

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **HOUSING OVERVIEW & SCRUTINY COMMITTEE**

DATE: **WEDNESDAY, 20 MAY 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY AND ENTERPRISE)**

SUBJECT: **WELFARE REFORM UPDATE**

1.00 PURPOSE OF REPORT

1.01 To update Committee Members on the latest position with the on-going transformation of the social security system and of the activities that are providing help and support to Flintshire residents who are affected by changes to their social security and tax credit income.

2.00 BACKGROUND

2.01 In 2010–11, the total spending on welfare benefits and tax credits was £220 billion. This represented 27.6% of public spending made during that year. The Coalition Government of 2010 introduced a plan for radical overhaul of the welfare system with four aims:

1. to cut back on government spending and to put long term social security expenditure onto an affordable and sustainable footing;
2. to give unemployed people greater incentives to move into work;
3. to protect vulnerable citizens in need of support; and
4. to simplify the social security system.

2.02 To achieve the aim of controlling expenditure, the previous Coalition Government introduced legislation, primarily contained within the provisions of the Welfare Reform Act 2012, which aimed to achieve a reduction in social security expenditure of £19 billion pa.

2.03 In a report, published by the Treasury Select Committee¹ in February 2015, it was projected that social security expenditure in 2014/15 would only be around £2.5 billion less than expenditure in 2010/11. The report notes that social security expenditure, in 2014/15, on pensioner benefits will be £6 billion higher than in 2010/11. Expenditure on Housing Benefit will be £3 billion higher in 2014/15,

¹ House of Commons, Treasury Select Committee - Ninth Report - Autumn Statement 2014

mainly due to increase expenditure on helping people renting in the private rented sector where rents have grown faster than expected but earnings have grown slower than expected. The fact that earnings have not grown as expected has also resulted in a £1.5 billion increase in expenditure on Child and Working Tax Credits in 2014/15 as compared to 2010/11.

- 2.04 The Select Committee report also highlighted the significant problems that have been encountered with the major reforms of the sickness and disability benefit system and with the implementation of Universal Credit and concluded:

“the experience of the past five years shows that the achievement of planned welfare savings depends partly on economic developments, which are not within government control. It also depends on the timely implementation and operational success of any major reforms to the welfare system.”

- 2.05 In a report by the Institute for Fiscal Studies², it was acknowledged that implementing the wide ranging welfare reforms, such as, changing how the annual uprating of welfare benefits and tax credits is calculated; time limiting the payment of some working age sickness benefits; reducing the amount of rent that Housing Benefit will cover for private sector and some social housing tenants; abolishing elements of the Discretionary Social Fund and Council Tax Benefit, etc., the annual social security expenditure in 2014/15 is £17 billion less than it would have been, if the welfare reforms had not been introduced.

3.00 **CONSIDERATIONS**

3.01 **Benefit Cap**

- 3.01.1 The benefit cap was introduced from July 2013 to act as a work incentive by limiting the amount of out of work benefits that working-age households can receive; currently to £500 per week (£26,000 per year) for couples with or without children and lone parents; and £350 per week (£18,200) for single people. Some households that include a person claiming certain sickness or disability benefits are exempt from the benefit cap.

- 3.01.2 The benefit cap has had the most impact upon households in receipt

² IFS Briefing Notes: The social security system: long-term trends and recent changes – November 2014

of Housing Benefit who are residing in high rent areas. The latest statistics, published in February 2015, by the Department for Work and Pensions show that during the period April 2013 to November 2014, over 51,000 households have been subject to the benefit cap with 46% of households residing within London. Since the introduction of the benefit cap, 9,600 households, who had been subject to the benefit cap, have had the cap removed by entering employment.

- 3.01.3 The introduction of the benefit cap has (so far) only affected a very small number of Flintshire households, with less than 60 households being impacted. All the households who have been subject to the benefit cap received advice and assistance from the Council to manage the financial difficulties the imposition of the cap generated.

3.02 **Discretionary Assistance Fund**

- 3.02.1 The Discretionary Assistance Fund (DAF) is a Wales wide scheme that offers grant payments to help people where there is a need to safeguard their, or a member of their households, health and well-being and the applicant has no other means of meeting their immediate cost of living.
- 3.02.2 The DAF has proven itself to be a successful substitute for the two elements of the Department for Work and Pensions Social Fund scheme that it replaced in April 2013, and across Wales it has provided over £14 million to help more than 54,000 people. During the period that the DAF has been in operation, Flintshire residents have made 2,636 applications to the DAF with 1,756 (66%) resulting in a grant payment being awarded. The total monetary value of the DAF grants paid to Flintshire residents is £437,000.
- 3.02.3 The DAF was original funded for a two year period, ending in March 2015. It is therefore, pleasing to report that the Welsh Government is providing £8.38m funding to continue the DAF during this current financial year.

3.03 **Discretionary Housing Payments**

- 3.03.1 During the previous year Flintshire County Council's Housing Benefit Service has been involved, with colleagues from across Wales, in the development of a discretionary housing payment framework which aims to ensure there is a fair and consistent approach to decision

making across all Welsh local authorities. The Housing Benefit Service has also developed and implemented a fresh approach for assessing/awarding discretionary housing payments. The new approach aims to encourage and empower Flintshire residents, who have applied for a discretionary housing payment, to identify and put in place appropriate measures that will help them to attain a stable and manageable financial position over the long term and, in doing so, reduce their reliance upon discretionary housing payments.

3.03.2 This new approach will enable the Housing Benefit Service to target financial help at the Flintshire households who are most in need and who are least able to help themselves. This is a very important objective, given the discretionary housing payment grant from the Department for Work and Pensions for 2015/16 is less than 2014/15 grant.

3.03.3 During the period April 2014 to March 2015, discretionary housing payment awards, totalling £307,552, had been paid to 510 eligible claimants. A review of the successful applications show that 433 (85%) awards, with a total value of £259,000, were made to households who were struggling to pay their contractual rent due to being impacted by one or more of the welfare reforms. The impact of the spare room subsidy was the largest reason why applicants were seeking assistance and 301 discretionary housing payments were awarded to help social housing tenants, under occupying their home, to meet their contractual rent payments.

3.03.4 The discretionary housing payment scheme is accessible to all tenants in receipt of Housing Benefit who find themselves unable to pay their rent. However, since April 2013, the ongoing impacts of the welfare reforms has limited the ability of the Council to offer discretionary housing payments to households, not affected by welfare reforms, but whose circumstances have changed for the worse, perhaps due to a reduction in their hours of work, etc. Of the 510 discretionary housing payment awards made during the last financial year, only 77 (15%) were made to households struggling to pay their rent but who were not impacted by the welfare reforms.

3.04 Personal Independence Payment

3.04.1 Personal Independence Payment (PIP) was introduced in April 2013, as a 'fit for purpose 21st Century disability benefit' with an eligibility criteria and assessment process based upon a more modern

understanding of disability than the processes within Disability Living Allowance (DLA), the benefit PIP is replacing.

3.04.2 However, the first comprehensive independent review³ of how PIP is faring in its aim of being a fit for purpose disability benefit, published in December 2014, concluded there were several areas where significant improvements were required to the PIP processes, including how the Department for Work and Pensions (DWP) communicates with claimants around all aspects of the PIP application/assessment processes. The review also raised concerns around the effectiveness of the PIP assessment for people with a mental health condition and recommended that there should be a rigorous evaluation of the assessment process on applications from people with a mental health condition to identify the fairness and consistency of decisions. The DWP has accepted all the recommendations from the review.

3.04.3 Though, the eligibility criteria for PIP is more robust than the eligibility criteria under DLA, during the previous financial year the Council's Welfare Rights Team provided assistance to 220 residents making applications for PIP. The successful PIP applications resulted in residents receiving a total of £910,000 in social security income, helping them to meet the additional financial cost they face due to their disability. In the spring of 2014, the residents assisted by the Welfare Rights Team were waiting on average around 46 weeks to receive the decision on their PIP application. In January 2015, the average waiting time had decreased to around 20 weeks. The reduction in the time taken to reach a decision on a PIP claim is to be welcomed. However, there has been an increase in the number of decisions on PIP applications being made wholly upon a 'paper assessment' of the claimants' need for help with daily living and mobility activities. This appears contrary to the one of the primary objectives of PIP which, is to ensure accuracy of decisions on entitlement through more face-to-face assessments of a claimant's needs by Health Care Professionals.

3.04.4 The large-scale reassessment under the PIP eligibility criteria of claimants with an indefinite award of DLA (originally planned to start in the summer of 2014) will commence in October 2015, with an estimated completion date of December 2017. During this period, over 2,000 Flintshire residents will have their continued entitlement to

³ An Independent Review of the Personal Independence Payment Assessment – Paul Grey: Dec 2014

a welfare benefit payment to help them meet the financial cost generated by their disability and/or poor health re-determined. The reassessment of DLA claimants is projected to generate savings of around £3 billion to social security expenditure as the DWP are maintaining their forecast (first made in November 2012) that the reassessment of DLA claimants, under more stricter PIP eligibility criteria, will result in around 20% of DLA claimants not being entitled to PIP.

- 3.04.5 The loss of a disability benefit often has financial implications for a household that go beyond the loss of the money from the disability benefit itself. This is due to the workings of the means-tested benefit calculation. Some Flintshire residents, who lose their disability benefit, will find they are also expected to contribute more to their rent and their Council Tax than they did when they had a higher level of income. Therefore, the Council and its partners are working together to ensure that Flintshire residents, impacted by the DLA to PIP reassessment, will be able to access appropriate advice and support to deal with any issues they may face during the assessment and the consequences arising from the outcome of their assessment.

3.05 Spare Room Subsidy

- 3.05.1 In 2013, the Department for Work and Pensions (DWP) projected savings to the Housing Benefit budget from the implementation of the spare room subsidy (aka bedroom tax) would be £490 million a year. However, the spare room subsidy has reduced expenditure on Housing Benefit by £380 million in 2013/14 and £360 million in 2014/15.
- 3.05.2 Whilst the spare room subsidy may not have generated the projected level of savings projected by the DWP, its introduction has still created a significant negative impact upon social housing tenants and their landlords. In a report published in January 2015, the Auditor General for Wales⁴ concluded that:-

“The changes to housing benefit introduced by the welfare-reform programme are having a significant impact on Welsh councils and housing associations, and they are struggling to deliver effective and sustainable solutions to address the challenges they face.”

⁴ Managing the impacts of the welfare reforms on social housing tenants in Wales – Auditor General for Wales – January 2015

- 3.05.3 Within their report the Auditor General made a series of recommendations for Welsh local authorities to consider implementing in order to mitigate the impact of the welfare reforms, in particular the negative impact of the spare room subsidy. It is pleasing to report that, within its positive and proactive to mitigate the impacts of the Welfare Reform Act 2012, Flintshire County Council and its partners are already implementing the majority of the Auditor General's recommendations. (See appendix 1)
- 3.05.4 The lawfulness of the Housing Benefit regulations, which underlie the spare room subsidy, has been subject to numerous challenges heard by Social Security Appeal Tribunals and the Courts. To date, the decisions given by Upper Tier Tribunal Judges and from the High Court/Court of Appeal have all supported the DWP, with many of decisions emphasising the availability of discretionary housing payments as the 'safety net' that provides 'protection' to the most vulnerable households impacted by the spare room subsidy.
- 3.05.5 However, permission has been granted for the argument that the Housing Benefit regulations discriminate against disabled adults to be heard before the Supreme Court – the Highest Court in the United Kingdom. (The discrimination argument has been dismissed by earlier cases heard by the High Court and the Court of Appeal.) This landmark case will be heard later this year with the outcome awaited by the 440,000 disabled tenants across the United Kingdom, impacted by the spare room subsidy, who find it difficult to move to suitable alternative accommodation and whose disability benefit income often results in them being unsuccessful with applications for a discretionary housing payment on the grounds they have surplus income.
- 3.05.6 At the end of March 2015, Flintshire County Council had 903 tenants impacted by the spare room subsidy. If a tenant has been impacted by the spare room subsidy from its introduction in April 2013, by the end of March 2015, they would have lost, on average, Housing Benefit totalling £1,411.
- 3.05.7 As table 1 demonstrates, in March 2015, 429 (48%) of the tenants affected by the spare room subsidy were in rent arrears, with the majority (54%) of the tenants accruing rent arrears of under £300. The total amount of rent arrears on these rent accounts is £195,258.08. (In August 2014, there were 743 tenants affected by

the spare room subsidy with rent arrears totalling £257,173.63.)

Table 2: Tenants impacted by spare room subsidy – March 2015

Band £	Arrears £	Number of tenants
0-300	26,301.54	236
300-600	41,530.94	100
600-1000	39,885.69	52
1000-2000	55,728.53	39
2000-3000	22,534.32	10
3000-4000	3,996.61	1
4000 +	5,280.45	1
Total	£195, 258.08	439

- 3.05.7 Since April 2013, the spare room subsidy has resulted in Flintshire County Council tenants losing around £1.2 million of Housing Benefit payments. However, the proactive response from the Council in targeting advice and support at the tenants impacted by the spare room subsidy, has played a key role in have helped them to better manage the financial changes imposed upon them and, in doing so, has mitigated the full impact from the loss of Housing Benefit revenue from falling upon the Council's Housing Revenue Account.
- 3.05.8 As has been widely reported one of the main policy intents behind the introduction of the spare room subsidy, i.e., to encourage under-occupying households to downsize to smaller properties and free up larger social housing properties for overcrowded households, has not been attained and during 2014, only around 5% of affected tenants, across the United Kingdom, transferring to smaller properties.
- 3.05.9 Whilst the supply of smaller social housing is the main factor behind the limited movement amongst households impacted by the spare room subsidy, Flintshire's Neighbourhood Housing Service has continued to support tenants, as far as practical, to transfer. During the 2014/15, 83 tenants have been assisted to transfer to a smaller home, (in 2013/14, a total of 50 Council tenants impacted by the spare room subsidy transferred to a smaller home.) The increase in the numbers of transfers, during the previous 12 months, is to be welcomed. However, as the spare room subsidy seems likely to continue in its current format, the Neighbourhood Housing Service will continue to assist tenants with more complex needs, i.e. disabled and who need to move to smaller adapted properties. Such households are more difficult to transfer to suitable alternative accommodation and the Neighbourhood Housing Service will have to

implement a range of approaches to resolve the problems, the ongoing implementation of the spare room subsidy, will create for households containing a disabled person.

3.06 Universal Credit

3.06.1 Since the Universal Credit (UC) programme began in 2010, the Department for Work and Pensions (DWP) has spent around £700 million. It is projected that by 2023, £1.7 billion will have been invested in the programme to replace the current means-tested benefits system for working age claimants with UC.

3.06.2 The DWP are continuing the approach of introducing UC throughout the United Kingdom in a slow and controlled manner. The latest national statistics show that between April 2013 and April 2015, just over 85,000 people had made a UC claim and 46,920 people were still in receipt of UC. The statistics also demonstrate that 53% of all UC claimants were aged under 25.

3.06.3 From February 2015, UC started to be delivered through all the Jobcentres within Flintshire. However, with the exception of Shotton Jobcentre, UC is only available to single, newly unemployed claimants. (Shotton Jobcentre delivers UC to unemployed claimants who are single, or have a partner, or have children.)

3.06.4 Whilst UC is a live benefit across the County, the national 'Gateway Eligibility Criteria' places controls upon the category of claimant who can make a claim and, consequently, the number of Flintshire residents claiming UC is low. During the period 7 April 2014 to 30 April 2015:

- 452 claims for Universal Credit have been made by Flintshire residents
 - 419 UC claims made through Shotton Jobcentre (commenced taking UC claims in April 2014)
 - 18 UC claims made through Mold Jobcentre; (commenced taking UC claims in February 2015) and
 - 13 UC claims made through Flint Jobcentre (commenced taking UC claims in February 2015)
- Of the 452 claims for UC, 448 claims have been made by single claimants with only 2 being made by couples and 2 by claimants with children.

3.06.5 The original timetable for the implementation of UC predicted that by

the end of 2017 the roll out of UC across the United Kingdom would be complete. However, given the slow roll out of UC, it is now projected that the implementation of UC will take until 2020 to near its completion.

- 3.06.6 The DWP's revised timetable for the implementation of UC projects that from the middle of 2016 through to the end of 2017, there will be no new claims accepted from working age people for any of the existing six means-tested benefits. Instead, all new claims from working age people for means-tested assistance from the social security system will be a claim for UC. The process of "natural migration" will also take place during this period where a claimant receiving an existing means-tested benefit, who reports a change of circumstances, will be moved on to UC. From the end of 2017 onwards, all working age people, still receiving a means-tested benefit, will start to be migrated across to UC. The DWP expect that by the end of 2019, they will have transferred seven million people (93% of eligible claimants) across to UC.
- 3.06.7 Through working with the DWP and local Jobcentre Plus, the Council has ensured all Flintshire residents, in need of advice and support to make and/or manage their UC claim, have enjoyed timely access to appropriate services. However, given the majority of UC claimants within the County are younger single people, residing at home with their parents, the demand for support has been relatively low and throughout the previous year only fifty-five claimants' required personal budgeting support and two claimants needed help to make their on-line UC application. The Council has negotiated funding from the DWP which will ensure vulnerable UC claimants continue to be provided with the advice and support they need to make and sustain their UC claim during the current financial year.
- 3.06.8 To support the safe implementation of UC within Flintshire, the Council developed and implemented an effective communication strategy, which has successfully dispelled myths and mitigated some of the concerns around UC, particularly amongst landlords, which have developed over the last couple of years. The Council has also encouraged constructive debate, amongst key stakeholders, around how UC is being implemented and fed constructive criticism into the UC implementation team. It is pleasing to report that the DWP have introduced positive changes to their national UC policy to align with best practice that has been implemented within Flintshire.

- 3.06.9 As a social landlord the Council is very aware that the default payment method for UC, (a single monthly payment to a household), contains the potential to increase rent arrears amongst some tenants. It was welcomed therefore that in February 2015, a new statutory instrument came into force, which enables the DWP to advise a social landlord that one of their tenants has made a UC claim (prior to this change in the data sharing law, a tenant had to agree to their social landlord being advised that they had made a UC claim) . The data sharing ought to ensure that the Council receives timely notification of a UC claim being made by one of its tenant. This will enable the Neighbourhood Housing Service to target assistance to a tenant, who they recognise, may struggle to manage their UC award. The early notification of a UC claim being made by a tenant will also enable the Neighbourhood Housing Service, in appropriate cases, to submit an alternative payment request to the DWP for the direct payment to the Council of the housing cost element of the tenant's UC award.
- 3.06.10 Following the outcome of the May 2015 General Election, it is to be expected that UC will continue to roll out, across the United Kingdom, in its present format. Therefore, the Neighbourhood Housing Service will need to commence planning how it will engage with, and prepare its working age tenants, who currently receive Housing Benefit, for the changes and challenges that UC will pose for them. The successful engagement and support programme, which was implemented to assist tenants impacted by the spare room subsidy, will be the foundation upon which this larger scale programme will be developed.
- 3.06.11 The changes to homelessness legislation, introduced by the Housing (Wales) Act 2014, has provided the Council with the power to discharge its statutory homelessness duty by offering a homeless household a suitable property in the private rented sector. The legislation has also placed an enhanced statutory homelessness duty upon the Council. Therefore, it is important that there is a sufficient supply of private rented properties across the County. As the data sharing arrangements only relate to UC claims made by a social housing tenant, the Council will continue to work with the DWP in order to identify and implement measures that aim to ease the concerns, held by some private landlords, around the financial risks they may face when renting a property to a tenant who is receiving UC.

3.07 Welfare Reforms - Phase Two

- 3.07.1 The run-up to the General Election in May 2015 saw a raft of opinions being expressed of how public expenditure could be reduced through further transformation of the United Kingdom social security system. Whilst there is not a lot of confirmed details of how the individual welfare benefits and tax credits which will be subject to further reform, it has been confirmed that the primary focus will be upon reducing expenditure upon 'working age benefits' by £12 billion per year from 2016. (The projected expenditure upon social security and tax credits in 2014/15 is £217 billion, with an estimated £80 billion being spent on pensioner age benefits and £137 upon working age benefits.)
- 3.07.2 The specific details of the latest welfare reforms will become clearer following the new Government's first budget statement, expected to be in June 2015. However, it has been confirmed that:
- the benefit cap will be reduced from £26k to £23k;
 - working age benefits (excluding disability related) will be frozen at 2015/16 payment rates until at least 2018;
 - remove the automatic entitlement of young people (aged 18 – 21 years old) to claim jobseeking and housing cost benefits;
 - remove the rights of EU migrants to claim out-of-work benefits and restrict their rights to claim in-work benefits until they have worked in the United Kingdom for 4 years;
 - Universal Credit will continue its nationwide roll out to provide the right incentives to get people to enter employment.
- 3.07.3 Initial costings project that the above reforms, when implemented, will reduced expenditure upon working age benefits by £2 billion per year. The detail of where the remaining £10 billion per year of savings will be attained has not been confirmed and, consequently, is subject to a great deal of rumour and speculation.
- 3.07.4 Given the largest expenditure on social security benefits⁵ for working age claimants is in respect of tax credits (£23 billion pa) sickness/disability benefits (£22 billion pa) and Housing Benefit (£17 billion pa) it is, perhaps, a reasonable expectation that the legislative changes, needed to reduce expenditure upon working age benefits by £10 billion, will be focused primarily upon these benefits.

⁵ DWP Benefit Expenditure & Caseload Statistics – March 2015

- 3.07.6 The response to the Welfare Reform Act 2012, implemented by Flintshire County Council and its partners, was viewed across Wales as a model of best practice and the proactive approach has mitigated some of the negative impacts from falling upon Flintshire's vulnerable residents. When the details of the next phase of welfare reforms have been clarified, the Council will forecast the projected impacts of these changes to social security legislation upon residents, service users, service providers, local businesses, and, with its partners, begin the process of identifying, developing, and implementing a range of appropriate mitigating activities.

3.08 Mitigating the Impacts of the (Current) Welfare Reforms

- 3.08.1 Whilst some of the major welfare reforms, i.e., Universal Credit, are being introduced with more difficulty than was anticipated by the Department for Work and Pensions, the Flintshire households impacted by the reforms, which have been implemented, have experienced a reduction in their income and, unfortunately, vulnerable households still have limited opportunity to replace their lost welfare benefit income with earned income.
- 3.08.2 The Flintshire Tackling Poverty Partnership, comprising of representatives from a range of internal and external organisations, oversees the range of activities which aim to manage the impacts of the welfare reforms upon residents, service providers and local businesses, etc. These activities include:

3.09 Flintshire Advice Referral Gateway

- 3.09.1 In May 2014, Flintshire County Council provided funding for a 12-month pilot, to be managed by the Flintshire Citizen Advice Service, to develop an Advice Referral Gateway to work in partnership with the Flintshire Housing Support Referral Gateway. During the period May 2014 to March 2015, the Advice Gateway dealt with 547 referrals from service providers for residents to access social welfare advice providers. (Currently, a resident is unable to self-refer to the Advice Gateway.) The Advice Gateway has ensured all the referrals were effectively triaged with residents being referred to an appropriate service provider.
- 3.09.2 The Advice Gateway is proving to be a successful means by which the social welfare advice resources within the County can be effectively maximised, which is to be welcomed as the welfare

reforms are increasing the demand for access to advice services. Equally important, is the fact that the Advice Gateway is enhancing the customer experience by ensuring people have timely and seamless access to the most appropriate advice service provider.

- 3.09.3 Funding will be available to allow the Flintshire Citizen Advice Service to manage the Advice Gateway during 2015/16, and to continue the development work to enhance the proactive partnership working that is providing a link between the Advice and Support Gateways to establish the viability of creating a single pathway to both gateways.

3.10 Training and Development

- 3.10.1 Another of the successful activities, undertaken within Flintshire's response to the welfare reforms, has been the project to 'empower Flintshire's front line service providers'. Since 2011, the Council and its partners, have designed and delivered over eighty training and briefing sessions on a range of social welfare subjects including, the Welfare Reform Act 2012, individual welfare benefits, such as Universal Credit and specific skills such as, financial capability.

- 3.10.2 More than 1,400 front line staff have attended the training/briefing sessions, with the majority providing feedback that they possess the knowledge, skills, and the confidence to reassure service users and help them to implement measures that will assist them to manage the impacts created by the welfare reforms. In turn, the training programme has played a role in helping to prevent the increase in demand from residents, for help and advice on social welfare issues, from immediately falling upon traditional advice providers.

3.11 Maximising Social Security Income

- 3.11.1 The impact of the ongoing welfare reforms is removing social security income from Flintshire households which it is not being replaced by earned income and as a consequence is reducing spending power within the local economy.
- 3.11.2 During the period April 2014 to March 2015, over 1,600 Flintshire residents received advice and support from the Council's Welfare Rights Casework Team to deal with 2,328 welfare benefit and tax credit problems. The successful interventions generated welfare benefit and tax credit payments totalling £3.1 million (£2,551,172pa

ongoing payments and £568,000 one-off payments). This income is helping to avoid the risk of homelessness, and mitigate some of the negative impacts the welfare reforms are having upon the Flintshire local economy.

4.00 RECOMMENDATIONS

- 4.01 That Members note the report and continue to offer support to the ongoing work that is being undertaken by the Council and its partners to attempt to mitigate the full impact of the welfare reforms on vulnerable households

5.00 FINANCIAL IMPLICATIONS

- 5.01 None directly as a result of this report.

6.00 ANTI POVERTY IMPACT

- 6.01 The welfare reforms are being felt across many of Flintshire's diverse communities. However, the communities being hit the hardest are those with large numbers of non-working and/or sick/disabled households, particularly if they contain social housing tenants. According to a briefing paper from the New Policy Institute⁶, during 2013 and 2014, the number of households in poverty, in the United Kingdom, increased by 800,000. The largest growth of households in poverty has occurred in the social housing rented sector where 400,000 households entered poverty. The impact of the spare room subsidy has been the clear driver of this increase in poverty.

- 6.02 The Welsh Government recently published its revised Child Poverty Strategy for Wales⁷ which recognised that poverty in Wales, sadly, remains stubbornly high. The most recent data demonstrating that almost one in three children in Wales are living in low income households. The Child Poverty Strategy identifies the significant impacts of the welfare reforms on poverty levels within Wales and notes the disproportionate impact that the reforms have upon households with children. The strategy sets out what the Welsh Government, together with its partners, will do to tackle the various issues which are underpinning the high levels of poverty.

- 6.03 The work streams, currently being delivered within Flintshire's response to the current welfare reforms (and those which will be implemented to be

⁶ New Policy Institute – What happened to poverty under the coalition – April 2015

⁷ Welsh Government – Child Poverty for Wales – March 2015

manage the next phase of welfare reforms) will, over the coming years, continue to positively support the ambition of ensuring no child in Wales is living in poverty by 2020.

- 6.04** However, the ongoing reduction in expenditure on the working age social security and tax credits, claimed by low income households, will place significant barriers that will hinder the Welsh Government's progress towards its target of eradicating child poverty in Wales by 2020. The welfare reforms will also, especially, if the next phase of reforms does reduce further the financial assistance available to low income households to pay their housing costs, have negative impacts for the Welsh Government's commitment, as set out within the Housing (Wales) Act 2014, to reduce homelessness by placing greater emphasis on preventing homelessness.

7.00 ENVIRONMENTAL IMPACT

- 7.01** None directly as a result of this report

8.00 EQUALITIES IMPACT

9.00 PERSONNEL IMPLICATIONS

- 9.01** None directly as a result of this report

10.00 CONSULTATION REQUIRED

- 10.01** None directly as a result of this report

11.00 CONSULTATION UNDERTAKEN

- 11.01** None directly as a result of this report

12.00 APPENDICES

- 12.01** Appendix 1: Auditor General for Wales report on the impact of the welfare reforms, Flintshire County Council progress against recommendations.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

Contact Officer: Paul Neave

Telephone: 01352 703802

Email: paul.neave@flintshire.gov.uk