

COMMUNITY, HOUSING & ASSETS OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 8 th December 2021
Report Subject	Welfare Reform Update
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Executive
Type of Report	Operational

EXECUTIVE SUMMARY

Flintshire County Council, together with its partners, have been working to mitigate the full impacts of welfare reforms from falling upon vulnerable Flintshire residents. This report considers how we will continue to manage the impacts of reforms introduced under the provisions of the Welfare Reform and Work Act 2016.

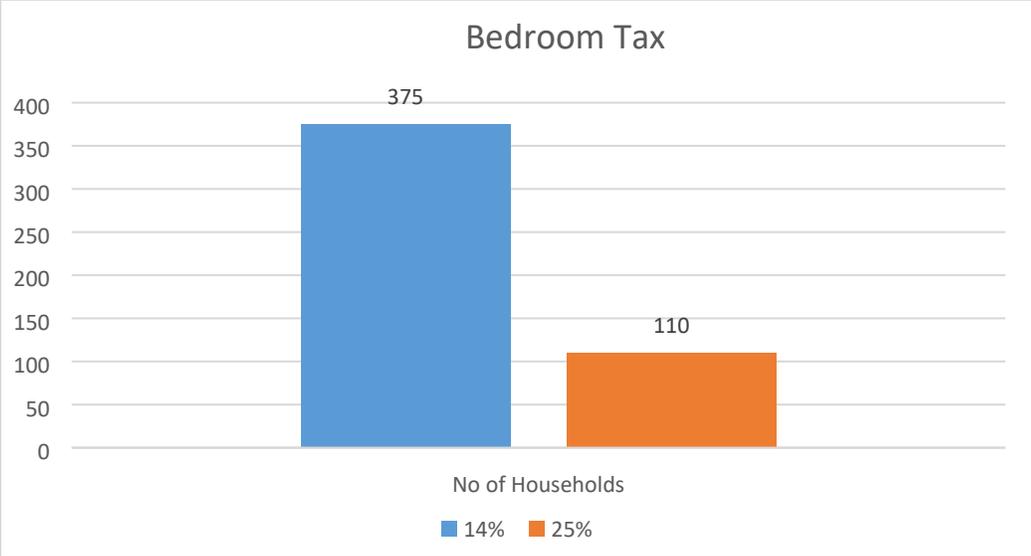
The report provides a further update on the impacts that welfare reforms continue to have on Flintshire residents and the work that is ongoing to mitigate this and support these households.

Vulnerable households have been impacted significantly by COVID-19, the report also provides information around a range of measures that have been developed to help those affected by the current pandemic and the support provided to residents to help mitigate the negative impacts.

RECOMMENDATIONS

1	That Scrutiny support the ongoing work to manage the impacts that welfare reform has and will continue to have upon some of the most vulnerable residents in Flintshire.
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REPORT DETAILS

1.00	EXPLAINING THE WELFARE REFORM UPDATE						
1.01	<p>Removal of the Spare Room Subsidy– 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> <p>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”</p>						
1.02	<p>According to latest statistics provided by the Department for Work & Pensions (DWP) as at August 2021 16436 recipients of Housing Benefit in Wales had a reduction to their weekly award. No equivalent data is currently published for Universal Credit customers.</p>						
	Impact in Flintshire						
1.03	<p>Currently, a total of 485 households in Flintshire are subject to a reduction in their housing benefit payments as a result of the Bedroom Tax A Breakdown is provided in the chart below.</p> <div data-bbox="318 1100 1349 1656"><p>The chart, titled 'Bedroom Tax', displays the number of households in Flintshire affected by the reform. The vertical axis represents the number of households, ranging from 0 to 400 in increments of 50. The horizontal axis is labeled 'No of Households'. There are two bars: a blue bar representing a 14% reduction with a value of 375, and an orange bar representing a 25% reduction with a value of 110. A legend at the bottom indicates that blue represents 14% and orange represents 25%.</p><table border="1"><thead><tr><th>Reduction Percentage</th><th>No of Households</th></tr></thead><tbody><tr><td>14%</td><td>375</td></tr><tr><td>25%</td><td>110</td></tr></tbody></table></div> <p>The reduction in Housing Benefit for people who are subject to the Bedroom Tax in Flintshire is around £8,500 per week which is around £442,000 per year.</p>	Reduction Percentage	No of Households	14%	375	25%	110
Reduction Percentage	No of Households						
14%	375						
25%	110						

1.04	This means that tenants affected by this restriction have to find this extra money to pay their rent.
1.05	The data here is limited to those tenants who still claim housing benefit. The Bedroom Tax is a restriction that also is applied to Universal Credit (UC), however, the council does not have access to this data to be able to report on this position.
	Benefit Cap
1.06	The total amount of annual 'out of work' benefit income which a 'working-age' household can receive is set at (figures for households outside of greater London): <ul style="list-style-type: none"> • £20,000¹ for couples and lone parents (£383.56pw) • £13,400 for single claimants (£256.99pw)
1.07	The latest figures at May 2021 shown that there is a total of 993 households in Wales were subject to a reduction in their housing benefit only. The data is unavailable to be able to report for those in receipt of UC.
	Impact in Flintshire
1.08	At May 2021 there were 21 households in Flintshire which were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied. This is collective loss of income for these residents of around £1,181 per week.
	Universal Credit and Removal of the £20 Uplift
1.09	At September 2021 the DWP confirmed 277,886 customers in Wales were in receipt of UC of which 42% were working, this is comparable to the percentages for the rest of Wales at around 38%. The £20.00 Universal Credit uplift was removed on the 6 th October 2021.
	Impact in Flintshire
1.10	At September 2021 the caseload for Flintshire customers in receipt of UC has reduced slightly to 12,951 compared to 13,156 in September 2020. This represents a small reduction of 1.55%.

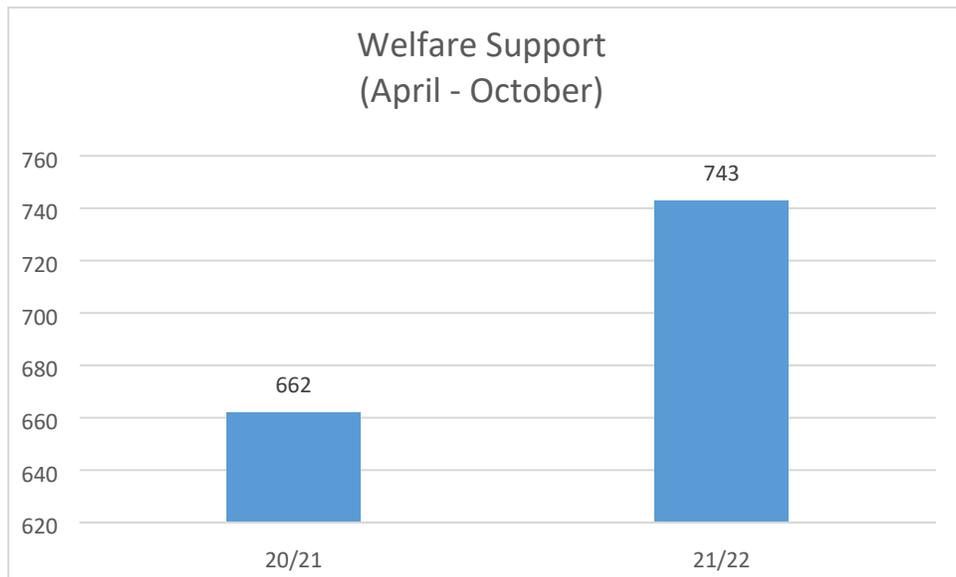
¹ For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

It is not yet clear how many Flintshire residents will be impacted by the removal of the £20.00 UC uplift, work is to be carried out around a measure of support outlined in the case study below.

A resident currently being supported lives in private rented accommodation with two children under three. The resident was concerned about the end of the uplift and made sacrifices to cut back on her household bills. The resident is paying an excessive amount to the utility provider due to repayments of debt and is concerned about maintaining this payment due to energy prices rising and the £20.00 uplift of Universal Credit ending.

With the support of the Welfare Team, the tenant has been referred to Warm Wales for specialist energy advice to see whether there is a more affordable provider. This early intervention is crucial to prevent our clients falling into further debt, in this case fuel poverty, due to the removal of the uplift.

The Team have seen an increase in Welfare Support referrals when comparing April – October over the last two financial years showing a 12% increase.



1.11 In Flintshire the current UC caseload confirms 42% of those customers (5,416) are working which is above the average in Wales (39%).

UC – Budgeting Support

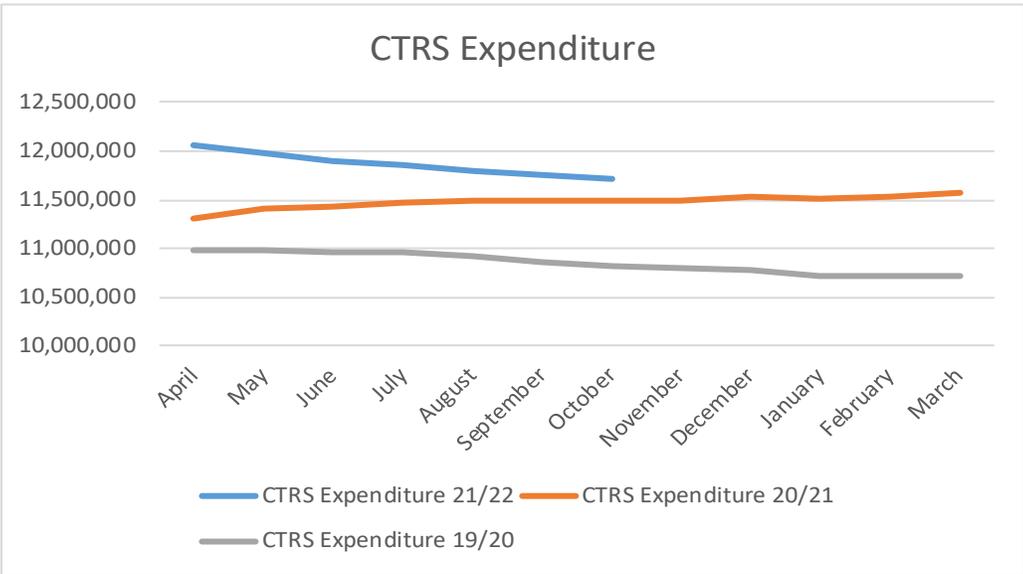
1.12 Since the start of UC, the council has seen high demand for services in relation to managing household finances, navigating the UC online systems

and supporting customers to understand their claims and challenge where necessary.

Since April 2021 to date, the Welfare Reform Team have helped 247 residents with Budget advice which will also include help making a Universal Credit claim which is comparative to last year which was a total of 277 residents demonstrating a continuous demand for support.

Council Tax Reduction Scheme (CTRS)

1.13 Welsh Government have recognised that there has been a national trend in reducing caseloads and expenditure for CTRS in recent years.



The figures for 19/21 pre Covid shows a steady decline in applications, however during 2020/21 shows an unpredicted increase this is reflective of the financial demands and economic pressures during the height of the pandemic. During June/July a marked increased can be seen which falls in line with the change in the Furlough scheme (where the payment of Furlough support was reduced by national Government around this time). 2021/21 is showing signs of returning back to a steady expected level.

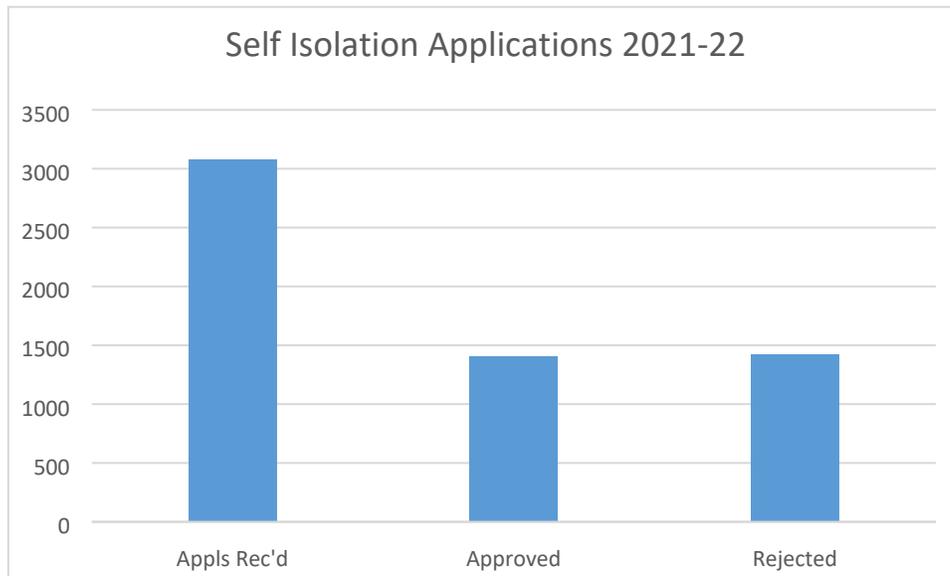
1.14 The council has been actively promoting the scheme to remind people of its aim to support residents who are finding making payments to their council tax a struggle because they are on low income or receiving benefits (including UC).

A recent report completed by Policy in Practice in August 2021 provided information that across Wales the total value of CTRS awards has increased at a greater rate than caseload. However, it's important to note that there is a

	<p>regional variation in changes in caseload and the value of awards across Wales. This is due to the increase in average awards reflecting a greater proportion of out-of-work CTRS recipients. Council tax arrears have also increased, particularly amongst those new Universal Credit claimants.</p> <p>There is ongoing work linking in with Council Tax to ensure we support residents at the earliest opportunity, with the introduction of signposting to support with reminder notices.</p>
	<p>Ending of Furlough</p>
1.15	<p>The Furlough Scheme ended 30th September 2021. According to data in July 2021, Flintshire were one of the highest local authority areas for the take up of the scheme at 7%.</p> <p>The Council has been actively promoting the scheme through other Council departments, joint working partnerships, working groups and Tackling Poverty contacts to remind people of its aim to support residents who are finding making payments to their council tax a struggle because they are on low income or receiving benefits (including UC). An online referral system exists so that referrals can be made to the Welfare Reform Team.</p>
	<p>NHS Track and Trace Isolation Support Grant Payment</p>
1.16	<p>The Self Isolation Support Scheme introduced in Wales in November 2020 provided a £500 payment for those who could not work from home and had to self-isolate, and for parents and carers on low incomes with children who were self-isolating.</p> <p>The scheme was reviewed from 8th August 2021 and the self-isolation payment increased from £500 to £750 for those applying on or after 8th August 2021.</p> <p>In order to receive the payment, residents are required to fulfil all four of the following criteria:-</p> <ol style="list-style-type: none"> 1. Residents are currently receiving Universal Credit, Working Tax Credit, Income-based Employment and Support allowance, Income-Based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit; 2. Are employed or self-employed; 3. Are unable to work from home and will lose income as a result ; 4. Have been told to self-isolate by NHS Test and Trace, either for 10

Since the start of the scheme, Flintshire County Council have received over 3,000 applications to date and continue to see high demand for financial related support.

The chart below shows how many applications have been received for Flintshire residents. This figures excludes any applications that were currently being processed.



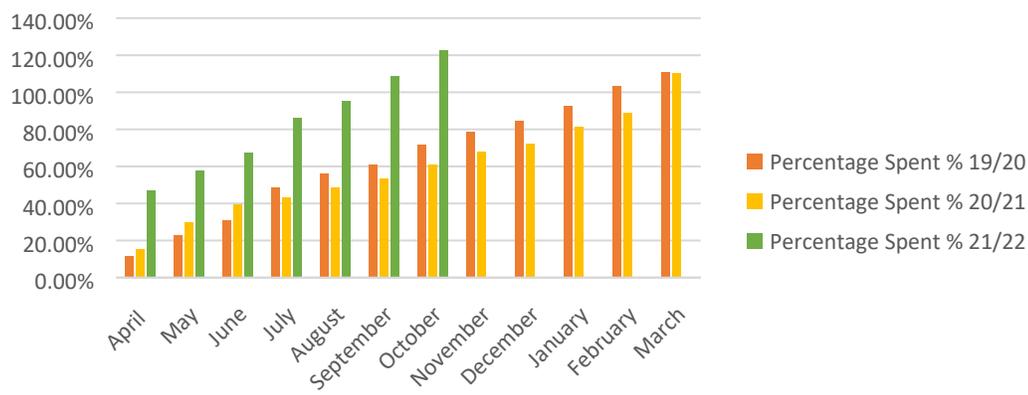
Funding arrangements to support Council's with the administration of the scheme will end March 2022.

Discretionary Housing Payments (DHP)

1.17 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.

1.18 The chart below shows DHP expenditure.

Comparison of DHP Budget Spent



The total spend

19-20	110.9%
20-21	110.1%
21-22	*122.8%

(*up to the end of October 21)

1.19

The chart shows that current expenditure is higher than previous years. Our data shows that Bedroom Tax under-occupancy is still the most common reason for DHP applications which indicates that finding available suitable accommodation remains difficult for customers.

Additionally, it reflects that there is an increase of people in need of support to help pay their rent.

It is important to note that for the current financial year, UK government have changed the funding arrangements for all Local Authority's.

The total DHP funding for England and Wales in 2021-22 will be £140 million. DWP only allocated £100m at the start of the year using each LA's individual funding amount for 2020-21 as a starting point.

At mid-year 2021-22 the DWP will allocate a reserved £40 million of funding based on the latest caseload data.

As part of a range of measures Welsh Government have also committed to provide an additional amount of funding available to specifically focus on those households who are in rent arrears and are at risk of homelessness. This payment of £126,366 is a retrospective payment to be claimed at the end of the financial year.

	Welfare Changes
	Universal Credit – Work Allowance
1.20	<p>Work allowances (the amount someone can earn before their Universal Credit award begins to be reduced) are increasing by £500 a year, or £42 a month.</p> <p>Also, by 1 December 2021, the Universal Credit taper rate is dropping from 63% to 55%. This means working households claiming Universal Credit will get to keep an additional 8p for every £1 of net income they earn over their work allowance.</p> <p>These allowances are only available to households with children or a disability, so will not include a large proportion of workers.</p>
	Universal Credit – “Managed Migration”
1.21	The managed move of legacy benefit claimants to UC continues to be delayed with an expected completion date of March 2025.
	Support Services
1.22	<p>The Welfare Reform Team combines the administration of discretionary housing payment with general financial and holistic support for all customers inclusive of whether or not they are being impacted by Welfare Reforms and their objectives include:</p> <ul style="list-style-type: none"> • Support the Poverty and vulnerability agenda • Contribute to building community and financial resilience • Provide interventions to residents with financial, fuel and child poverty concerns • Provide a range of supportive measures to mitigate the impacts of poverty and vulnerability.
1.23	<p>Assistance is offered and provided to residents who may be struggling to re-align their finances, e.g. assistance to navigate which benefits they could claim and help to access other support that may be available.</p> <p>As part of the drive for the holistic approach to supporting residents, partnership and collective working arrangements have been created with organisations such as; Warm Wales; and Flintshire Local Voluntary Council (FLVC).</p>
1.24	Working with and developing partnerships is key to successful outcomes for our residents.

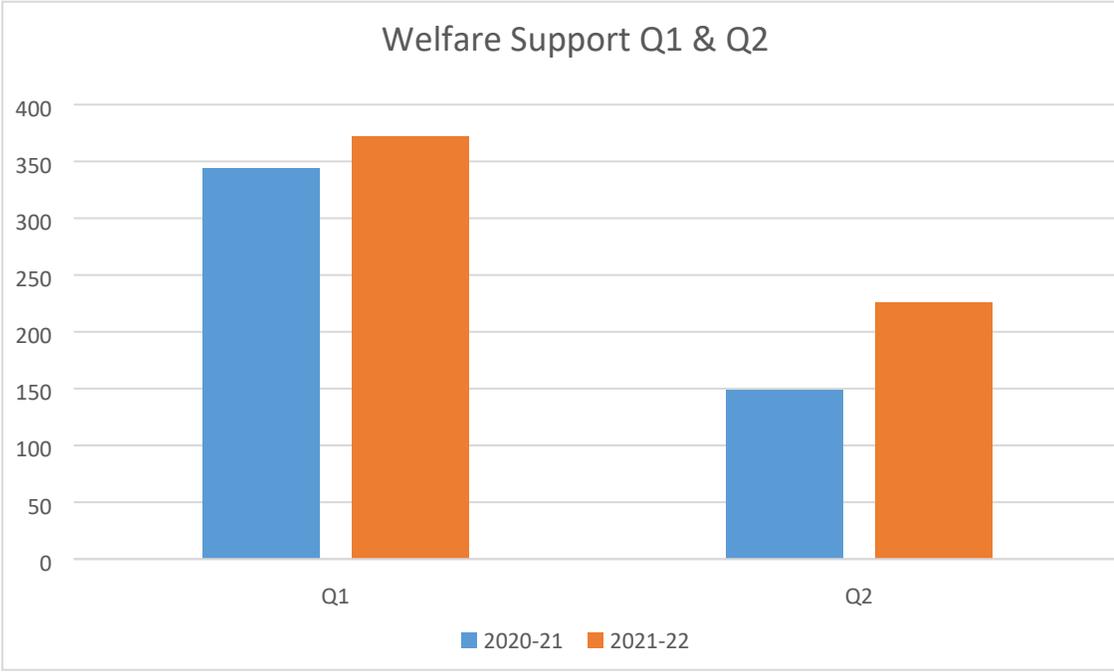
1.25	This work is critical now and will provide an opportunity to reflect on the effectiveness of support and partnerships which will enable these services to be available to flexibly respond to emerging issues in the future.									
1.26	<p>The Pandemic has highlighted and resulted in more residents experiencing negative impacts on their financial situation.</p> <p>The service has been adapted to provide welfare support over the telephone which has meant that the service has been able to respond promptly to the increased volume of referrals.</p>									
1.27	A recent report from the Senedd Equality and Social Justice Committee estimated that over 280,000 people in Wales had fallen behind on household bill payments since the start of the lockdown, accruing £73 million in arrears and the pandemic exacerbated debt issues some people were already facing, while others fell into debt for the first time.									
1.28	<p>The chart below shows the growth of Welfare Referrals comparing this financial year to the previous year (Q1 & Q2). This shows an 8% increase in demand for support for Q1 and over 50% increase for Q2. This may be indicative of the effects on the pandemic and those who have experienced reduced income and rising costs.</p> <div data-bbox="318 1003 1414 1671" data-label="Figure"> <table border="1"> <caption>Welfare Support Q1 & Q2</caption> <thead> <tr> <th>Quarter</th> <th>2020-21</th> <th>2021-22</th> </tr> </thead> <tbody> <tr> <td>Q1</td> <td>350</td> <td>375</td> </tr> <tr> <td>Q2</td> <td>150</td> <td>230</td> </tr> </tbody> </table> </div>	Quarter	2020-21	2021-22	Q1	350	375	Q2	150	230
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1.29 Rising fuel costs will certainly become an additional concern and will provide additional financial concerns for households unable to maintain rising costs.

As a measure to this and to address to removal of the £20.00 UC uplift Welsh Government are introducing, from the 13th December 2021, a Winter Fuel Support Payment of £100.00 per household to be administered by local Authorities in Wales for working age recipients of Income Support, Job Seekers Allowance; Employment Support allowance and Working Tax Credit and are the payer of energy bills. Work is underway to assess how many residents in Flintshire will be able to apply for this payment.

According to the Bevan Foundation they are concerned that Winter 2021 promises to be one of the most challenging in decades for families across Wales.

1.30 The chart below shows the growth of Welfare Referrals comparing this financial year to the previous year (Q1 & Q2). This shows an 8% increase in demand for support for Q1 and over 50% increase for Q2.



2.00 RESOURCE IMPLICATIONS

2.01 Due to the changes in funding arrangements by DWP for 2021/22, the initial funding for Flintshire for 2021/22 is £205,444. The second instalment is due to be received by Flintshire shortly.

2.02	<p>Delivery of Personal Budgeting Support may be moved to be provided by Local Authorities.</p> <p>Welfare and budgeting support will continue to be provided by the Welfare Reform Team due to the extra resources that have been secured for the next two years and a further financial pressure has been highlighted for year three.</p>
2.03	<p>Our understanding is that there are long lead times to access debt advice which can exacerbate an already challenging financial situation. Additional resources are currently being considered to fund a specialist debt advisor within the Housing Benefits Service and a business case is being developed to secure funding resource this much needed position.</p>
2.04	<p>Introduction of new Welsh Government initiatives such as Winter Support Grant being implemented from 13th December 2021, with very little lead-in time for Council's to consider resource and implementation plans to administer the scheme.</p>
2.05	<p>The team have a good understanding of any emerging trends which could potentially put a customer at risk of losing their home or reaching crisis point and are able to share any such observations amongst other organisations both internal and externally.</p>
2.06	<p>The approach of the team has been really clear in terms of support being focused on the customer and their needs to move forward into a better position both financially and in terms of their general well-being.</p>

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT					
3.01	<p>Since April 2019, the DWP have not provided funding to the Council to provide support to Universal Credit customers with Personal Budgeting Support and Assisted Digital Support. The team have continued to deliver this and during 2020/21 and 429 residents were provided with personal budgeting support.</p> <p>Continuing demand for DHP to support households at risk of homelessness.</p>					
3.02	<p>Under the five delivery principles of the Well-being of Future Generations Act the Welfare Reform Team can have the following impacts:</p> <table border="1" data-bbox="318 1717 1430 1902"> <tr> <td data-bbox="318 1717 683 1829">Long-term</td> <td data-bbox="683 1717 1430 1829">Positive impact on longer term solutions to help people manage their financial commitment and sustaining their homes</td> </tr> <tr> <td data-bbox="318 1829 683 1902">Prevention</td> <td data-bbox="683 1829 1430 1902">Positive impact by supporting people out of poverty.</td> </tr> </table>		Long-term	Positive impact on longer term solutions to help people manage their financial commitment and sustaining their homes	Prevention	Positive impact by supporting people out of poverty.
Long-term	Positive impact on longer term solutions to help people manage their financial commitment and sustaining their homes					
Prevention	Positive impact by supporting people out of poverty.					

	Integration	Positive impact by working with other organisations to promote positive changes.
	Collaboration	As above
	Involvement	As above
Well-being Goals Impact		
	Prosperous Wales	Positive impact – support residents to address poverty and improve life chances particularly those most adversely impacted by Welfare Reforms.
	Resilient Wales	No impact
	Healthier Wales	Positive – supporting residents with skills and knowledge that influence better choices which promote better health and wellbeing.
	More equal Wales	Positive - By supporting residents to move out of poverty this also contributes to enabling residents to fulfil their potential no matter what their background.
	Cohesive Wales	No impact
	Vibrant Wales	No impact
	Globally responsible Wales	Positive –support residents to make simple changes such as reviewing energy providers and bank processes - such as the promotion of local credit unions.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>https://stat-xplore.dwp.gov.uk/webapi/metadata/dashboards/bc/index.htmlhttps://senedd.wales/media/qfalt0jy/cr-ld14666-e.pdf</p> <p>https://www.bevanfoundation.org/views/support-winter-2021/</p> <p>https://policyinpractice.co.uk/new-report-covid-19-and-council-tax-reduction-in-wales/</p>
7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: Jen Griffiths Telephone: 01352 – 702929 E-mail: Jen.Griffiths@flintshire.gov.uk</p>
8.00	GLOSSARY OF TERMS
8.01	Discretionary Housing Payment (DHP) 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.
8.02	Eligible Rent – this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.
8.03	Housing Benefit - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.
8.04	Ineligible Services – These are charges that may be included in rent that are not eligible for support through either housing benefit or universal credit. Such as: heating; lighting; hot water; meals.
8.05	Registered Social Landlord (RSL) - RSLs are not-for-profit organisations that aim to provide good, low cost accommodation.
8.06	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.

8.07	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.
8.08	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.
8.09	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.
8.10	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.