



Report of the Cabinet Member for Better Communities

Welfare Reform Scrutiny Working Group 14 January 2019

WELFARE REFORM SERVICE / POLICY BRIEFING

Purpose	To provide a service / policy briefing as requested by the Welfare Reform Scrutiny Working Group
Content	This report includes the impacts of Welfare Reform in Swansea and works / measures in place to support citizens and mitigate problems
Councillors are being asked to	Consider the information provided and make their views known to the Cabinet Member via a Conveners Letter
Lead Councillor(s)	Councillor Mary Sherwood, Cabinet Member for Better Communities
Lead Officer(s)	Rachel Moxey, Head of Poverty and Prevention
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1. Introduction and background

- 1.1 This report seeks to provide an overview of the impact of Welfare Reform in Swansea, in particular the impact that the rollout of Universal Credit has had on the citizens of Swansea and the services that support them. The report will also seek to briefly set out the work and measures that are in place to support citizens and mitigate problems.
- 1.2 The Welfare Reform Act (2012) introduced changes that affected virtually every part of the welfare state, but the main thrust was the abolition of all the six main means tested benefits for claimants of working age and replacing them with one benefit - Universal

Credit. Abolishing Disability Living Allowance for claimants aged 16 to pensionable age and replacing it with Personal Independence Payment; Abolishing the Discretionary Social Fund, in Wales this has been replaced by Discretionary Assistance Fund; Abolishing demand led council tax benefit and giving Local Authorities a budget to provide their own scheme – in Wales this benefit has been replaced by council tax reduction; introducing the benefit cap and limiting benefit income (with some exceptions) to a maximum amount; the Act also brings in the Social Sector spare room subsidy – also known as the ‘Bedroom Tax’; requiring overpayments of JSA and ESA recoverable; introducing a civil penalty to claimants who have been overpaid benefits and tougher penalties and recovery in cases of benefit fraud. The Act also brought in changes to Child Support and introduced the claimant commitment for benefit claimants. Universal Credit full service was implemented in Swansea on 13th December 2017.

1.3 The latest (8th November 2018) DWP Universal Credit claimants in Swansea are 9175; 5682 from Swansea Job Centre, 2164 from Morriston Job Centre and 1329 from Gorseinon Job Centre. This figure does not capture the total affected by the full range of welfare reforms outlined above. Many people are still on “legacy” (previous) benefits, and a move to UC would be triggered by a change in their circumstances (e.g. address, marital status, child turning 5 etc.).

1.4 The current government says that all benefit claimants will be on Universal Credit by 2023.

2. Recent changes to welfare policy

2.1 On the 19th October 2018, Chancellor Phillip Hammond delivered the Autumn Budget which contained specific provision for amendments to the current regulations and administration of Universal Credit, namely:

1. In April 2019, Universal Credit Work Allowances for households with children and those in which the claimant or partner has limited capability for work will increase by £1,000 per year.
2. From July 2020, households in receipt of means-tested JSA, ESA and Income Support will receive a further two weeks payment during the transition to Universal Credit.
3. From July 2019, the 12-month grace period for self-employed households that currently applies to those that started their business in the last 12 months will be extended to all self-employed households migrating to Universal Credit. These households will have income assessed on actual income for 12 months before the minimum income floor applies.

4. From October 2019, the government will reduce the maximum rate at which deductions can be made from a Universal Credit award from 40% to 30% of the standard allowance.
5. From October 2021, the government will increase the period over which advances will be recovered, from 12 months to 16 months.
6. The reduction of the earnings limit that triggers the surplus earnings policy has been delayed a year to 2020.

2.2 In addition, the Government announced an increase in the minimum wage to £8.21 and changes in tax allowances from April 2019.

2.3 In June 2018, the Secretary of State, Esther McVey, announced that claimants in receipt of the Severe Disability Premium would not be moved over onto Universal Credit from some unspecified point in the future until they qualify for transitional protection.

2.4 Other changes that have been introduced that will impact on the Local Authority, in particular to paying for care, is the removal of support for mortgage interest within means tested benefits and replacing this with loans and a charge placed against the claimant's home. These loans will incur administration costs and interest that will become payable when the property is sold or interest is transferred.

2.5 Restricting entitlement to the housing cost element of Universal Credit to a maximum of 6 months for hospital in-patients will affect hospital discharge, as claimants may have been evicted and not have an address to return to or may return home with substantial rent arrears.

3. **Policy In Practice – Cumulative impact of welfare reform in Swansea**

3.1 'Policy in Practice' carried out an analysis of Swansea's Single Housing Benefits Extract (SHBE) data using the September 2018 extract. The analysis identifies the impact of multiple welfare reforms at a household level. The September 2018 SHBE data contains information on 24,500 low-income households in Swansea. Sections 6.4, 6.5, 7.1 and 7.2 summarise the findings of this analysis.

Policy In Practice - changes between March and September 2018

3.2 From the cohort, the number of households in receipt of Universal Credit has more than doubled from 1,002 to 2,394.

- 3.3 Single households remain the most common household type making up 53.9% of all working age households in the cohort. Lone parents make up a further 28.8%.
- 3.4 The proportion of working age households in work has decreased from 13.2% to 7.7%.
- 3.5 The proportion of working age households who are out of work and living with a disability has increased from 53.2% to 55.2%.
- 3.6 The proportion of residents that are worse off under Universal Credit has increased from 41.8% to 45.2%.

Policy In Practice - Living standards in Swansea (September 2018)

- 3.7 38.3% of the cohort are in relative poverty. This is an increase of 1.6% since March 2018. (Relative Poverty: income below 60% of the median household income)
- 3.8 30.8% of the cohort have a monthly shortfall of over £100 per month.
- 3.9 9.9% of the cohort are in financial crisis (income is less than rent) or at financial risk (household costs exceed income)

Policy In Practice - predictions (2018/2020)

- 3.10 5,889 households are likely to be highly impacted (loss of more than £30 per week) due to welfare reform by 2020.
- 3.11 The number of households in financial crisis is predicted to drop from 206 to 102, while the number of households at risk or struggling is predicted to increase from 3,740 to 5,476.
- 3.12 The number of households under the poverty line is predicted to rise from 9,362 to 10,720 and the number of children in households under the poverty line is predicted to rise from 6,987 to 8,408.
- 3.13 The number of households with a shortfall of over £100 per month is predicted to rise from 7,513 to 9,414 and the number of children living in households with a shortfall of over £100 per month is predicted to rise from 5,190 to 7,358.
- 3.14 The number of households with a shortfall of less than £100 per month is predicted to fall from 1,849 to 1,306 and the number of children living in households with a shortfall of less than £100 per month is predicted to fall from 1,797 to 1,050.

- 3.15 38.3% of the cohort is predicted to have a high impact with a loss of £30 or more per week compared to 2.4% in 2018.

Policy In Practice - Cumulative Impact of Welfare Reform (2018 - 2020)

- 3.16 The percentage of households with no impact due to cumulative welfare reform is predicted to fall from 80.6% in 2018 to 15% in 2020.
- 3.17 The percentage of households with low impact (£0 - £15pw loss) due to cumulative welfare reform is predicted to rise from 11.1% in 2018 to 23.5% in 2020.
- 3.18 The percentage of households with medium impact (£15 - £30pw loss) due to cumulative welfare reform is predicted to rise from 5.9% in 2018 to 23.2% in 2020.
- 3.19 The percentage of households with high impact (£30+pw loss) due to cumulative welfare reform is predicted to rise from 2.4% in 2018 to 38.3% in 2020.

4. The impact on equality groups

- 4.1 The impacts listed in this section can be applied to groups of people across the UK and not just in Swansea.

Changes to the welfare system disproportionately impact on the following equality groups:

- 4.2 **Women:** Restricting benefit to a maximum amount and restricting benefit support to two children will have a greater impact on lone parents. 90% of lone parents are women.
- 4.3 **Lone parents** aged 18 – 25yrs will be £15.24 per week worse off under Universal Credit than they are under legacy benefits.
- 4.4 **Sickness and Disability:** The removal of the disability premiums within Universal Credit and abolishing the work related activity component from claimants who become sick after the 3rd April 2017 reduce financial support significantly for claimants who are disabled and or sick. Whilst the Government are introducing a transitional protection scheme for those who lose income on migration, the scheme does not cover all income lost. The rules are delicate and claimants can lose this protection. There is also no protection for those that have already lost income and new claimants will be receiving reduced amounts.
- 4.5 **Disability:** A single disabled jobseeker 25yrs and over, who receives a Personal Independence Payment daily living

component; lives alone and does not have anyone caring for them would have received £170.95 under Jobseekers Allowance, but under Universal Credit their income will drop to £73.34 per week.

- 4.6 **Sick:** A claimant who was sick prior to 3rd April 2017 would have received £102.15 per week under Employment and Support Allowance, now receives £73.10 or the equivalent of £73.34 in Universal Credit. If that young person is under the age of 25yrs, the amount under Universal Credit reduces from £102.15 per week to the equivalent of £58.10 per week.
- 4.7 **Older People:** Removing entitlement to Pension Credit for mixed age couples will see minimum income levels reduced from a minimum of £248.80 per week to £115.13 per week.
- 4.8 **BME groups:** Are likely to be affected more by welfare reform changes, in particular, the benefit cap and the claimant commitment which could require a cultural shift where both members of the couple will have to be actively engaged in looking for work if they fall within the all work related requirement group.

5. **The impact on financial abuse and other forms of domestic abuse**

- 5.1 There has been an increase in the number of domestic abuse cases referred to the Domestic Abuse Hub over the last 12 months. It is difficult however to attribute this solely to the introduction of Universal Credit. Universal Credit is certainly a contributing factor to the prevalence of financial abuse/domestic abuse and can be identified within its manifestations.
- 5.2 Examples of the impact Universal Credit is having on clients in Swansea are as follows:
1. Perpetrators tend to be the main claimants of Universal Credit where it is joint claim. This means that the victim has to ask for money from the perpetrator, which is often refused.
 2. Perpetrators are able to successfully apply for Universal Credit Advances in the name of the victim which results in the victim being left in a lot of debt.
 3. Victims who are in full time employment find it more difficult to flee from the family home to escape domestic abuse due to financial complications and costs of such action.
 4. High-risk honour based violence cases who have entered the UK on a spousal visa are reliant on their spouse/partner for their rights to remain and their dependency on daily finances can become victims due to their culture and religious beliefs. These victims have no access to public funds so cannot stay in a refuge/safe house.

5. Financial abuse and control appears to be a key factor in the majority of sex work cases.

5.3 Specific data on financial abuse is not collected or held currently. However, anecdotally, this form of financial abuse does appear to be raised during Multi Agency Risk Assessment Conferences (MARAC).

6. Impact on foodbank demand

6.1 Operators of foodbanks in Swansea report an overall trend of increasing demand that anecdotally appears to demonstrate a link to the roll out of Universal Credit. Data is collected differently by each organisation including the reason for the foodbank referral. Recent feedback has been provided by Swansea Foodbank (Trussell Trust) and Eastside Foodbank. National data from the Trussell Trust also reflects the local picture.

Swansea Foodbank (Trussell Trust)

6.2 Swansea Foodbank has distribution centres in Mumbles, Clydach, Port Tennant, City Centre, Gorseinon and Uplands. They can supply food parcels up to three times per 6 months but the majority of people only collect a food parcel once.

6.3 Swansea Foodbank vouchers are used by agencies to refer people to Swansea Foodbank; the agency has twelve tick boxes for agencies to choose from to tell them the main cause of their client's need. The most commonly ticked boxes are benefit delay, benefit changes and low income. In the last couple of years, it has been reported that people are less likely to have a short-term crisis and it is more likely that they just do not have enough money.

6.4 Swansea Foodbank report that overall foodbank use is increasing with more larger families with three or more children needing support. The number of children in families needing Swansea Foodbank is now at over 2,000 children aged 11 or younger.

6.5 On their final food distribution day prior to Christmas, Swansea Foodbank volunteers packed food for 119 people (66 adults and 53 children).

6.6 Dec 1 2017 – Nov 30 2018, the top 5 wards with the highest foodbank use were Castle (629), Penderry (278), Cockett (200), St Thomas (182) and Uplands (179). It should be noted that these figures represent the usage of Swansea Foodbank only.

Eastside Foodbank

- 6.7 “Referrals and the number of people served were in effect 100% up in February 2018 following the roll out of Universal Credit compared to February in the previous year.”

Trussell Trust – End of Year UK Stats 2017/2018

- 6.8 Trussell Trust report record increases in foodbank usage in 2017/2018 with 1,332,952 three-day emergency food supplies given to people in crisis (2013/2014 - 913,138)
- 6.9 The number of three-day emergency food supplies issued in Wales in 2017/2018 was 98,350.
- 6.10 The top four reasons for referral to a foodbank in the Trussell Trust were ‘low-income’ at 28%, ‘Benefit Delays’ at 24%, ‘Benefit Changes’ at 18% and ‘Debt’ at 9%.
- 6.11 A growing proportion of foodbank referrals are due to benefit levels not covering the costs of essentials.

7. Impact on housing and homelessness

- 7.1 The continuing impacts of existing welfare reforms are a major challenge to all front-line Housing services. The introduction of Universal Credit in Swansea has had a significant impact on both the level of rent arrears and the workload of the Rents service in terms of volume, complexity and support required by tenants.
- 7.2 At the 16th December 2018;
- 13% of all council tenancies are in receipt of Universal Credit
 - 91% of Universal Credit claimants are in arrears
 - The total arrears of tenancies claiming Universal Credit is £1,227,199
- Whilst only 13% of tenancies are in receipt of Universal Credit, those tenancies account for 27% of arrears cases and hold 53% of the total arrears value.
- 7.3 One of the most significant factors on future levels of homelessness is likely to be the impact of the various aspects of Welfare Reform. Despite the introduction of legislation from Welsh Government with a focus on homelessness prevention and a positive response from the Council to these changes, evidence indicates the impact of Welfare Reform has the potential to increase homelessness due to reducing the amount of benefits households are entitled to and the way in which UC in particular is administered.

7.4 The practical issues around applying and managing a claim for UC are considerable and have had a significant effect on a households' ability to access and maintain accommodation. This includes some landlords reluctance to accept households claiming UC due experiences of delays and non-payment. It also relies on a level of computer literacy and access to IT, which is often a barrier to households who are homeless.

7.5 Out of the 2500 approx. homeless applications each year, the Housing Options Service regularly assists 330 households who have lost their Social or Private Rented tenancies.

8. **Discussion relating to a Daily Mirror newspaper article from 19 November**

8.1 An article in the Daily Mirror described how Universal Credit has affected a grandmother looking after her severely disabled granddaughter. Two questions relating to the article have been raised by the working group:

1. Have we had an issue locally with the reported delays of up to 5 weeks, and if so how have we been dealing with this?
2. In the case mentioned above the woman now receives approximately one third less because the granddaughter is now 19. Have we had any examples here and again if so how have we been dealing with this?

8.2 The changes outlined in the Daily Mirror are due to:

1. The removal of help with mortgage interest support and replacing it with a loan – whilst this will have no immediate impact on the grandmother; if she had to sell her home she will have to pay back this loan with interest and administration charges. This may affect her being able to move to accommodation that is more suitable or paying for care in the future.
2. Under Child Tax Credit the grandmother would have received £152.18; child Benefit of £20.70 and guardians allowance of £17.20 = £190.08 per week; equivalent of £823.68 per month
3. Under legacy benefits, the granddaughter would have been able to make a claim for Employment and Support Allowance, backdated the fit note for 3 months, so that the work capability assessment could have applied from the day of claim. This would mean that once assessed the grand daughter would have qualified for Employment and Support Allowance of £550.98 per month from start of claim.
4. Under Universal Credit, this will have reduced to £251.77 for the first three months and then increased £580.09 once assessed.

8.3

In response to Question 1

Universal Credit is paid monthly in arrears, so claimants have to wait one calendar month from the date of submission before the payment is made (Assessment Period) It can then take up to seven days for the payment to reach the claimant's bank account. It can therefore take up to five weeks before the first payment is received. It is important to note that this is a standard feature of any Universal Credit claim, contributing to increased Foodbank use as described above and other symptoms of hardship which council officers may not ever have any official knowledge of.

Claimants have the option of applying for Advance Payments. If taken up, this will have an impact on managing financially in the longer term as the Advance Payments are recovered. Other lenders like the Credit Union would undertake an affordability assessment to ensure that repayments are manageable. The Department for Work and Pensions does not do this.

8.4

In response to Question 2

We have seen a few cases where claimants have been migrated over to Universal Credit when they had other options and as a consequence, they have seen a significant reduction in their income. There is nothing that can be done to rectify the shortfall in these cases other than providing budgeting advice and support.

9.

Work and Measures

9.1

Various services across the Council are working together to support citizens and mitigate the impacts of Welfare Reform, including; Welfare Rights, Employability Team, Lifelong Learning, Libraries, Contact Centre, Rents Team, Revenue and Benefits and Tenants Support Team.

9.2

The Adult Prosperity and Well Being Service co-ordinates two partnership forums that have an ongoing focus on the co-ordination and delivery of support for people on low incomes. The Financial Inclusion Steering Group and the Swansea Poverty Partnership Forum both meet quarterly bringing together key partners to share knowledge, discuss current issues and co-ordinate the range of support available. The Department for Work and Pensions are active and valued members of both groups.

9.3

The Adult Prosperity and Well Being Service also co-ordinate an operational meeting of key internal council officers to discuss any new developments linked to the implementation of Universal Credit. The group have been meeting at least once a month for the last year and focus on any new issues or developments, as well as solutions. Any key issues are communicated to staff, external organisations or the Department for Work and Pensions as appropriate. The group also communicate outside of meetings

where issues need to be resolved urgently. To date the group have focussed on the following key issues:

- Making sure applicants are supported appropriately to apply for universal credit, (ensuring staff receive training updates which allow them to give clients the correct information)
- Co-ordinating support across different facilities and online.
- Monitoring the councils Personal Budgeting and Digital Support offer.
- Identifying key trends and reporting issues to the Department of Work and Pensions. Highlighting issues to other group members and the wider workforce so that solutions can be put in place.
- Getting key messages and awareness of new issues (linked to the implementation of Universal Credit) to relevant frontline staff members.

9.4

The Welfare Rights Team objectives are to help address the impacts of Welfare Reform and promote the rights of residents in Swansea so that they can claim their full entitlement to maximise income. The team provide a second tier advice line, including email advice to support those providing a front facing service. The team has a comprehensive training programme and a training course specifically on Universal Credit. To date they have had one Universal Credit appeal – which was lapsed in the claimant's favour prior to appeal because of the work undertaken by the team before the hearing. The advice required is more time consuming and complex as it usually involves information and advice on legacy benefits as well as Universal Credit.

9.5

The Housing Service has the responsibility to support tenants, and it continues to implement numerous strategies and support and advice measures to tenants and other citizens to mitigate the impact of Welfare Reform. These measures include:

- **Corporate Welfare Reform awareness and advice campaigns** – substantial involvement of Housing Service in corporate roll out.
- **Housing Welfare Reform awareness campaigns** – in addition to the corporate response, targeted specifically at Council tenants, e.g. information provision at DHOs and in Open House.
- **Targeted advice campaigns** to support tenants, e.g. provision of rent increase reminder flyer for UC claimants.
- **Targeted preventative work** – undertaken with those tenants due to be impacted by welfare reform measures.
- **Increased accessible digital provision** - including public PC and internet access at several District Housing Offices.
- **Training for all front-line Housing staff** – to ensure

immediate support and/or signposting for tenants and citizens supported by the Housing Service.

- **Attendance at comprehensive training provided by the Welfare Rights Team** - to upskill specialist Rents, TSU and Housing Options Officers in the provision of welfare benefits support and advice.
- **Housing Service Welfare Reform Steering Group** was established to ensure a proactive consistent 'all service' approach to welfare reform.
- **Housing Futures Steering Group and Housing Programme Board** – continue to closely monitor and consider the impact of welfare reform on the HRA and HRA Business Plan objectives.
- **Homelessness Strategy 2018-2022** – recognises the impact of welfare reform with objectives to mitigate impacts, including prioritising early intervention and prevention of homelessness and ensuring appropriate support is available for people who are or may become homeless.
- **Rents Service Strategy** – delivery progresses to ensure a strategic approach to the impact of welfare reform on our tenants with regard to rent and rent arrears.
- **Universal Credit Working Group** – active participation from Housing in groups with key internal partners.
- **Financial Inclusion Steering Group** – active participation from Housing.
- **Welfare Rights Commissioning Review** – Housing actively participating in and influencing the review.
- **Developing working practices between Housing and Poverty and Prevention teams including Welfare Rights and Swansea Working.** Working in partnership, identifying and participating in targeted projects and approaches, utilising the Policy in Practice data, to support and assist tenants and meet the objectives of the Tackling Poverty Strategy.
- **Liaison with support services** e.g. Support Workers, Social Services, Community Mental Health teams, other health care providers, Local Area Co-ordinators with regard to individuals impacted by welfare reform.
- **Liaison with out of area Housing providers** – those organisations further along in welfare reform implementation to discover best practice examples.
- **Partnership working with other Swansea Housing providers** including Coastal, Pobl and Family Housing.
- **New relationships built with the DWP**, particularly at local level, including shadowing between Job Centre Staff and Housing staff, presentations to Job Centre staff in relation to rent and rent arrears, close links built and regular liaison with relevant DWP representatives; Partnership Manager, Work Coaches, Homelessness Work Coach.
- **Attendance at community events** to provide advice and assistance to tenants and citizens e.g. Rents and TSU Officers have recently attended several financial awareness events

throughout the City.

- **Universal Support (US)** - The Housing Service is currently responsible for the provision of US in relation to UC as contracted by the DWP. Personal Budgeting Support (PBS) and Assisted Digital Support (ADS) for Council tenants is provided by the Rents Team and by the TSU for private rented and Housing Association tenants.
 - **Personal Budgeting Support (PBS)** – Of the 390 referrals completed since December 17, 19% have resulted in a positive outcome. Unfortunately, take up in this area is low with 81% of referrals not engaging further in specific PBS activity.
 - **Assisted Digital Support (ADS)** – 82 specific ADS sessions have been undertaken by Housing.
- Whilst, in April 2019, Citizens Advice (CA) will be commissioned by the DWP to undertake US, digital support and budgeting support in relation to UC will continue to be provided by Housing and will be funded from existing resource.
- **Homelessness Prevention Fund** is utilised by the service to assist those at risk of homelessness.
 - **Introduction of Rents Surgeries** in several areas to provide intensive face-to-face support to tenants.
 - **Mobile working implemented in the Rents Team** to ensure provision of digital access and support in tenants homes if required.
 - **Developing restructure of the Rents Team** to respond and adapt to the demands of UC. There will be a need to continually reorganise, taking a fluid approach to the structure of the team, in order to meet the changing demands as tenants continue to migrate from HB to UCFS.

9.6 Swansea Council is providing a wide array of support that can be accessed through its 17 Libraries, the District Housing Offices and the Employability Teams. Second tier support is available through the Welfare Rights Advice Line and work with partners is supporting the wider implications of recent welfare reforms.

We do not have any contact at all with the vast majority of people struggling through this. Supporting 'people on benefits' per se is not the work that we do, and people who do not trigger some sort of intervention for us for whatever reason will continue to struggle on without our support and without us even knowing.

Background Papers: None

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