meetings with the Flintshire households who were impacted by this change. At these meetings discussions took place regarding the measures which can be put in place to ensure that the household can manage their reduced income and sustain their accommodation, so that the impact could be mitigated as far as practically possible.</p> <p>Assistance is provided to customers around referrals to fuel and utilities</p>

<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.

	<p>companies to access social tariffs and support services; proactively promote Discretionary Housing Payments; and assistance to deal with non-priority debts.</p> <p>Discretionary Housing Payments of around £60,000 has been awarded to 58 households to help to manage the reduction in their household income due to the Benefit Cap.</p>
	<p><b>The Spare Room Subsidy</b> (commonly referred to as the Bedroom Tax)</p>
1.04	<p>There are currently 249 Registered Social Landlord tenants impacted by the Spare Room Subsidy.</p> <p>37 households are under occupying by two or more bedrooms and 212 by one bedroom.</p> <p>The total reduction in Housing Benefit (HB) payments is £3647.39 per week - £189,664.28 per year</p>
1.05	<p>There are 794 Flintshire County Council tenants impacted by the spare room subsidy.</p> <p>153 households are under occupying by two or more bedrooms and 641 by one bedroom.</p> <p>The total reduction in Housing Benefit (HB) payments is £12,221.49 per week - £634,997.48 per year.</p>
1.06	<p>From the date the Spare Room Subsidy was introduced the Council has supported its tenants affected by the reduction in their HB award and, attempted to mitigate the full impact of the reduction in Central Government HB payments from falling upon the Council's Housing Revenue Account.</p> <p>For example, during this year, Discretionary Housing Payments totalling £29,864 have been awarded to tenants of registered social landlords (which include Flintshire County Council tenants) impacted.</p> <p>Recent analysis confirms the reasons for an ongoing award of Discretionary Housing Payment includes ; long term illness where there is a need for an extra room for medical equipment such as Dialysis machine, customers with severe anxiety who are on low income and customers who are willing to downsize but there are limited smaller properties available.</p>
	<p><b>Universal Credit – Update</b></p>
1.07	<p>Universal Credit (UC) is the Government's 'flagship' welfare reform. It is being introduced to address a number of problems inherent within the current social security system, which result in many workless households developing a culture of benefit dependency.</p> <p>UC 'Full Service' was implemented in Flintshire Job Centres in April 2017.</p> <p>UC Full Service replaces 6 legacy benefits for working-age claimants:</p>

- Housing Benefit,
- Income Support,
- Job Seekers Allowance,
- Employment Support,
- Child Tax Credit
- Working Tax Credit

As at the end of September 2017 the caseload of UC claims is 2356.

1.08

UC full service is a fully digital service and there is a 42 day (six week) waiting period from the date of the claim to the first payment.

There have been many calls and challenges to the Government to pause the rollout whilst some of the issues are addressed and to stop further hardship to the people who claim it. The Government have, so far, refused to agree to a pause in the rollout, however, they have announced recently that the call costs will be removed as phone numbers to the service centre are changed to a “Freephone” facility.

In Flintshire we are experiencing, first hand, a significant number of challenges and issues with the implementation of UC Full Service. Partly because of the new system and claiming culture, and partly because the UC processes are still in development as part of the UK Governments “test and learn” approach to the roll out.

Flintshire’s response to the implementation of UC has been seen as a model of good practice by other Welsh Local Authorities and the Welsh Government and the Benefit Department have been providing support to other welsh local authorities ahead of the roll out in their areas

Connects officers have provided digital support to over 1000 customers, e.g. in making a new claim for UC and managing their online claim for UC. The Council’s data confirms the need for ongoing support for customers in relation to managing their UC claim once their initial claim has been made.

**Impact on rent arrears** – As at the beginning of October Flintshire County Council currently has 260 tenants in receipt of UC with £354,000 worth of outstanding rent arrears.

It is important to note, however, that some of these arrears will have existed prior to UC full service and it is also possible that some arrears could have accrued due to the delay in payment at the beginning of a UC claim. More detailed analysis is ongoing to provide more specific detail in this area.

Concerns have been raised over the managed recovery of rent arrears directly from a customer’s entitlement to UC. This can be recovered at a rate of up to 20% of the customer’s monthly payment.

However, early evidence has shown that this reduces payments of UC to a worryingly low amount of money for a customer to be expected to live on each month especially if there are other deductions being taken from the customer’s monthly payments of UC, therefore increasing their hardship.

1.09	<p><b>Impact on Council Tax arrears:</b> There has been a slight reduction in the Council Tax collection rate so far this year. This could be related to the roll out of UC full service but further analysis is currently being carried out.</p>
	<p><b>Impact on other services</b></p>
1.10	<p><b>Rent Collections</b> Concerns have been raised with DWP that when a customer claims HB and should have claimed UC the DWP are not allowing the appropriate backdating which is impacting both on rent arrears and customers financial situation. This issue has been escalated to a national level but has yet to be resolved. However, the Welfare Reform Response team are in the process of co-ordinating a plan to contact all relevant customers to provide support in raising this issue with the DWP.</p>
1.11	<p><b>Housing Services</b> Concerns have been raised from Housing Support Services regarding the decrease in available private rented sector landlords willing to accommodate customers. This has also been confirmed by the National Landlord Association.</p> <p>The reduction in properties is resulting in customers staying longer in emergency accommodation and is contributing to budget pressures. This issue may also have contributed to the increase of around 50% of customers registered on the social housing register.</p>
1.12	<p><b>Homeless Services</b></p> <p>Housing Benefit used to cover some of the costs that the Local Authority incurred when placing an individual or family in short term emergency accommodation.</p> <p>UC full service, however, does not include a provision for housing costs of such a short term temporary nature and therefore no payments will be made to the Local Authority in respect of this.</p> <p>UK Government have recognised that this is a flaw in the process and are planning to introduce a change in legislation in the New Year to provide an alternative way for Local Authorities to recover some of the costs via a different method.</p> <p>As a result there is a pressure on Flintshire's homelessness budget. Work in ongoing to quantify the value of this.</p>
1.13	<p><b>Private Landlords</b></p> <p>This issue isn't specific to Flintshire as there are national issues about the lack of communication and information available for private landlords. Tenant mandates, designed to permit landlords to be given ongoing information about claims are not being accepted. The DWP takes a strict view on Data Protection and "claimant confidentiality" which often prevents landlords having access to what's happening to new claims and request for managed payments to landlords.</p>

	<p>The Benefit department is fully committed to providing support and guidance for private landlords so that they are in return able to support their tenants. The council has held two private landlord forums this year to try to address the issues that landlords face and to try to keep them engaged.</p>
1.14	<p><b>Impacts on partners:</b> Citizens Advice Flintshire (CAF) have also been collating their experiences of UC.</p> <p>The most common problems that customers are facing is receiving conflicting/incorrect information about which benefit to claim, then problems claiming and understanding their entitlement to UC. These issues have been raised with local MP's to escalate with the relevant minister.</p> <p>CAF's paper detailing their experiences in September is attached at appendix 2</p>
1.15	<p>Since the launch of UC the council has been monitoring the number of food vouchers issued and are concerned that the increased hardship customers face, when they have to wait for their first payment of UC.</p>
	<p><b>Support for Customers: Personal Budgeting &amp; Support</b></p>
1.16	<p>Since April 2017 Personal Budgeting Support has been delivered by the Welfare Reform Response Team within the job centres.</p>
1.17	<p>Personal Budgeting Support cases have already highlighted issues including; payday lenders having direct access to a customer's bank account so that when their monthly UC is paid they are accessing the account and leaving the customer with insufficient funds to live on each month. Measures are being put in place to support customers in opening up new bank accounts that their payments can be received into.</p> <p>Approx. 90% of customers that have been supported by the team have debt issues and there is an increase in customer's accessing pay day loans and increasing their overdrafts to bridge the gap until their first UC payment has been received.</p>
1.18	<p>Approx. 65% of customer that have been supported by the team have applied for a short term benefit advance. This advance is provided by DWP to assist with a customer's living costs until their first payment of UC. However, this advance is recovered from the customers on going payments of UC between a 6 and 12 month period thus adding another financial pressure on those already in financial difficulty.</p> <p>Due to the challenges that Universal Credit customers face the Welfare Reform Response Team are starting to deal with and experience more customer displaying mental health symptoms and or being abusive/upset. Customers wait at least 6 weeks for their first payment this has left some customers stressed and forced to borrow cash to pay rent or utility bills and struggle to buy food. However, more detailed work is required to monitor this area.</p>
1.19	<p>Some customers have expressed anxiety over the online application system and the obvious issues including lack of IT experience and lack of access to a computer or Wi-Fi which particularly affect those with additional support</p>

	needs and those on low incomes.
	<b>Future Welfare Reforms</b>
1.20	<p><b>Restriction of Housing Benefit Awards to Local Housing Allowances levels for Social Housing Tenants &amp; Supported Housing Tenants</b></p> <p>Due to an announcement in the House of Commons on 25<sup>th</sup> October, it would appear that the Government is no longer implementing this change.</p> <p>A briefing paper is attached in appendix 3</p> <p>The Government response to the future of supported housing consultation is attached as Appendix 4.</p> <p>The Government supported housing policy and funding statement is attached as Appendix 5.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>The ongoing welfare reforms will generate additional financial problems for low-income Flintshire households, many of whom will have been impacted by the previous reforms of their benefit entitlements.</p> <p>These households will require appropriate advice and support to help them to manage the difficulties the reduction in their household budget will generate.</p> <p>In addition, the latest welfare reforms will impact on new Flintshire households, for example, working households, who may also seek advice and support on how to manage their loss of income.</p> <p>To manage the increased demand from Flintshire households experiencing social welfare problems, the Council has supported the development of the Flintshire Local Advice and Housing Support Gateways.</p> <p>Both Gateways aim to reduce pressures on internal and external providers by effectively triaging referrals to ensure a person is referred to the most appropriate service provider.</p> <p>There are risks to the Council around increasing rent and council tax arrears.</p>
	<b>Financial Implications</b>
2.02	<p>The DWP have provided a grant to the Council to provide UC customers with Personal Budgeting Support and Assisted Digital Support. This funding is based volumes determined by DWP.</p> <p>Adjustments to this funding will be made for actual volumes between 5% and 20% below or above forecasted volumes. Payment of at least 80% is guaranteed if demand for support is low, or alternatively, if demand is high the Council could receive up to 20% more grant.</p>

--	--

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Not applicable with this report.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	For some Flintshire households the financial impacts of UC is yet to be fully felt in terms of the time taken to receive the first payment of UC. However, the activities that have taken place and are underway to mitigate the negative impacts as far practicably possible have been noted in the main report.
4.02	The expansion Welfare Reform Response Team will assist residents in dealing with the financial pressures felt as a result of the implementation of UC. The team will work to directly target advice and support for households throughout Flintshire whom, due to the impact of the ongoing welfare reforms, are at most risk of losing household income, those facing increasing difficulties in maintaining their rent payments, and those at an increased risk of homelessness.
4.03	The team will, with the extra resources be able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms.

<b>5.00</b>	<b>APPENDICES</b>
5.01	<p>Appendix 1 – Welfare Reform Impact Analysis (Policy in Practice).</p> <p>Appendix 2 – CAF UC Paper – September 2017.</p> <p>Appendix 3 – Briefing paper.</p> <p>Appendix 4 – Government Response to Future of Supported Housing Consultation.</p> <p>Appendix 5 – Government Supported Housing Policy and funding statement.</p>

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p><b>Contact Officer: Jen Griffiths</b></p> <p><b>Telephone:</b> 01352 – 702929</p> <p><b>E-mail:</b> <a href="mailto:Jen.Griffiths@flintshire.gov.uk">Jen.Griffiths@flintshire.gov.uk</a></p>

7.00	<b>GLOSSARY OF TERMS</b>
7.01	<p data-bbox="320 197 1393 271"><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.</p> <p data-bbox="320 309 1393 421"><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.</p> <p data-bbox="320 459 1393 533"><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.</p> <p data-bbox="320 571 1393 683"><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.</p> <p data-bbox="320 721 1393 900"><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.</p> <p data-bbox="320 938 1393 1050"><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.</p>