

POLICY & RESOURCES CABINET BOARD

REPORT OF THE HEAD OF CORPORATE STRATEGY AND DEMOCRATIC SERVICES

HEAD OF FINANCIAL SERVICES

HEAD OF BUSINESS STRATEGY AND PUBLIC PROTECTION

27TH NOVEMBER 2014

SECTION A – MATTER FOR DECISION

WARDS AFFECTED: ALL

PURPOSE OF REPORT:

To provide Members with an update on:

1. The latest information available on the estimated impact of the implementation of welfare benefit changes across Wales and Neath Port Talbot.
2. The advice and support being provided at the local level to mitigate the impact.
3. Plans to further mitigate the impact of welfare benefit changes.

BACKGROUND:

1. The impact of the implementation of the welfare benefit changes across Wales and Neath Port Talbot

The latest report on the impact of Welfare Reform on the Valleys¹ estimates the welfare benefit changes will take more than £1bn a year out of the Welsh economy – equivalent to £550 a year per adult of working age. This is substantially more than the GB average (£470). The report goes on to estimate that within Wales, the seven main Valleys authorities will be the seven hardest hit local authority areas who can expect to lose around £430m – an average of £650 per adult of working age.

1 C Beatty and S Fothergill (2014) The Impact of welfare reform on the valleys, CRESR, Sheffield Hallam University

To provide a context for the estimated financial loss by local authority and by adults of working age the table below shows the estimated overall impact of welfare reform across Wales and the extent to which the South Wales Valley authorities will be hit.

Table 1

	Estimated loss £m p.a.	Loss per working age adult £ p.a.
Merthyr Tydfil	27	720
Blaenau Gwent	31	700
Neath Port Talbot	62	690
Rhondda Cynon Taf	100	670
Caerphilly	73	640
Bridgend	53	600
Torfaen	34	590
Denbighshire	33	590
Carmarthenshire	65	580
Newport	52	560
Swansea	86	560
Conwy	36	550
Pembrokeshire	39	540
Anglesey	22	510
Wrexham	44	510
Vale of Glamorgan	73	470
Cardiff	112	470
Flintshire	44	450
Gwynedd	33	440
Powys	34	430
Ceredigion	21	430
Monmouthshire	22	390

Source: Sheffield Hallam estimates based on official data

The table below indicates the top 20 valley wards facing the greatest financial loss per adult of working age. This is a loss averaged across the whole population of these wards, including non-claimants.

Table 2

Authority	Ward	Overall financial loss per adult of working age £ per year
Rhondda Cynon Taf	Maerdy	1,050
Rhondda Cynon Taf	Pen-y-waun	1,040
Merthyr Tydfil	Gurnos	1,010
Neath Port Talbot	Gwynfi	940
Neath Port Talbot	Cymmer	930
Caerphilly	Twyn Carno	930
Neath Port Talbot	Neath East	930
Bridgend	Bettws	920
Rhondda Cynon Taf	Penrhiwceiber	920
Bridgend	Caerau	920
Rhondda Cynon Taf	Tylorstown	910
Neath Port Talbot	Sandfields West	900
Neath Port Talbot	Briton Ferry West	890
Rhondda Cynon Taf	Gilfach Goch	870
Rhondda Cynon Taf	Treherbert	850
Rhondda Cynon Taf	Aberaman South	850
Torfaen	Trevethin	850
Caerphilly	Moriah	850
Neath Port Talbot	Glyncorrwg	840
Neath Port Talbot	Sandfields East	840

Source: Sheffield Hallam estimates based on official data

The table below indicates the estimated financial loss arising from welfare reform by ward across Neath Port Talbot.

Table 3

Ward	Loss per working age adult £ p.a.
Aberavon	810
Aberdulais	650
Alltwen	550
Baglan	520
Blaengwrach	720
Briton Ferry East	770
Briton Ferry West	890
Bryn and Cwmavon	690
Bryncoch North	410
Bryncoch South	560
Cadoxton	440
Cimla	490
Coedffranc Central	690
Coedffranc North	570
Coedffranc West	490
Crynant	550
Cwmllynfell	590
Cymmer	930
Dyffryn	640
Glyncorrgw	840
Glynneath	670
Godregraig	680
Gwaun-Cae Gurwen	760
Gwynfi	940
Lower Brynamman	690

Margam	530
Neath East	930
Neath North	810
Neath South	760
Onllwyn	750
Pelelenna	640
Pontardawe	700
Port Talbot	660
Resolven	640
Rhos	480
Sandfields East	840
Sandfields West	900
Seven Sisters	690
Taibach	720
Tonna	480
Trebanos	580
Ystalyfera	800

Source: Sheffield Hallam estimates based on official data

2. The advice and support being provided at the local level to mitigate the impact

Housing Benefits / Council Tax:

- Housing Benefit records identify the number of households across NPT currently affected by the Benefit Cap as 29. The Authority continues to look at any help needed by these claimants. Discretionary Housing Payment funding is available if necessary.
- The number of housing benefits recipients currently affected by Bedroom Tax is 2,080. Many have received or continue to receive a Discretionary Housing Payment to help meet the shortfall.

- Of the Discretionary Housing Payment fund of £371k, 715 awards have been made with a total paid and / or committed to date totaling £301k.

225 applications for assistance have been declined. There are currently 73 applications awaiting a decision.

- In 2013/14 a further discretionary fund of £32k was used to help house those at risk of homelessness as a result of benefit changes. This was primarily used for re-housing costs such as bonds, rent in advance, removal expenses etc. No similar funding has been provided for 2014/15 by the Department of Work and Pensions.
- Universal Credit is being rolled out nationally in 2015. Neath Port Talbot is expecting its first claim early in 2015 although the number of claims initially will be small.

Welfare Rights:

- The Welfare Rights Unit is still experiencing fairly high demand for appeal representation. The demand has decreased from this time last year due to long delays in decision making on the part of the Department of Work and Pensions both in relation to Employment and Support Allowance (ESA) and Personal Independence Payment (PIP). The Unit represented at 168 appeals in the first half of the year (April to September) with a success rate of between 75% and 80%.
- Personal Independence Payment continues to be rolled out to existing Disability Living Allowance recipients of working age.
- Since June 2013, there have been no new claims for Disability Living Allowance (DLA). From Oct 28th 2013, some existing claimants have had to claim Personal Independence Payment (PIP). These are:
 - Young people reaching the age of 16
 - Anybody reporting a change of circumstances
 - Those who have a short term award ending in Mar 2014 or later
- Changes in the procedure for appeals - known as Mandatory Reconsideration has been in effect since 28th October 2013. Concerns relate to Employment and Support Allowance (ESA) appeals. During the

first stage of the process, no Employment and Support Allowance (ESA) will be payable and will only be paid when the appeal is lodged. Currently people receive the assessment rate throughout the whole period that the appeal is pending. There is no indication how long someone could be without income. The Welfare Rights Unit has seen an increased trend of people signing on for Jobseekers Allowance (JSA) who clearly are not fit for work, and end up being sanctioned and having their money cut.

Discretionary Assistance Fund:

As part of the UK's Government's programme of Welfare Reform, the discretionary element (Community Care Grants and Crisis Loans) of the UK Government's Social Fund was abolished. Some elements of the Social Fund such as Short Term Advances and Hardship payments have continued and are managed under the Department of Work and Pensions.

On April 1st 2013 the Welsh Government launched a national scheme called the Discretionary Assistance Fund. The fund is initially running until March 2015. Within the scheme there are two types of non-repayable grant support.

Emergency Assistance Payments- to provide assistance in an emergency or when there is an immediate threat to health or wellbeing. Anyone over the age of 16 can be considered eligible for these payments to help meet expenses due to an emergency or because of a disaster.

Individual Assistance Payments- to meet Individual Assistance Payments to meet an urgent identified need that enables or supports vulnerable citizens to establish themselves or remain living independently in the community. To be eligible applicants must be: entitled to and be in receipt of income related welfare benefits. Due to leave an institution or care home within 6 weeks, that they are likely to be entitled to receive income related welfare benefits on leaving.

In Neath Port Talbot between April 1st 2014 and the end of October 2014 the following grants were awarded from the above Fund:

- Number of applications: 1611
- Number of awards: 1113
- Success rate: 69%
- Total awarded: £295,866
- Total awarded as percentage of fund spend: 6%

Food Banks:

A food bank is a non-profit charitable organisation and tends to receive a large proportion of their food from individual donors. There has been a rapid growth of food banks since 2010 with a high percentage of food banks coordinated by The Trussell Trust.

In Neath Port Talbot there are five food banks established. The first food bank opened in Neath and the most recent one which is still under development is in Port Talbot. Three of the food banks are Trussell Trust co-ordinated; Neath Food Bank, Vale of Neath and Port Talbot (under development). The other two food banks, CATCH and PANTRY are independent. The Trussell Trust operates differently to independent ones as they will only issue up to 3 food vouchers in a life time. However PANTRY food bank can issue up to 3 vouchers in a 6 month period.

There are a number of organisations across the county borough who issue vouchers on behalf of the food banks. The Council issues vouchers for the Neath Food Bank via the One Stop Shop at Neath, the Welfare Rights Unit and at the Hub at Pontardawe via Citizens Advice Bureau. The One Stop Shop at Neath from April 2014 up until the end of October had issued 380 vouchers.

Name of food bank	Location and times	No of People seen
Neath Food Bank	Orchard Place, Baptist Church Orchard St. Neath Tuesday and Thursday 2-4pm	Since Sept 2011 they have issued 4,164 food packs (end of Oct 2014) The One Stop Shop in Neath issued 380 vouchers (April-October 14)
Vale of Neath	Peniel Pentecostal Church, New St, Glyn Neath	Awaiting figures
CATCH (Ystalyfera)	Gurnos Chapel, Ystalyfera Wednesday and Friday 11-2pm	Since June 2013 they have issued 429 food packs (end of Oct 14)
PANTRY (Pontardawe and surrounding areas)	Tabernacle Chapel, Thomas St, Pontardawe Tuesday and Saturday 10am-12pm	Since April 2014, 87 people have received a food pack. 29 people out of the 87 had 46 dependents
Port Talbot	Carmel Chapel Riverside, Glan Yr Afon	(still under development)

Working in Partnership:

The Low Income Families Project (LIF) brought partners together to work collectively to mitigate the impact of the changes to support families on low incomes. As different benefit changes have been introduced the group were able to identify those most affected and used existing systems and arrangements to ensure those most in need received the help and support they required.

The drawing down of European Social Fund (ESF) grant by the Council on behalf of the Local Service Board enabled the partners to pilot better ways of working to further mitigate the impact. The culmination of this work was presented to Policy & Resources Cabinet Board on the 16th October 2014 which outlined the evaluation of the following two pilot projects:

1. Ponty Hub
2. Library Services / Job Centre Plus Collaboration

The third pilot project – Advice Line - is the subject of a separate report to be presented at today's meeting. The evaluation of the three pilots has informed a number of recommendations to ensure sustainability and facilitate ongoing work to enable the Council and partners to further mitigate the impact of welfare reform.

3. Plans to further mitigate the impact of the welfare reform including the forthcoming roll out of Universal Credit across Neath Port Talbot.

The major welfare reforms that have been underway in Wales since 2010 are listed in Appendix 1. Some of these reforms are now fully in place, others are currently underway and a small number are still to come to full fruition. However, the welfare reform agenda is wider than those listed in Appendix 1 and perhaps the most ambitious of all is Universal Credit. This is scheduled to replace most of means-tested working age benefits. Unlike the other reforms, it is not expected to lead directly to a reduction in welfare spending and is better understood as a repackaging of existing benefits that for the first time introduces a consistent withdrawal rate, but the rules governing eligibility are essentially carried over from the

existing benefits it replaces including Income Support, income-based Jobseeker's Allowance, income-related Employment and Support Allowance, Housing Benefit, Child Tax Credit and Working Tax Credit.

There has been a major delay in the roll-out of Universal Credit nationally but earlier this year (April) Shotton became the first place in Wales where Universal Credit was introduced for some new job seekers. Current indications suggest that Neath Port Talbot could be included in the next phase of the roll out.

Universal Credit will be paid differently from current benefits. Individual claimants will be required to have an email address to access Universal Credit. It will be paid monthly, usually into a bank or building society account. If an individual lives with a partner and both claim Universal Credit, a single payment will be made to that household that covers both. Any help individuals get with the payment of rent will be included within the Universal Credit payment and the individual will pay the landlord themselves.

To ensure preparatory work is undertaken to react to the above roll out of Universal Credit and the risks the changes outlined above bring with them it is proposed to:

1. Re-focus and refresh the existing Steering Group of key partners to lead the work that will need to be undertaken to support people affected by the Universal Credit changes.
2. Establish with Job Centre Plus the potential number of claimants who will be affected by the roll out of Universal Credit to new single claimants for Job Seekers Allowance and the timetable.
3. Review and update the Advice Directory which was developed with partners during 2013 to establish the availability of support services e.g. benefits advice, money management, digital / basic skills, employment support across Neath Port Talbot.
4. Following the update of the Advice Directory, identify gaps in the provision of support services to inform a bid for funding from DWP.

5. Complete the development of a web portal that enables the details of advice and support services to be readily accessible to those involved in helping claimants.

RECOMMENDATIONS:

1. Cabinet Members note the actions taken to date to support local people affected by welfare benefit changes.
2. Cabinet Members endorse the actions planned to prepare for the introduction of Universal Credit as set out above.

REASON FOR PROPOSED DECISION:

To ensure the Council is proactively preparing for the impact of Universal Credit with a view to mitigating the risk that families affected may have some difficulties engaging with the UK Government's new methods of paying benefit claimants.

APPENDICES:

Appendix 1 – Major welfare reforms underway in Wales since 2010

LIST OF BACKGROUND PAPERS:

- i The impact of welfare reform on the valleys (C Beatty and S Fothergill) Sheffield Hallam University (September 2014)
- ii Policy & Resources Cabinet Board (16th October 2014)

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Housing Benefit – Local Housing Allowance

Changes to the rules governing assistance with the cost of housing for low-income households in the private rented sector. The new rules apply to rent levels, 'excess' payments, property size, age limits for sole occupancy, and indexation for inflation.

Housing Benefit – Under-occupation

New rules governing the size of properties for which payments are made to working age claimants in the social rented sector (widely known as the 'bedroom tax')

Non-dependant deductions

Increases in the deductions from Housing Benefit, Council Tax Benefit and other income-based benefits to reflect the contribution that non-dependant household members are expected to make towards the household's housing costs

Household benefit cap

New ceiling on total payments per household, applying to the sum of a wide range of benefits for working age claimants

Council Tax Benefit

Reductions in entitlement of working age claimants arising from 10 per cent reduction in total payments to local authorities

Disability Living Allowance

Replacement of DLA by Personal Independence Payments (PIP), including more stringent and frequent medical tests, as the basis for financial support to help offset the additional costs faced by individuals with disabilities

Incapacity benefits

Replacement of Incapacity Benefit and related benefits by Employment and Support Allowance (ESA), with more stringent medical tests, greater conditionality and time limiting
of non-means tested entitlement for all but the most severely ill or disabled

Child Benefit

Three-year freeze, and withdrawal of benefit from households including a higher earner

Tax Credits

Reductions in payment rates and eligibility for Child Tax Credit and Working Families Tax Credit, paid to lower and middle income households

1 per cent up-rating

Reduction in annual up-rating of value of most working-age benefits

COMPLIANCE STATEMENT

WELFARE REFORM - BENEFIT CHANGES

(a) **Implementation of Decision**

The decision is proposed for implementation after the three day call in period.

(b) **Sustainability Appraisal**

Community Plan Impacts:

Economic Prosperity	Positive
Education and Lifelong Learning	Positive
Better Health and Well Being	Positive
Environment and Transport	Positive
Crime and Disorder	Positive

Other Impacts:

Welsh Language	Neutral
Sustainable Development	Positive
Equalities	Positive
Social Inclusion	Positive

(c) **Consultation**

This item is not subject to external consultation.