

Meeting of:	Corporate Performance and Resources Scrutiny Committee
Date of Meeting:	Wednesday, 24 May 2023
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Welfare Reform – Closure Report
Purpose of Report:	To update Members on the work undertaken by the Council under the Welfare
Report Owner:	Tom Bowring, Director of Corporate Resources
Responsible Officer:	Matt Bowmer, Head of Finance
Elected Member and Officer Consultation:	Ward members have not been consulted as the issue affects all areas of the Council.
Policy Framework:	This is a matter for Executive decision by Cabinet
<p>Executive Summary:</p> <ul style="list-style-type: none"> • Work undertaken by a Scrutiny Task and Finish Group considered the impact of the proposed changes to the Welfare Reform system and their final report was presented to Committee on 23rd April 2013. These changes have come through very gradually. • Over the past three years, there has been the additional unplanned challenge due to the pandemic, there has been a significant impact on residents across the Vale of Glamorgan and this is reflected in the numbers of families requiring support and advice and the way in which services have been changed to meet this changing demand. • Since late 2021, many of our residents have been affected by the cost of living crisis and a significant amount of work has been undertaken to support them where possible. • The general economic pressures have had a specific impact on Discretionary Housing Payment where there has been significant additional need but reducing Government Support and the Council having to make additional budget provision available. • This report aims to provide a final update on the Welfare Reform Task and Finish Group and recommends that this is now refocused under the ongoing Cost of Living portfolio with updates provided quarterly via performance reporting as well as separate updates of strategic significance. 	

Recommendation

1. That the Committee considers the contents of the report and agrees that the Welfare Reform agenda is incorporated within the wider cost of living agenda moving forward.

Reason for Recommendation

1. Since 2016, with the ongoing roll out of Universal Credit etc., Welfare Reform has moved into business as usual but is still an important consideration, therefore it seems appropriate that ongoing monitoring is undertaken as part of the wider performance reporting arrangements which Committees receive quarterly.

1. Background

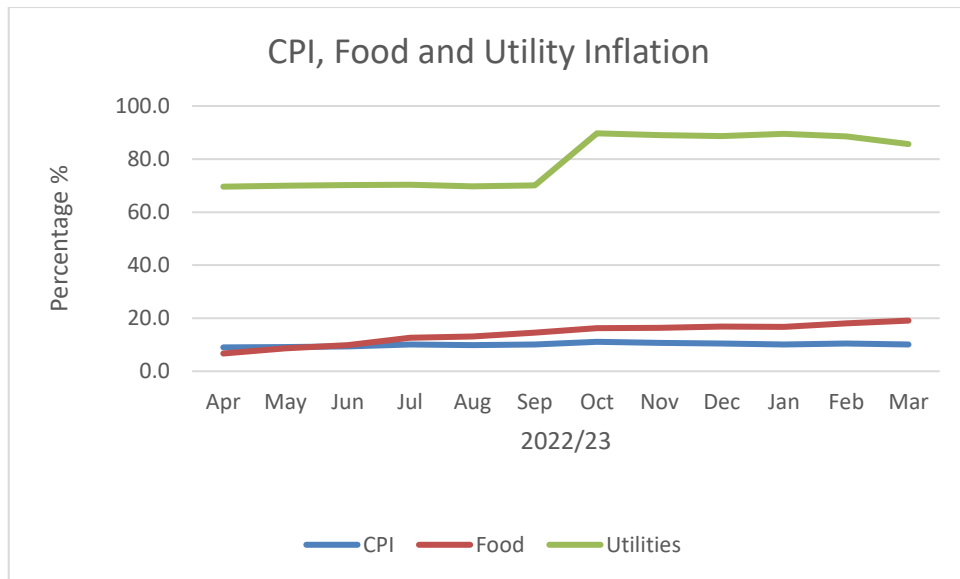
- 1.1 Work undertaken by the Scrutiny Task and Finish Group considered the impact of the proposed changes to the Welfare Reform system and the final report was presented to Committee on 23rd April 2013. The report and recommendations were endorsed by Cabinet on 8th May 2013.
- 1.2 Subsequent reports have been made to update this Committee on the significant Welfare Reform changes and how these have affected the residents of the Vale of Glamorgan and the Council, the last update was provided on 16th June 2021.

2. Key Issues for Consideration

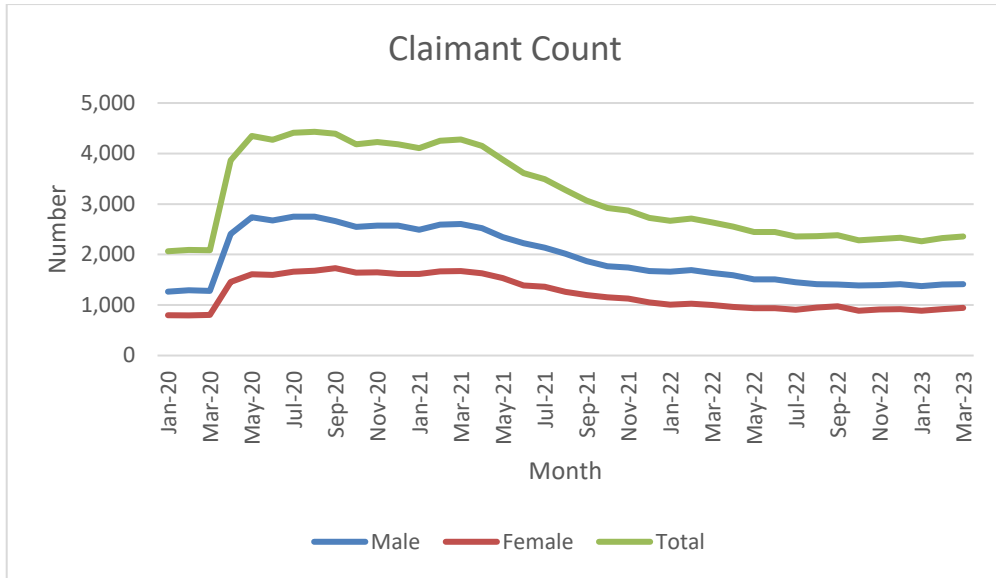
- 2.1 The report provides an update on the implementation of the Welfare Reforms from April 2013 and the more recent impacts of the pandemic and the cost of living crisis on the residents of the Vale of Glamorgan.

Local Economic Situation

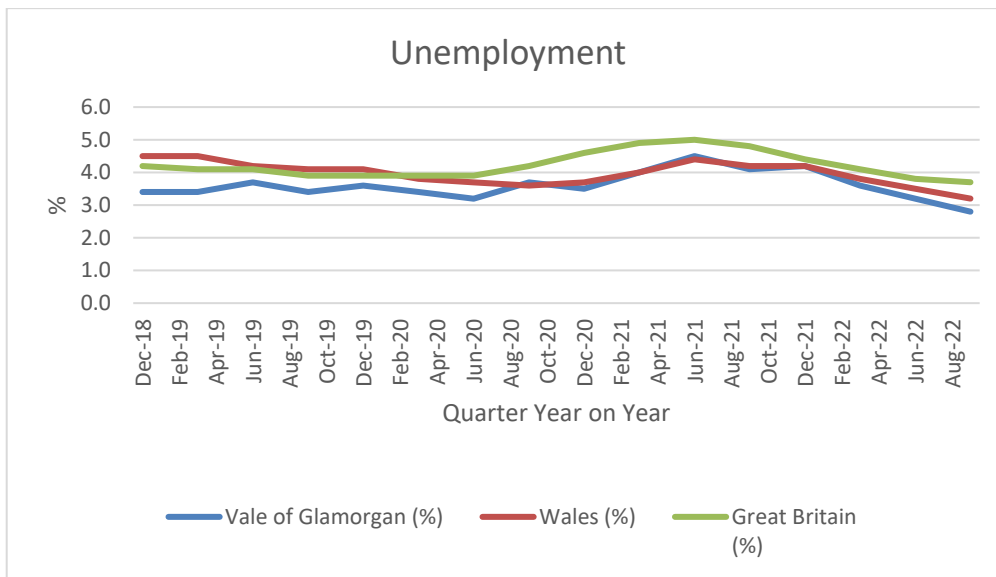
- 2.2 Survey findings from the Office for National Statistics for the period March 2022 to April 2023 found that 76% of adults reported their costs of living had increased when compared to a month ago. The most common reasons reported for increased costs were an increase in the price of food shopping (96%), an increase in gas or electricity bill (73%) and an increase in the price of fuel (41%). Food and Electricity represent only 105/1,000 and 36/1,000 respectively of the weightings in the headline CPI numbers but represent a much greater proportion of outgoings of those on lower incomes.



- 2.3** The Bevan Foundation’s Snapshot of Poverty in winter 2023 found that debt arising from the cost of living crisis is a significant problem, with 28% of respondents borrowing money between October 2022 and January 2023, and 13% being in arrears on at least one bill. The report also found that people on Universal Credit were five times as likely to report that they sometimes, often or always struggled to afford the basics.
- 2.4** The number of people in receipt of Universal Credit in the Vale of Glamorgan has steadily increased month on month through 2022/23. In February 2023, there were 10,358 people in receipt of Universal Credit in the Vale, of these 61.6% (6,376) were ‘not in employment’ and 38.4% (3,983) were ‘in employment’.
- 2.5** Through 2022/23, the percentage of people in receipt of unemployment benefits and in search of work (Claimant Count) has remained fairly consistent at 3% of the Vale of Glamorgan’s population. In March 2023, 3% (2,365) people were in receipt of unemployment benefits and in search of work. This percentage is slightly lower than both the Welsh and UK average but remains above pre-pandemic levels.



2.6 In the Year ending September 2022, it is estimated that the employment rate in the Vale of Glamorgan was 78.2%. This is 2.7 percentage points up on the year. An estimated increase of 2,500 people in employment compared to the same time last year. In the Year ending September 2022, it is estimated that the unemployment rate in the Vale of Glamorgan was 2.8%. This is 1.4 percentage points down on the year and is an estimated reduction of 800 people who are unemployed compared to the same time last year. Despite this positive picture the employment will not only be for permanent, full time, well paid jobs.



2.7 Trussell Trust end of year statistics for 2022/23 illustrate a significant increase in the number of people receiving support through Trussell Trust foodbanks. In the Vale of Glamorgan, there was a 33% growth in the total number of food parcels distributed, from 4,408 in 2021/22 to 6,610 in 2022/23. Of these parcels 59% (3,904) were given to adults, 41% (2,706) were given to children. Through these figures, it can be estimated that the equivalent of 5% of the

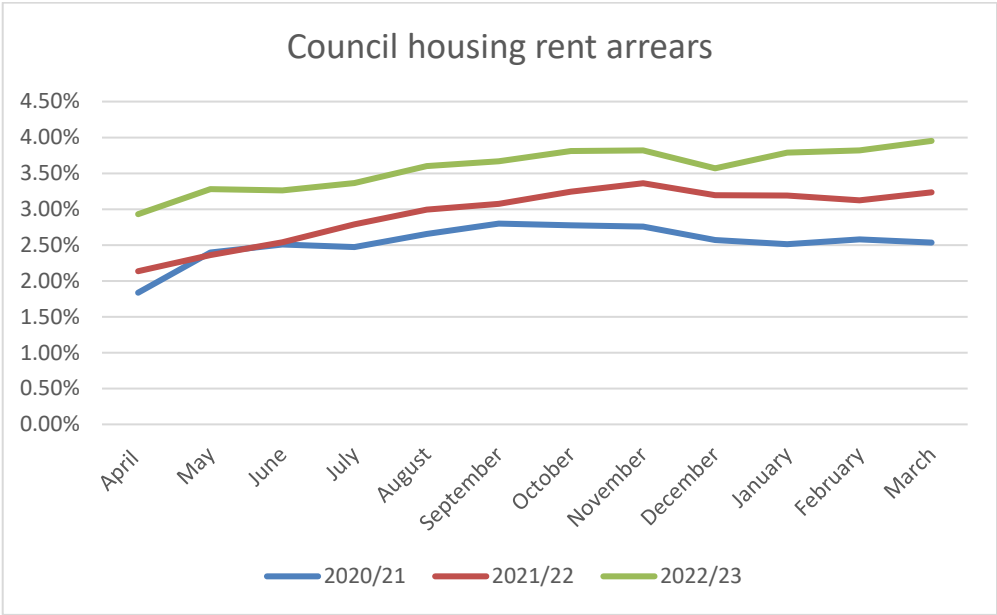
Vale of Glamorgan's population were in receipt of support from one of the seven Trussell Trust food banks in the Vale of Glamorgan in 2022/23. Official statistics from the DWP estimate that 3% of households across the UK used a foodbank in 2021/22.

- 2.8** In 2020/21, it was estimated that 4,999 children were living in relative low income in the Vale of Glamorgan. Children living in relative low income is defined as a family in a low income household before housing costs are taken into consideration. Of these children, the majority, 4,083 were living in working families, and 916 were living in not working families. The number of children living in low income households in the Vale of Glamorgan has grown from 2019/20 when it was estimated that there were 4,518 children living in low income households.
- 2.9** Consumer Price Inflation in the UK remains stubbornly high at 10.1% in March 2023. Research by the Institute for Fiscal Studies has shown that inflation has a disproportionate impact on poorest households as these households have the less capacity within household budgets to absorb increased costs.

Cost of Living Crisis

- 2.10** As the Welfare Reform work has moved to business as usual, focus has turned to the cost of living crisis and what the Council can do to support its residents through this difficult time.
- 2.11** Since 2021, significant work has taken place in this area utilising the existing Revenues and Benefits resources which has naturally placed pressure on the services and normal performance has understandably been adversely affected. Several Welsh Government initiatives have been administered by the teams providing much needed support to residents of the Vale:
- i. Winter fuel payments (across 2 schemes) £200 payments totalling £3,628,800. Welsh Government have, however, issued a press release that no further funding for a scheme will be available this year.
 - ii. Cost of Living (main scheme) payments – 23,223 payments totalling £3,483,450.
 - iii. Cost of Living (discretionary scheme) payments so far totalling £796,327. This includes payments by Education, Social Services and Housing.
 - iv. Work has begun on administering Central Government's two alternative energy support schemes – so far 438 payments have been made totalling £145,000 with more payments still to be made.
- 2.12** In addition to the above, the Council has processed a series of other grant schemes, including direct food support, warm spaces and food partnership funding.

- 2.13** An update report was considered by Cabinet on 15th December 2022 outlining the range of activity underway and that report is referenced in the background papers to this report.
- 2.14** Audit Wales have also produced a series of national studies relating to the current cost of living and wider poverty agendas. The findings from these studies are being considered by the Council, with the Director of Corporate Resources co-ordinating activities in response.
- 2.15** When Welfare Reform was brought in 2016, the tenants of the Vale of Glamorgan were impacted by a number of changes. Whilst tenants continue to be affected by these changes they are not reflected within Housing Benefits now due to the shift to Universal Credit. Changes such as the Benefit Cap and Under Occupancy are now taken from Universal Credit. The Council continues to offer support to these tenants through Discretionary Housing Payments.
- 2.16** These pressures are coming through in housing rent arrears which have steadily grown over the past three years, 3.95% at year end 2023 compared to 2.54% two years earlier.



Universal Credit

- 2.17** Universal Credit (UC) was initially implemented in the Vale of Glamorgan on the 22 February 2016. Initially customers only moved over as there was a change in their circumstances. The majority of customers have now moved across and those outstanding are now beginning to be systematically migrated over. Customers remain entitled to Council Tax Reduction whilst on UC if their income is low, even if their Housing Benefit award has been stopped. There are also a number of exclusions where individuals will need to claim Housing

Benefit such as Pensioners and those who live in temporary or supported accommodation.

- 2.18** As at February 2023, the Department of Work and Pensions (DWP) has advised that there were 10,358 UC claimants in the Vale of Glamorgan in receipt of Universal Credit.
- 2.19** UC claims are administered by the local Job Centre Plus and these have been claims from claimants who would otherwise be eligible for Jobseekers Allowance (JSA), Income Support, Employment and Support Allowance, Child Tax Credits or Housing Benefit.
- 2.20** The Council needs to continue to support those on existing Housing Benefit claims or those who are excluded from claiming UC until they are eventually transferred to UC. After that time the Council will still be responsible for Housing Benefits administration for those persons who are clients of the Pension Service and customers in supported, temporary accommodation.

Benefit Cap

- 2.21** The Benefit Cap threshold was introduced to the Vale of Glamorgan in November 2016. This reduced the amount of Housing Benefit someone could receive due to being in receipt of certain other benefits. The DWP increased the overall household benefit cap applying to Tax Credits, Universal Credit and Housing Benefit and this figure increased in April 2023 to £22,020 in Wales. This was an increase from £20,000 and to reflect the impact of inflation.
- 2.22** At the end of April 2023 there were 6 households in receipt of Housing Benefit affected in the Vale of Glamorgan. This ranges from a reduction in Housing Benefit of £4.86 per week up to £142.08 per week. Although the number seems low the Benefit Cap is also applied to Universal Credit awards and so as Housing Benefit claims have moved over to UC these numbers will have increased within UC.
- 2.23** Customers affected by the Benefit Cap can make an application for a Discretionary Housing Payment to help to make up the shortfall. This allows the customers time to increase hours in work or look at cheaper accommodation.

Under Occupancy

- 2.24** Under Occupancy applies to people who are of working age in live in social housing and live in a property with more bedrooms than their family require. There is a deduction from Housing Benefit or Universal Credit housing costs of 14% for under occupation by one bedroom and 25% for 2 bedrooms or more.

- 2.25** There are currently 368 Housing Benefit cases affected by under occupancy. 162 are Housing Association tenants and 206 are Council tenants. There will be a lot more cases within UC.
- 2.26** Customers affected by under occupancy can make an application for a Discretionary Housing Benefit to help towards the shortfall.

Discretionary Housing Payments (DHP)

- 2.27** The cost of living crisis has had a big impact on the applications for DHP. The number of applications has remained pretty static with 367 customers helped in 2021/22 and there were 381 in 2022/23, however there is an increasing number of applications which show a growing shortfall between Housing Benefit/Universal Credit Housing Costs and the rent being charged. The applications are also showing a lot less disposable income which means the help that the tenants need to be able to meet their rent is growing.
- 2.28** There are increasing numbers of rent increases being given to tenants who rent privately and these increases are often £100 per month or more increases.
- 2.29** Added to this is the Local Housing Allowance rates which determines the maximum amount of Housing Benefit/Universal Credit Housing costs which can be paid for anyone renting from a private landlord and these rates have not increased at all from April 2023.
- 2.30** The amount provided by the Department for Works and Pension (DWP) for DHP was £273,776 in 2021/22 and decreased to £194,041. For 2023/24 this amount has remained at £194,041.
- 2.31** The Council has added an additional £23,000 in the budget towards DHP expenditure.
- 2.32** Welsh Government provided some additional funding in 2021/22 just for DHP and then in 2022/23 which was included within an award which could also be used towards homelessness.
- 2.33** £339,549 was paid out in total in 2021/22 and £271,463 in 2022/23. The Council is limited to 2.5 times the amount that the DWP allocate. It is also dependant then on additional funds being available.
- 2.34** It is expected that there will be an increasing number of applications this year due to the rent increases and the increasing costs of living pressures on tenants. As the fund has not increased this will be increasingly difficult to manage as it is either provide lots of tenants small amounts of help towards their shortfalls which may not make an impact or help to fewer numbers with larger awards that meet their requirements. This does present significant

concern at a time when the Council is adopting a number of strategies to reduce homelessness and will need to be any area of ongoing focus.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1** Supporting our residents through the cost of living crisis is one of the three critical challenges contained in the Annual Delivery Plan for 2023/24. Work in this area contributes to all four of the Council's well-being objectives. The Public Services Board has also identified tackling deprivation as one of three priority workstreams to be approached collaboratively over the coming five years in the recently published Wellbeing Plan. These priorities were identified from local and national data, as well as through involvement, engagement and consultation with our communities.

- 3.2** The Council's approach to this agenda demonstrates long-term thinking in continuing to support individuals and families to maintain their homes, to receive the financial support that is due to them and to remain within their own communities.

- 3.3** It is recognised that the issues surrounding cost of living are complex and cannot be tackled by the Council alone. The Council's approach to cross-departmental working demonstrates an integrated approach, whilst the delivery of support schemes show how collaboration is key to making a difference to people's lives.

4. Climate Change and Nature Implications

- 4.1** There are no direct climate change and nature implications.

5. Resources and Legal Considerations

Financial

- 5.1** The ongoing financial implications of the cost of living are reflected in the Council's budget but is subject to ongoing monitoring.

Employment

- 5.2** Originally at the start of the Welfare Reform group it had been anticipated that staffing requirements would lessen as UC was rolled out. However, the pandemic and subsequent cost of living crisis has meant that workload has in fact increased substantially.

Legal (Including Equalities)

- 5.3** The Council is required to administer Council Tax, the Council Tax Reduction Scheme and Housing Benefit in accordance with government regulations.

6. Background Papers

Cost of Living Support, Cabinet, 15th December 2022

[https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2022-12-15/Cost-of-Living-Support.pdf](https://www.valeofglamorgan.gov.uk/Documents/Committee%20Reports/Cabinet/2022/22-12-15/Cost-of-Living-Support.pdf)