

CABINET

Date of Meeting	Tuesday, 13 th July 2021
Report Subject	Welfare Reform Update
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Housing and Assets)
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.

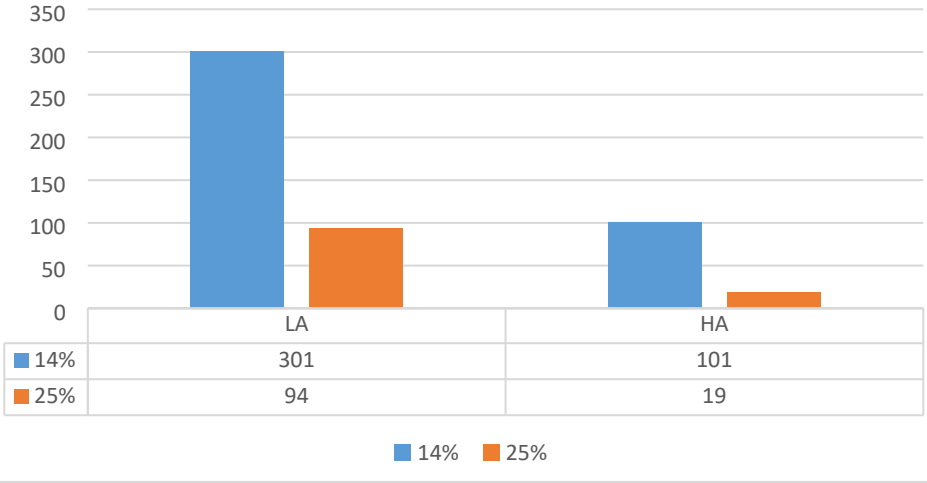
The report provides an update on the impacts that welfare reforms continue to have on Flintshire residents and the work that is ongoing to mitigate this and support these households.

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

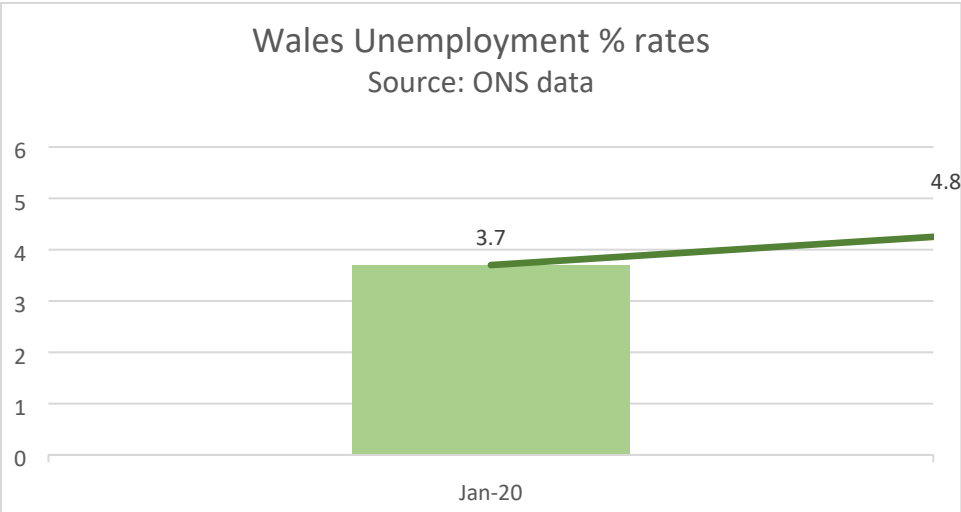
1	Cabinet support the report and the ongoing work to manage the impacts that Welfare Reform has and will continue to have upon Flintshire's most vulnerable households.
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REPORT DETAILS

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 November 2020 155,884 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 515 households in Flintshire are subject to a reduction in their housing benefit payments as a result of the Bedroom Tax.</p>									
1.04	<p>Residents Subject to Underoccupancy Reduction May-21</p>  <table border="1" data-bbox="331 1473 1262 1585"> <thead> <tr> <th></th> <th>LA</th> <th>HA</th> </tr> </thead> <tbody> <tr> <td>14%</td> <td>301</td> <td>101</td> </tr> <tr> <td>25%</td> <td>94</td> <td>19</td> </tr> </tbody> </table>		LA	HA	14%	301	101	25%	94	19
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1.05	<p>113 households in Flintshire are subject to a 25% reduction in their weekly housing benefit payments and 402 households are subject to a 14% reduction in their weekly housing benefit payments.</p>									
1.06	<p>The reduction in Housing Benefit for people who are subject to the Bedroom Tax in Flintshire is around £9,200 per week which is around £480,500 per year.</p>									
1.07	<p>This means that tenants affected by this restriction have to find this extra money to pay their rent.</p>									

1.08	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.
1.09	An indication of the number of tenants affected in UC can be shown by the number that have been supported via a Discretionary Housing Payment, which for 2020/21 this was 577.
	Benefit Cap
1.10	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)
1.11	At May 2021 a total of 8,611 households in Wales were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied.
	Impact in Flintshire
1.12	At May 2021 there were 26 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 a total loss of income for these residents of around £1,618 per year.
	Universal Credit
1.13	At March 2021 the DWP confirmed 282,272 customers in Wales were in receipt of UC of which 33% were working, this is comparable to the percentages for the rest of the United Kingdom.
	Impact in Flintshire
1.14	At February 2021 the caseload for Flintshire customers in receipt of UC has increased to 11,983 compared to 9,798 in April 2020. This represents a 22% increase.
1.15	In Flintshire the current UC caseload confirms 39% of those customers (4,721) are working which is above the average in Wales which is 35%
	Unemployment in Wales

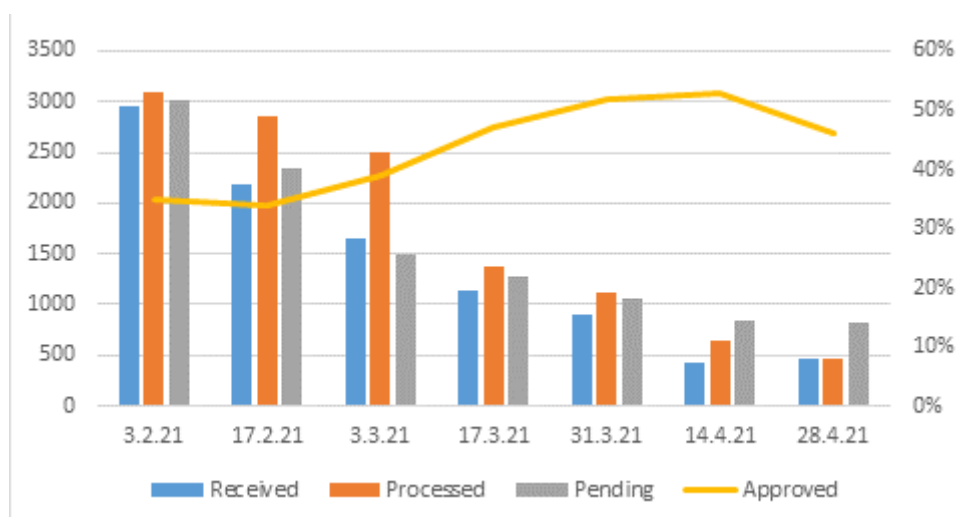
¹ For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

1.16	<p>The latest Labour Market Statistics, published April 2021, show that Wales' unemployment rate rose significantly when comparing January 2020 to January 2021:</p>  <p style="text-align: center;">Wales Unemployment % rates Source: ONS data</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Month</th> <th>Unemployment %</th> </tr> </thead> <tbody> <tr> <td>Jan-20</td> <td>3.7</td> </tr> <tr> <td>Jan-21</td> <td>4.8</td> </tr> </tbody> </table>	Month	Unemployment %	Jan-20	3.7	Jan-21	4.8
Month	Unemployment %						
Jan-20	3.7						
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	Unemployment in Flintshire						
1.17	<p>Based on the latest available national statistics, Flintshire's unemployment rates at 3.2% remain lower than the Welsh average of 3.7%. This is based on information up to December 2020.</p>						
	Help to Claim Service						
1.18	<p>From 1st April 2019 DWP withdrew funding to Local Authorities to provide Universal Support (which consisted of personal budgeting and digital assistance) but instead Citizens Advice (England and Wales) and Citizens Advice Scotland have taken on the responsibility for delivering the replacement service which is called "help to claim process".</p>						
1.19	<p>As the Help to Claim model does not include the personal budgeting support element and is only available to a limited group of customers up to the date they receive their first full UC payment. The council continues to provide this support to our residents via the Welfare Reform Team.</p>						
1.20	<p>Since April 2020 the provision has moved to a national call centre which operates a telephone service.</p>						
1.21	<p>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.</p>						
	UC "Managed Migration"						

1.22	Managed migration is 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.
1.23	<p>In March 2019 DWP announced that Harrogate was going to be the pilot area for a major trial of 'managed migration' due to its diverse range of customers.</p> <p>Being part of the pilot is optional for customers and only those who consent to moving to UC are being included.</p> <p>Harrogate was selected as it was one of the first areas to implement UC. The pilot will run for a minimum of 12 months so at the earliest this was due to end in July 2020. Due to the pandemic the pilot remains paused.</p>
1.24	It is anticipated that the learning and evaluation once this pilot is reinstated will be shared in advance of 'managed migration' being introduced in the whole of Wales so that the Council can be prepared to support those customers in readiness for the move to Universal Credit. An update can be provided once the findings are released.
	Council Tax Reduction Scheme (CTRS)
1.25	Welsh Government have recognised that there has been a national trend in reducing caseloads and expenditure for CTRS in recent years.
1.26	<p>However this was not the case in the last financial year with expenditure and caseloads rising due to the pandemic.</p> <p>This will be tracked and monitored during 2021/22 to identify whether this continues to be the case as we move into recovery.</p>
1.27	<p>There may be longer term impacts due to the effects of three lockdowns resulting in consequential economic impact and potential job losses. Furlough is currently still in place but the risk of job losses could result in more residents requiring financial support and applying for CTRS.</p> <p>Aside from the current situation, we are aware that the introduction of UC has likely impacted the previously declining caseloads on the basis that there is a requirement to claim CTRS separately to UC rather than in one claim.</p>
1.28	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).
1.29	Work is being undertaken through a combination of proactive and reactive methods with the aim of helping as many residents as possible for example there is ongoing work linking with Council Tax to ensure we support residents at the earliest opportunity, with the introduction of signposting to support with reminder notices.

	<p>Job Retention Scheme</p>																																								
<p>1.30</p>	<p>The Job Retention Scheme was initially due to end 31st October 2020 but has been extended to 30th September 2021.</p> <p>As at May 2021, according to HM Revenue & Customs a total of 29,600 people are being paid through the Job Retention Scheme in Flintshire.</p> <p>It is expected that ongoing financial support and welfare advice will continue for those who may face redundancy or who are subject to reduced income through the Job Retention Scheme.</p>																																								
	<p>NHS Track and Trace Isolation Support Grant Payment</p>																																								
<p>1.31</p>	<p>The Self Isolation Support Scheme introduced in Wales in November 2020 provided a £500 payment for those who cannot work from home and must self-isolate, and for parents and carers on low incomes with children who are self-isolating.</p> <p>The scheme is to be reviewed June 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 or 14 days. 																																								
<p>1.32</p>	<p>Latest statistics provided by Welsh Government show that Flintshire is following the Welsh trend.</p> <p style="text-align: center;"><u>Track & Trace – Flintshire</u></p> <table border="1"> <caption>Track & Trace – Flintshire Data</caption> <thead> <tr> <th>Date</th> <th>Received</th> <th>Processed</th> <th>Pending</th> <th>Approved (%)</th> </tr> </thead> <tbody> <tr> <td>3.2.21</td> <td>420</td> <td>60</td> <td>360</td> <td>30%</td> </tr> <tr> <td>17.2.21</td> <td>100</td> <td>150</td> <td>290</td> <td>15%</td> </tr> <tr> <td>3.3.21</td> <td>100</td> <td>150</td> <td>240</td> <td>48%</td> </tr> <tr> <td>17.3.21</td> <td>80</td> <td>160</td> <td>170</td> <td>45%</td> </tr> <tr> <td>31.3.21</td> <td>50</td> <td>140</td> <td>70</td> <td>50%</td> </tr> <tr> <td>14.4.21</td> <td>20</td> <td>50</td> <td>40</td> <td>40%</td> </tr> <tr> <td>28.4.21</td> <td>10</td> <td>40</td> <td>20</td> <td>30%</td> </tr> </tbody> </table>	Date	Received	Processed	Pending	Approved (%)	3.2.21	420	60	360	30%	17.2.21	100	150	290	15%	3.3.21	100	150	240	48%	17.3.21	80	160	170	45%	31.3.21	50	140	70	50%	14.4.21	20	50	40	40%	28.4.21	10	40	20	30%
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Track & Trace - Wales



The welfare team administer the payments which provides opportunities to identify any wider support that may be required and join up with services at the earliest opportunity.

Carer's Bonus Payment

1.33 On 1st May 2020 Welsh Government committed to pay a £500 bonus to care workers for their work during the Covid-19 Pandemic.

1.34 In July 2021 Welsh Government are committed to also pay a bonus of £500 to the following staff; support workers in commissioned emergency/temporary accommodation, supported housing, floating support workers and homelessness outreach workers are included for payment with the team manager.

- Local authority housing staff providing outreach service to homeless people and working within emergency accommodation.
- Ancillary staff in large 'hostel' type settings (providing all meals catering, large communal areas) – security, kitchen and domestic staff.

1.35 As the bonus is to be treated as earned income, this will result in a reduction in HB/CTRS for the period for which it covers. If this is due for a past period will result in an overpayment of HB and CTRS

Current volumes are not yet known, however work has been undertaken to minimise the impact on residents Flintshire have made a local decision to write off any related overpayments through the Bad Debt provision.

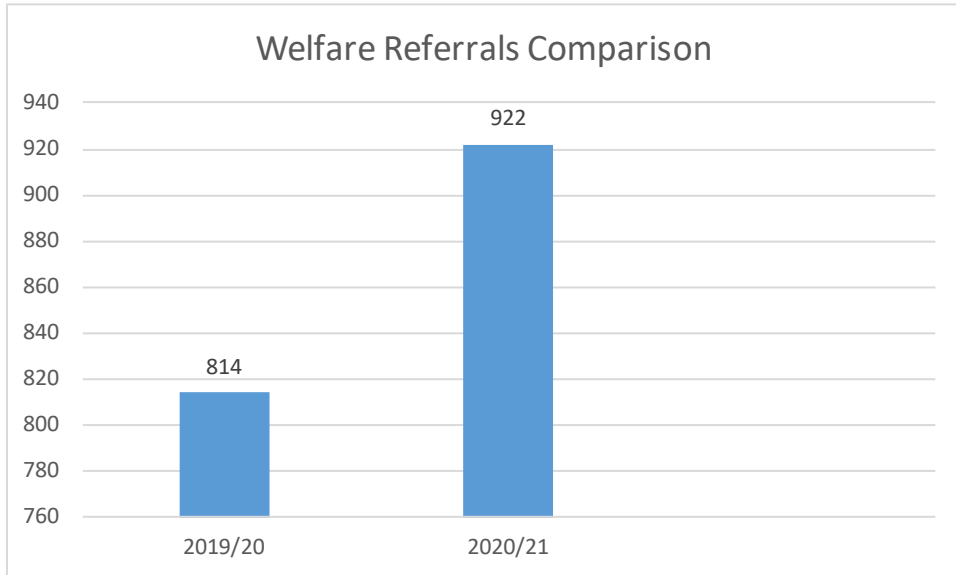
Support Services

1.36 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:

	<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.
1.37	<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> <p>Working with and developing partnerships is key to successful outcomes for our residents.</p>
1.38	<p>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.</p>
1.39	<p>Flintshire, are represented and play an active role in the Welsh Governments Regional Advice Network. North Wales Regional Advice Network priorities for 2021 are:-</p> <ul style="list-style-type: none"> • Provider mapping, directory and awareness for referral • Shared approach for referrals and referral portal • Understanding and overcoming rural barriers • Shared training for providers <p>The network aims to provide links between Welsh Government and local services which will support the development of a strategic approach to the provision of social welfare advice and information services across the region, by working collaboratively with other providers, funders and relevant stakeholders.</p>
1.40	<p>Flintshire manage and coordinate the work of the Tackling Poverty Partnership, this group has representatives from all sectors and its aim is to coordinate, influence and where possible align advice provision in the county in order to mitigate the negative impacts of Welfare Reform, identify need from within the communities and support our residents by tackling poverty and promoting well-being.</p>
1.41	<p>The Bevan Foundation's latest work on the Welsh Benefits System finds that schemes such as Free School Meals, Council Tax Reduction Scheme and Discretionary Assistance Fund require review to ensure accessibility and simplifying of benefits to help more families out of poverty (a link to the report is included below).</p>
1.42	<p>The Pandemic has highlighted and resulted in more residents experiencing negative impacts on their financial situation.</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. Additionally, due to limited availability of front line face to face services, the team provides assistance and support to residents to make online applications for various benefit claims.

1.43



Welfare Reform Team data confirms a 13% increase in referrals for support when comparing 19/20 to 20/21. The assumption is this increase is due to the impacts of the pandemic.

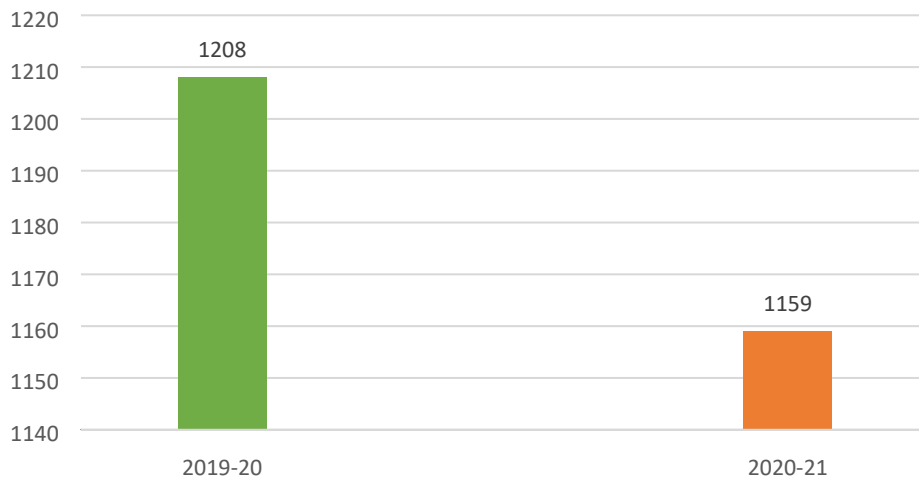
Discretionary Housing Payments (DHP)

1.44

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.

1.45

Volumes of Discretionary Housing Payment applications

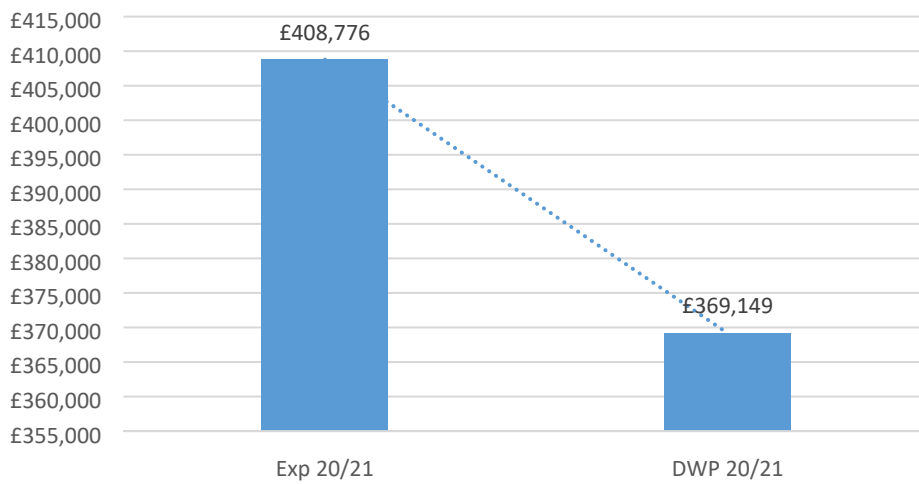


The assumption for the decrease in applications between 2019/20 and 2020/21 is due to the eviction process being paused and the subsequent increase to a 6 month notice period to seek possession. In addition residents also accessing financial support through the current Job Retention` Scheme.

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.

1.46

DHP Expenditure 2020-21



The overspend in the budget was due to more residents accessing DHP support and longer awards of DHP have been granted during the early and ongoing pandemic to create a period of stability for those experiencing financial difficulties.

Additionally, DHP funding is often used to help residents with rent arrears. Experience has shown that these type of requests are usually when a person is in a crisis situation. When considering a payment of rent arrears

	the aim is to prevent the risk of homelessness, how best to safeguard a tenancy and the financial implications of not implementing support.
1.47	<p>In March 2021, Local Authorities received notice that Department for Works & Pensions (DWP) made an error in calculating funding arrangements and as a result of this error Flintshire were underpaid by £2,109. DWP confirmed that they would correct this error and this would be rectified in 2021/22.</p> <p>The total DHP funding for England and Wales in 2021-22 will be £140 million. The DWP only allocated £100m at the start of the year using each LA's individual funding amount for 2020-21 as a starting point. This amount was then corrected to the amount Flintshire would have received for 2020-21 if the errors had not occurred.</p> <p>At mid-year 2021-22 the DWP will allocate a reserved £40 million of funding based on the latest caseload data. This additional payment should be due in September 2021</p>

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. Currently, Flintshire are unaware of how much funding will be received in September 2021.						
2.02	Delivery of Personal Budgeting Support is no longer funded by DWP. However, 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.						
2.03	<p>Since April 2020 to help meet the demands of new and existing customer needs support has been adapted. There has been a significant increase in the volumes of customers requiring support comparing 2019/2020 referrals to 2020/2021 that has been an approx. 13% increase.</p> <div data-bbox="316 1518 1203 2040" data-label="Figure"> <table border="1"> <caption>Welfare Support Provided - Comparison</caption> <thead> <tr> <th>Year</th> <th>No. of Referrals</th> </tr> </thead> <tbody> <tr> <td>2019-2020</td> <td>814</td> </tr> <tr> <td>2020-2021</td> <td>922</td> </tr> </tbody> </table> </div>	Year	No. of Referrals	2019-2020	814	2020-2021	922
Year	No. of Referrals						
2019-2020	814						
2020-2021	922						

2.04	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.
2.05	<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> <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>
	FINANCIAL IMPLICATIONS
2.06	Since April 2019, the DWP have not provided funding for 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 2020/21 429 residents were provided with budgeting support alone.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT	
3.01	Under the five delivery principles of the Well-being of Future Generations Act the Welfare Reform Team can have the following impacts:	
	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	This report was discussed in the Community, Housing and Asset Overview and Scrutiny Committee on 16 June 2021 and was supported.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	https://stat-xplore.dwp.gov.uk/webapi/jsf/dataCatalogueExplorer.xhtml
6.02	https://www.bevanfoundation.org/wp-content/uploads/2020/09/Welsh-Benefits-System-Final-Report-1.pdf
6.03	https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/uneemployment/timeseries/ycnm/lms

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Jen Griffiths Telephone: 01352 – 702929 E-mail: Jen.Griffiths@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>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.</p> <p>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.</p> <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>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.</p> <p>Registered Social Landlord (RSL) - RSLs are not-for-profit organisations that aim to provide good, low cost accommodation.</p> <p>Spare Bedroom – in the context of the spare room subsidy (or bedroom tax) this is where there are more bedrooms in the property than the household need. For example, a single person living in a two bedroom house would be deemed as having one “spare” bedroom.</p> <p>Universal Credit (UC) – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.</p> <p>UC Managed Migration – Managed migration describes the transfer of existing legacy benefit claims to Universal Credit, where there has not been a change of circumstances that has resulted in a ‘natural’ transfer to Universal Credit.</p> <p>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 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>