

CYNGOR SIR CEREDIGION COUNTY COUNCIL

Report to: Corporate Resources Overview and Scrutiny Committee

Date of meeting: 16 May 2024

Title: Performance Report on Welfare Reform

Purpose of the report: To provide a position statement in relation to various aspects of Welfare Reform

Reason Scrutiny have requested the information: For information.

Cabinet Portfolio and Cabinet Member: Cabinet Member for Finance and Procurement - Cllr Gareth Davies

Background

The Welfare Reform Bill 2010-12 was introduced into Parliament on 16 February 2011 with the aim of creating incentives to get more people into work by ensuring ‘work always pays’, ‘protecting vulnerable members of society’ and ‘delivering fairness to those claiming benefit and to the taxpayer’. The Bill received Royal Assent on 8 March 2012. The main thrust of the changes was to reduce the national benefit costs by making work a more attractive option for people of working age.

Some of the key reforms introduced by the Welfare Reform Act 2012 include:

- The introduction of **Universal Credit (UC)**.
- a new size criteria (**Spare Room Subsidy**) in the social rented sector for those that under occupy their property.
- a **Benefit Cap** that limits the total amount of income from certain benefits a household can receive.
- the abolition of Council Tax Benefit with responsibility for arranging **Council Tax Support/Reduction (CTRS)** for those on low incomes transferring from the Department for Work and Pensions (DWP) to local authorities in England and to the devolved Governments in Scotland and Wales.

Current staffing and caseload position

Our current Benefits staffing complement is 8 full time staff (we are also carrying a vacancy). As at 31 March 2024 the Housing Benefit (HB) and Council Tax Reduction (CTRS/CTS) caseload was as follows:

Colour	Description	Value
■	Number of joint HB/CTS cases	2153
■	Number of HB only cases	182
■	Number of CTS only cases	3010

Universal Credit (UC)

Universal Credit (UC) is intended to support people who are on a low income or out of work and was introduced to simplify the benefits system. It merges the six legacy benefits listed below and merges them into one payment that will be paid monthly in arrears:

- Income-based Jobseekers Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit (HB)

National rollout of UC 'Full Service' was completed in December 2018 with Ceredigion being one of the last to rollout on 5 December 2018.

From this date it opened UC for all areas of the country for **new claims** or for those whose had a **change of circumstance** (Natural migration).

Since the 5 December 2018 Ceredigion can only accept new claims for HB if the claimant is:

- Of state pension age (if part of a couple both have to be of state pension age).
- Living in supported accommodation which provides care, support and supervision.
- Placed in temporary accommodation by Ceredigion County Council.

As at November 2023, the Parliamentary website confirmed that 67% of Ceredigion households are on Universal Credit.

Universal Credit caseload rollout as of November 2023			
Select a constituency from the dropdown menu:			
Ceredigion			
Households on UC or legacy, by type of support			
	Universal Credit	Legacy benefits	% on UC
Total: all households			
Ceredigion	4,282	2,141	67%
Wales	264,665	101,413	72%
Great Britain	5,360,170	1,661,099	76%

The rollout timetable for UC has been pushed back repeatedly. The next phase is the "Managed migration (Move to UC)" which is the process of moving all legacy benefit claimants, whose circumstances have not changed, across to UC. Whilst this is timetabled to commence in 2024/25 the House of Commons "Managed migration: Completing Universal Credit rollout" report confirms "Under the latest plans, managed migration of the final group of legacy claimants will not happen until 2028/29."

It should be noted that whilst the working age legacy benefit claimants will in time transfer over to UC, we will still retain the cases for CTRS.

Spare Room Subsidy (Bedroom Tax)

The Spare Room Subsidy reduction (or 'bedroom tax' as it is more commonly known) applies if a tenant of working age and renting from a local authority or social housing has bedrooms deemed 'spare'. Having one bedroom more than the calculated allowance results in a reduction of 14% and two or more 'spare' bedrooms means that a tenant will lose 25% of their HB or UC.

There are currently 196 **HB** households affected by this Welfare Reform change resulting in a combined weekly loss of HB amounting to £3,508 (£182,416 per annum) to Ceredigion households.

Since the removal of the Spare Room Subsidy was introduced in April 2013 the Council has supported the neediest social housing tenants affected by this reduction in their HB award. In the last financial year (1 April 23 to 31 March 24), Discretionary Housing Payments amounting to £62,569 have been awarded to cover the loss caused by the Spare Room Subsidy reductions.

The main reason for continuing to support this type of reduction is the lack of available suitable smaller sized properties.

The Benefit Cap

The Benefit Cap was introduced to Ceredigion in November 2013 and limits the amount of HB a working age claimant can receive if the total amount of certain welfare benefit payable exceeds a certain threshold. The purpose of the cap is to encourage people into work and to ensure those who are out of work do not receive more in benefits than the average working household. The total amount of annual 'out of work' benefit income to which a 'working age' household can receive is currently set at:

- £22,020 for couples and lone parents (£1,835 monthly/£423.46 weekly)
- £14,753 for single claimants (£1,229.42 monthly/£283.71 weekly)

(For households within greater London the caps are £25,323 for couples/lone parents and £16,967 for single claimants).

There are currently 4 claims to **HB** affected by the Benefit Cap resulting in a combined weekly loss of HB to Ceredigion households of £254 (£13,208 per annum).

Council Tax Reduction Scheme (CTRS)

When the UK Government (UKG) abolished Council Tax Benefit on 01 April 2013, the Welsh Government (WG) set up a national Council Tax Reduction Scheme (CTRS). Although the funding from the UKG was reduced by 10%, WG have to date continued to meet the shortfall and ensure that those eligible for assistance continue to receive up to the maximum level of entitlement i.e. 100% of Council Tax liability.

Annually Ceredigion County Council adopts the CTRS scheme and administers it on behalf of WG.

As at 31 March 2024 the CTRS expenditure and caseload was:

Period Ending	31 March 2024
Total CTRS expenditure (to 0 dec. places)	£6,476,459
Caseload	5,163

The majority of the cost of CTRS payments is met by the WG, but there is still a significant requirement for Councils to meet the cost of payments that exceed the WG contribution.

Funding for the CTRS was transferred into the Revenue Support in the 2013/14 financial year, which for Ceredigion equated to £4.733m. Within the 23/24 Final Local Government Settlement, the Standard Spending Assessment for Ceredigion for CTRS costs was £5.197m. Therefore, there is a c£1.3m of costs that are not being recognised by WG in the Local Government Finance Settlement.

The CTRS budget falls under the Finance & Procurement service budget and is a variable one that is recognised corporately in the budget process. This is mainly because from one year to the next there is a direct correlation with the costs associated with the scheme and the level of Council Tax increase determined by Members each year.

Discretionary Housing Payments (DHP)

The Government provides each Local Authority with a cash-limited budget each year to help those in greatest need. It can be awarded only to those receiving HB or UC (housing element) who may still need further financial help with their housing costs.

The Welfare Reform changes since 2013 have inevitably resulted in reduced HB and UC (housing element) for many. The Benefits Team since 2013 has awarded DHPs amounting £3,297 million to help citizens meet elements of their housing costs. The types of awards made range from helping to secure alternative accommodation and associated removal costs to assisting with ongoing rental commitments. Prevention of homelessness is a key aim of the scheme and without the support of DHPs there is no doubt that many Ceredigion citizens would have become homeless during this period.

Our DHP allocation from the Government for 2023/24 was £275,132. The total DHP spend for this period amounted to £282,288. WG have over the last 3 years committed to support any DHP overspend from the Homeless Prevention Fund. This arrangement will also continue for the next financial year.

Future

We will continue to engage and work in partnership with the DWP to support the “managed migration (move to UC)” of working age benefit households.

Naturally there will be a reduction in our HB caseload as and when working age HB cases move to UC, however we will still retain all cases for CTRS.

The Benefits Team will continue to be responsible for the administration of:

- HB claims of state pension age claimants (if part of a couple both have to be of state pension age)

- HB claims of those living in supported accommodation which provides care, support and supervision.
- HB claims of those placed in temporary accommodation by Ceredigion County Council
- CTRS claims
- increasing workload due to changes in UC awards *
- DHPs for HB and UC claimants
- Recovery of overpaid HB – 266 invoices amounting to £335.9k as at 31 March 24
- Free School Meals (FSM) – 1870 pupils as at January 2024
- School Essential Grant (SEG) – 1100 awards (£145k) at start of the 23/24 school year
- High risk case reviews

* UC is a monthly payment in arrears. If the UC award goes up or down due to a change in circumstance, this will result in the re-calculation of the CTRS claim when the change notification is received from the DWP. In cases where an individual's UC changes due of fluctuating monthly wages the Benefits Team can receive up to 12 change notifications during the year.

We anticipate that demands on the service will continue as people continue to find themselves in financial hardship due to the increased cost of living.

Welsh Government Consultations:

There is currently a technical consultation on 2 proposed changes to the Council Tax Reduction Scheme which is open until 6 June 2024.

- Proposal 1: simplifying the application process.
- Proposal 2: reducing the administrative complexity of the scheme through changes to non-dependant deductions.

Wellbeing of Future Generations:

Has an Integrated Impact Assessment been completed? If, not, please state why.
Report is for information only.

Summary of Integrated Impact Assessment:

Long term: N/A
Collaboration: N/A
Involvement: N/A
Prevention: N/A
Integration: N/A

Recommendation(s): To note the contents of the report.

Reasons for decision:

To ensure that Corporate Resources Overview and Scrutiny Committee members are updated on the latest aspects of Welfare Reform, Universal Credit and Housing Benefit in Ceredigion

Contact Name: Ann Ireland

Designation: Corporate Manager Revenues and Financial Assessments

Date of Report: 18 April 2024

Acronyms:

CTRS -	Council Tax Reduction/Support
DHP -	Discretionary Housing Payments
DWP-	Department for Work and Pensions
FSM -	Free School Meals
HB -	Housing Benefit
SEG -	School Essential Grant
UC –	Universal Credit
UKG -	UK government
WG -	Welsh Government