

COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 7 November 2018
Report Subject	Welfare Reform Update – Universal Credit Roll Out
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer, Housing & Assets
Type of Report	Operational

EXECUTIVE SUMMARY

Welfare reforms will, by 2020, have reduced expenditure on available social security benefits to low income working-age households by around £31¹ billion per annum in the UK.

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 being undertaken to mitigate and support these households. It also explores longer term impacts and some of the considerations required in order to prepare and plan a response to these impacts, both now and in the future.

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

RECOMMENDATIONS

1	That Scrutiny Committee support the report and the ongoing work to manage the impacts that Welfare Reforms has and will continue to have upon Flintshire’s most vulnerable households.
2	Note the changes to grant funding arrangements for Universal Support as announced by Central Government on 1st October 2018 and consider future risks to the Council that may come as a result of these changes.

¹ The Welfare Reform Act 2012 introduced reforms that reduced expenditure on social security benefits by £19 billion pa and the Welfare Reform and Work Act 2016 is introducing reforms which will reduce expenditure by a further £12 billion pa.

REPORT DETAILS

1.00	Existing Welfare Reforms
1.01	<p>Flintshire’s 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 and aims to provide financial inclusivity.</p> <p>An independent report was commission, which provided and up to date Welfare Reform impact assessment analysis for Flintshire County Council. This detailed analysis has modelled impacts for today and as it is projected to be in 2020, both under the current system and Universal Credit.</p>
1.02	<p>The analysis has identified a number of households that continue to be highly impacted by welfare reform, and has evaluated individual circumstances using two measures of living standards;</p> <ul style="list-style-type: none"> • Relative poverty and; • Financial resilience <p>This data and information is being used to form a proactive action plan for the team so they can target support to these households in order to alleviate the impacts and help them to prepare now for future changes.</p>
1.03	<p>Work focus includes targeting support to those who are unemployed with low barriers to work to enable a referral process to access and improve employability options. A total of 45 households have been identified to receive less income in 2018 if receiving Universal Credit.</p> <p>The report also helped to cross match families with potential Free School Meal entitlement.</p>
	The Benefit Cap
1.04	<p>In the Autumn of 2016, the benefit cap ceiling was significantly lowered. The total amount of annual “out of work” benefit income which a “working-age” household can receive is set at (figures for households outside greater London):</p> <ul style="list-style-type: none"> • £20,000 per year for couples and lone parents (£383.56pw) <i>(previously £26,000 per year or £500 .00 pw)</i> • £13,400 per year for single claimants (£256.96pw) <i>(previously £18,200 per year or £350.00 pw)</i> <p>As a June 2017, there were 116 households impacted by the Benefit Cap compared to 101 households in June 2018 which is a reduction of 13%. In real terms this equates to a reduction in Housing Benefit between £1.06 per week up to £137.96 per week.</p>

1.05	The reduction in the ceiling for the benefit cap in 2018/19 is anticipated to equate to a collective loss of income of £4996.00 per week – annual this equates to £258,278.80.
1.06	The Benefit Cap also applies to households receiving Universal Credit. Currently there are no households in Flintshire who are subject to the Benefit Cap and also receiving Universal Credit, although this is likely to change as the rollout continues.
1.07	Households affected by the Benefit Cap have been offered help through Discretionary Housing payments and an offer of personal budgeting advice to assist them to review personal income and expenditure.
1.08	Assistance and applications are made for customers around emergency type applications via the Discretionary Assistance Fund and referrals to fuel and utilities companies to access social tariffs and support services
1.09	Information is provided to help signpost additional support such as childcare offers to reduce barriers to employment.
1.10	Discretionary Housing Payments of around £52,220 have been awarded to 85 households in Flintshire to help them to manage the reduction in their household income due to the Benefit Cap.
	The Spare Room Subsidy (commonly referred to as the Bedroom Tax)
1.11	As at June 2018, there were 811 households impacted by the Spare Room Subsidy detailed as below: <ul style="list-style-type: none"> • 177 Housing Association tenants • 630 Local Authority tenants • 4 private boarders <p>The total value of the under occupancy is £13,056.04</p>
1.12	164 households are under occupying by two or more bedrooms and 647 by one bedroom.
1.13	The total reduction in Housing Benefit (HB) payments across the 811 households is £13,056.04 per week - £678,914.08 per year.
1.14	Of the 630 households living in Local Authority owned properties, 132 households are under occupying by two or more bedrooms and 498 by one bedroom.
1.15	The total reduction in HB payments for Local Authority tenants is £10,065.31 per week - £523,396.12 per year.
1.16	From the date the Spare Room Subsidy was introduced, the Council has supported its tenants affected by the reduction in the 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 (HRA).

1.17	Proactive work is undertaken by the Welfare Reform Response team for cases where Discretionary Housing payments are due to end in order to review whether continued support is required.
1.18	During 2017-18 Discretionary Housing Payments totalling £58,273.28 were awarded to tenants of registered social landlords (which includes Flintshire tenants) whose HB payments were reduced by the Spare Room Subsidy.
1.19	Analysis for an ongoing award of Discretionary Housing Payment includes: <ul style="list-style-type: none"> • Customers with long term illness where there is need for an extra room for medical equipment (for example a dialysis machine) • Customers with mental health conditions who are on a low income • Customers who are willing to move to smaller accommodation, but there are limited smaller properties available to relocate to
	Universal Credit – Update
1.20	Universal Credit (UC) is the Government’s “flagship” welfare reform. It has been 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. UC “full service” was implemented in Flintshire in April 2017.
1.21	UC Full Service replaces six legacy benefits for working-age claimants: <ul style="list-style-type: none"> • Housing Benefit; • Income Support; • Job Seekers Allowance; • Employment Support Allowance; • Child Tax Credit • Working Tax Credit
1.22	Comparing Flintshire’s UC caseload from June 2017 of 828 to June 2018 of 3623, shows a significant increase of 337% and will continue to rise as customers move over to UC via a new claim of a change in their circumstances.
1.23	Delivery of Personal Budgeting Support has provided the council with a challenge in delivering in line with the funding arrangements to provide basic budgeting advice. Experience has shown that at least 80% of appointment time is spend dealing with UC related issues such as incorrect calculations of entitlement.
	Support for Customers: “Universal Support”
1.24	Since April 2017 Personal Budgeting Support has been delivered by the Welfare Reform Response Team within Job Centres and Connects Centres.
1.25	The Government provide an annual grant funding to the Local Authority to deliver support in respect of Persona Budgeting and Assisted Digital Support.

1.25	<p>Funding from Supporting People grant is also provided so that targeted financial support for people impacted by Welfare Reform can be offered.</p> <p>This funding has helped to provide support to:</p> <ul style="list-style-type: none"> • 6 people facing homelessness • 152 people with rent arrears • 20 people facing eviction • 16 people experiencing domestic violence • 101 people suffering with mental health related issues
1.26	<p>UC Full Service is a fully digital service and in response to the implementation of full service, digital support is provided through Flintshire Connects.</p>
1.27	<p>In 2017/2018 Assisted Digital support was provided to approx. 2,757 Universal Credit customers, e.g. in making a new claim for UC and managing their online claim for UC.</p>
1.28	<p>The Council's data confirms the need for ongoing support to its customers in relation to managing their UC claim once their initial claim has been made.</p>
1.29	<p>The Welfare Reform Response Team have provided Personal Budgeting Support (PBS) to over 300 Universal Credit customers during 2017-18.</p> <p>Due to an increase in demand for the service, a further 3 sessions were introduced in February 2018, with 6 PBS sessions offered five days a week, working within Jobcentres and Connects offices across Flintshire.</p>
1.30	<p>Analysis confirms that of those customers seen during the year, 48 were repeat appointments which equates to 11% of the total appointments made.</p>
	<p>Personal Budgeting Support</p>
1.31	<p>Flintshire's Team deliver Personal Budgeting Support to help Universal Credit claimants manage their own budgets in order to prepare them for moving back into work, and to help support the financial changes that UC brings.</p>
1.32	<p>In 2017/18 Flintshire assisted approx. 355 Universal Credit Customers with budgeting advice and referrals for further specialist advice.</p>
1.33	<p>Comparing June 2017 to June 2018, an increase of 44% in referrals were made for people identified with mental health problems.</p> <p>The highest number of referrals were made in relation to rent arrears across all tenure types.</p>
1.34	<p>Experience has shown that people face a variety of impacts which have resulted in Flintshire Council escalating to the Universal Credit Service Centre. These impacts include:-</p> <ul style="list-style-type: none"> • Incorrect housing element • Delays in payments

	<ul style="list-style-type: none"> • Backdating
1.35	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 respective areas.
1.36	Flintshire are actively engaged with Registered Social and private landlords, Financial Inclusion Forum and Flintshire's Tackling Poverty Group to help provide support and advice for households affected by Welfare Reform.
	Universal Credit - Key Issue Areas
1.37	Flintshire has played a key role in raising concerns relating to the Universal Credit scheme. Specifically in areas relating to:-
	"Untidy tenancies "
1.38	Flintshire has raised concerns around those tenancies where a partner has vacated the property (separation, relationship breakdown etc). In such cases where there are rent arrears, the partner's name remains on the tenancy. Universal Credit will only pay half of the housing costs
1.39	A solution has been put forward to DWP to consider an approach which mirrors the Council Tax Regulations around joint and several liability. Interim local arrangements are now in place. Flintshire is anticipating that this will have some positive impact on rent arrears whilst confirmation is agreed.
1.40	This matter is being considered at a national level and Flintshire currently await the outcome.
	Deputyship Arrangements
1.41	There are a number of concerns from deputyship and support service areas within Flintshire Council. It has become clear that Universal Credit does not support those who are unable to deal with their own affairs and have a corporate appointee in place.
1.42	To make a claim online the customer requires an individual email address which often they do not have. Corporate appointees/deputyship support who provide support for a number of people have been required to provide individual email addresses for each client making it difficult to provide support.
1.43	Recent progress has been made, whereby currently there is a local working arrangement with Mold Job Centre which has helped assist appointee/deputyship officers without the need for further consent.
1.44	The DWP have agreed and extended this approach to further Job Centres within the locality. There has been a successful local working agreement in response to this within Flintshire Job Centres whilst a national approach is agreed.

	Backdating
1.45	Backdating of Universal Credit is only considered for a one month period which causes financial difficulties for new applicants of Universal Credit.
1.46	Flintshire has raised concerns with Dept. for Work & Pensions to consider an alternative approach to reduce the impact of this. The local authority are putting measures in place to help identify a customer's "date of claim" when an application for Housing Benefit is made rather than Universal Credit.
1.47	Analysis work though manual intervention to is to be undertaken to review the effectiveness of this intervention.
	Losses for Bed & Breakfast Homeless Placements
1.48	Following the Autumn Budget Statement in November 2017, changes to Universal Credit for Temporary and emergency accommodation were introduced. From 11th April 2018, any person on Universal Credit and entering Temporary Accommodation (not just emergency temporary accommodation) will not make a claim for the UC Housing Element and will instead make a claim for Housing Benefit.
1.49	For the period 1 st April 2017 to 22 nd January 2018 Housing Benefit losses for cases placed in Bed and Breakfast accommodation if claimed via the Housing Benefit route at the time rather than UC is £59,246.21. However, with the re-introduction of temporary accommodation into Housing Benefit from April 2018 will remove this pressure for 2018/19.
	Universal Credit End of Year Report
1.50	A summary of the first year of Universal Credit and it's impacts in Flintshire can be found at appendix 1
	DWP Announcement 1st October 2018
1.51	On 1 st October, DWP published an announcement on their website of their decision that from 1 st April 2019 they will no longer fund Local Authorities to provide Universal Support (Personal Budgeting and Assisted Digital support) but will instead fund Citizens Advice to deliver this service.
1.52	As this announcement came without any prior consultation the details and implications for Flintshire are currently being worked through and further details will be brought to Scrutiny at the earliest opportunity.
1.53	A copy of the letter received from the DWP is attached at appendix 2

2.00	RESOURCE IMPLICATIONS
2.01	Although there have been some changes to Welfare Reform legislation. 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.

2.02	These households will require appropriate advice and support to help them to manage the difficulties the reduction in their household budget will generate.
2.03	Delivery of Personal Budgeting Support has provided the Council with challenges in delivering in line with the funding arrangements to provide basic financial advice. Experience has shown that at least 80% of appointment time is spent dealing with and trying to resolve UC related issues, time spent contacting DWP Service Centres often resulting in the need for further appointments rather than delivering personal budgeting advice.
2.04	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.
2.05	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.
2.06	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.
2.07	There are clear risks to the Council around increasing rent and council tax arrears.
	Financial Implications
2.08	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 on volumes determined by DWP.
2.09	For 2018/2019 an advance payment of 50% of the grant funding is made available to the Council and adjustments to this funding will be made for actual volumes for more than 20% above forecasted volumes. Additional quarterly payments based on actual volumes delivered will be paid for Q1, Q2 and Q3 where take up is more than 50% of each quarter's relevant target.
2.10	Following the DWP announcement on 1 st October, consideration will need to be made around the loss of funding for Universal Support from April 2019. Further details will be made available to Scrutiny at the earliest opportunity once the implications have been worked through.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	There has been an initial meeting with DWP officials and the Council has been clear about the disappointment about the lack of consultation around the changes to funding arrangements.
3.02	The council is waiting now for DWP to share the rationale for the change

	and also the risk mitigation plan.
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4.00	RISK MANAGEMENT
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 increase in the Welfare Reform Response Team will assist residents in dealing with the financial pressures felt as a result of the implementation of UC. The team 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 are, with the extra resources able to identify, plan support and undertake pro-active activities to assist residents in order to mitigate welfare reforms in 2018/19
4.04	The DWP announcement regarding the removal of funding for the Local Authority to provide Universal Support from 1 st April 2019 will put the work of the team at risk in terms of providing “wrap around” support from a single point of contact from this date

5.00	APPENDICES
5.01	Appendix 1 - UC End of Year Report 2017-18 Appendix 2 – Letter to Local Authority regarding 1 st October announcement

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	https://www.gov.uk/government/news/citizens-advice-to-provide-support-to-universal-credit-claimants?utm_source=4f4a9ae5-2d1e-4c58-acad-f05b19d5849e&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate
6.02	Contact Officer: Jen Griffiths Telephone: 01352 – 702929 E-mail: Jen.Griffiths@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>Housing Benefit - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.</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 age people in and out of employment.</p> <p>UC Full Service – 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>UC Live Service - 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>Universal Support – Helps claimants through every step of making a UC claim. Offers people comprehensive and practical support they need to get their first payment on time and be ready to manage it when it arrives. It has a focus on personal budgeting advice and digital support.</p> <p>Working Age – 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>Welfare Reforms – 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>