



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-HB-5452-19

John Griffiths AM
Chair
Equality, Local Government and Communities Committee

5 December 2019

Dear John,

I would like to thank the Committee for your valuable work in considering the delivery of welfare benefits in Wales. The Committee's consideration of the oral and written evidence presented before them has produced a helpful report and recommendations.

I recognise that this is very complex area that is vitally important across Wales, and most importantly to our most vulnerable individuals, families and communities. I look forward to the Wales Centre for Public Policy publishing their report *Administering Social Security in Wales* in January 2020. The report of the Equality, Local Government and Communities Committee is an important contribution in helping frame how the work on assessing the case for the devolution of administration of benefits will progress.

The attached table sets out the Welsh Government's response to each recommendation. I have committed to provide the Committee with further updates in relation to some of the recommendations which I will do as information becomes available, or work develops.

Yours sincerely,

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Y Dirprwy Weinidog Tai a Llywodraeth Leol
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

National Assembly for Wales Equalities, Local Government and Communities Committee Report *Benefits in Wales: Options for Better Delivery*

Welsh Government response

Recommendation 1

The Committee recommends that the Welsh Government establish a coherent and integrated “Welsh benefits system” for all the means-tested benefits for which it is responsible. As part of this, the Welsh Government should develop a set of principles underpinning their design and delivery. These principles should be co-produced with people who claim these benefits and the wider Welsh public.

Response: Accept

The Welsh Government is currently undertaking a cross-government review of their programmes and services to ensure they have maximum impact on the lives of children, young people and families living in poverty. The review will include working across government departments to develop options to reduce costs for families and boost incomes, focussing on elements where Welsh Government can make a difference. This will include exploring how access to cash benefits and support services can be simplified and/or streamlined. The voices of children, young people and families living in poverty will help shape the review, including what actions they believe will help improve their situation on a day-to-day basis.

The Wales Centre for Public Policy (WCPP) are currently undertaking an exploration of the case for devolving administration of certain aspects of the benefits system. As part of their interim work the WCPP has helpfully identified that a starting point should be to identify the desired outcomes to guide decisions about what might need to change, which concurs with this recommendation. The Welsh Government has already begun to outline some core principles which include compassion, fairness, dignity and understanding, with the aim of taking a more citizen-centred, humane approach. We will be building on these further and developing them through our broader engagement, as part of our review of tackling poverty programmes.

Financial Implications: Any additional costs will be drawn from existing programme budgets.

Recommendation 2

The Committee recommends that the Welsh Government publish details of all the means-tested benefits it is responsible for and those delivered at a local authority level in Wales, including details of costs, the number of people eligible and the level of take up.

Response: Accept

We currently publish on the Welsh Government web pages the eligibility criteria for all pass-ported Welsh Government benefits and schemes:

<https://gov.wales/eligibility-criteria-passported-benefits-and-schemes>

We will ensure our statements on progress for our means-tested benefits and schemes always provide clarity on expenditure, and the level of take-up where feasible. We already provide estimates of eligibility for benefits where this is feasible, for example for Free School Meals. Estimating levels of eligibility for benefits can be a costly and complex task. We will consider the feasibility of providing eligibility estimates across Welsh Government benefits and schemes.

As part of our Child Poverty Progress report 2019, due to be published shortly, we will be including an annex fact sheet detailing the cross Government contributions towards tackling poverty and outcomes in terms of the number of beneficiaries.

Financial Implications: Any additional costs will be drawn from existing programme budgets.

Recommendation 3

The Committee recommends that the Welsh Government ensures the DAF can be used during the waiting period for an initial Universal Credit payment, and that the eligibility criteria and application process are changed to reflect this. The Welsh Government must ensure that the application process is swift to ensure that payments are received in a timely fashion to avoid financial hardship and that there are sufficient funds available to meet all claims

Response: Accept

The Discretionary Assistance Fund (DAF) can be used during the waiting period for an initial Universal Credit payment. The DAF currently provides emergency cash payments for people who are experiencing extreme hardship, including Universal Credit claimants experiencing hardship during the initial assessment period. No change to the eligibility criteria or application process is required.

Recent system improvements have been implemented to the application process which have resulted in reduced application times, fewer abandoned claims, and more successful applications, with online applications typically taking less than 5 minutes.

The application process supports online and telephone applications, with payments reaching people in need within 24 hours. Over 81% of payments are paid within 12 hours.

We will continue to closely monitor demand for DAF, in terms of claims and the number and value of awards, and consider how the fund can better reach and meet the needs of people facing extreme hardship, including those awaiting initial Universal Credit awards.

Financial Implications: Any additional costs will be drawn from existing programme budgets

Recommendation 4

The Committee recommends that the Welsh Government takes action to improve take up of all benefits in Wales, both devolved and non-devolved. At the very least this should take the form of a wide ranging and extensive public awareness campaign. We also believe that there should be a statutory duty placed on local authorities to provide benefits advice which aims to ensure people are claiming all benefits to which they are entitled. The Welsh Government should ensure that funding is made available to local authorities to deliver this duty.

Response: Accept in principle

We will continue to promote and increase the take-up of all devolved and non-devolved welfare benefits in Wales, and will maintain ongoing engagement with the UK Government, through the Department for Work and Pensions (DWP), to ensure that they raise awareness and improve the take-up of non-devolved benefits. We recognise the positive outcomes for people and for the Welsh economy which are attained through initiatives that enable households and individuals to access their legal entitlement to welfare benefits.

We have recently undertaken a rigorous procurement process and the new Strategic Advice Fund (SAF) will begin on 1 January 2020. We will monitor the services provided and evaluate their effectiveness. During 2018-2019 the Welsh Government grant funded advice providers helped people to claim additional welfare benefit income totalling £55m. Our approach is based on the most effective and successful benefit take-up campaigns, which provide people with accessible information that raises their awareness of welfare benefits, and allows them to make an informed choice about making a claim. We will also ensure appropriate levels of resources are available within local communities so people, particularly the more vulnerable, can access the advice and support that they need to complete all the processes that are required to make a successful benefit claim.

We would need to consider carefully proposing a specific role for local authorities, including in the light of devolved powers, as well as their existing statutory functions. We recognise that most local authorities in Wales are already directly providing or funding the provision of advice on welfare benefits through locally designed approaches. For example, benefit advice services may be provided by local authorities through existing statutory duties, such as the Social Services and Well-being (Wales) Act 2014, and Part 2 of the Housing (Wales) Act 2014. These can include services targeted at people within the local population who are most in need, such as those accessing crisis intervention services.

We will continue to prioritise support through the Single Advice Fund. We will work with key stakeholders, particularly with local authorities, to ensure the Single Advice

Fund remains an effective approach to supporting individuals and families in claiming their full entitlement to benefits.

Financial Implications: Any additional costs will be drawn from existing programme budgets

Recommendation 5

The Committee recommends that the Welsh Government explore with the UK Government the best mechanisms to improve Wales's voice in UK Government decisions on social security policy. The Welsh Government should provide us with an update on these discussions in six months.

Response: Accept

The Welsh Government has good official-level working relationships with the DWP, underpinned by the recently-agreed concordat. We will seek to re-establish regular Ministerial contact following the UK General Election to explore how we can further strengthen bilateral relations.

Since the Committee reported, Welsh Government officials have drawn this recommendation to the attention of counterparts in the other governments of the UK with a view to exploring it further as part of the machinery workstream of the joint Intergovernmental Relations Review commissioned at the Joint Ministerial Committee (Plenary) in March 2018. We continue to press for progress on this Review and we expect the incoming UK Government to make it a top priority. We will keep the Assembly updated.

Financial Implications: Any additional costs will be met from existing programme budgets.

Recommendation 6

The Committee recommends that the Welsh Government use the Sustainable Livelihoods Toolkit approach in the delivery of all devolved benefits currently delivered in Wales.

Response: Accept

We support the wider use of the Oxfam Sustainable Livelihoods approach toolkit that is being used across Wales. We endorse the concept of the participatory approach based on the recognition that all people have abilities and assets that can be developed to help them improve their lives. We need to gain a much better understanding of how partner organisations are embedding this approach currently in order to develop our approach to broadening this out, and promoting its use further. We will be seeking advice from Oxfam as to how we might best embed this approach.

Financial Implications: Any additional cost will be met from existing programme budgets.

Recommendation 7

The Committee recommends that the Welsh Government undertake a feasibility study of increasing the threshold for free schools meals to £14,000. This should be carried out in a timely manner so that if the increase is financially viable the revised threshold is in place for the start of 2020/21 school term.

Response: Already completed.

The introduction of a £14,000 threshold was considered prior to the introduction of the new threshold in April. We estimated that once Universal Credit was fully rolled out, an annualised net earned income threshold of £14,000 would almost double the eligible free school meals cohort and therefore the annual costs) compared to a threshold of £7,400. This does not include the cost of transitional protection or the wider costs on other budgets, such as an increased number of pupils eligible for the Pupil Development Grant.

The Committee has recommended that, in the event of an increased threshold proving to be viable, it is set in place ready for the start of the 2020/21 school term. Costs aside, there are other considerations which would prevent us from introducing a revised threshold by September 2020. For example, in addition to affordability, there are important considerations around public consultation and legislative timetabling associated with the introduction of an increased threshold and changes to the computerised Eligibility Checking System (owned by the UK Department for Education but used by local authorities in Wales to process claims for free school meals) would also need to be built in.

It is extremely disappointing that the UK Government has failed to do the right thing by the people of Wales and provide the additional resources to manage the impact of its Welfare Reform agenda on free school meals. Despite this, Welsh Government allocated an additional £12 million between 2018-19 and 2019-20 to support Local Authorities to meet the costs due to the estimated increase in the number of children eligible for free school meals and the transitional protection offer.

Our programme of transitional protection ensures that the change to the free school meals eligibility criteria introduced in April 2019 causes the minimum possible amount of disruption to families. We estimate the total number of children receiving transitional protection in any given year during the Universal Credit rollout period will be in the tens of thousands. Now the threshold is in place, pupils who are eligible for free school meals because their families receive Universal Credit or legacy benefits, or any new claimants who gain free school meals during the rollout of Universal Credit on the same basis, are protected against losing free school meals whilst Universal Credit is rolled out across Wales, even if their eligibility changes. Once Universal Credit is fully rolled out, any existing claimants who no longer meet the eligibility criteria (because they are earning above the threshold) will continue to

receive protection until the end of the pupil's current phase of education (for example, until they finish the primary phase or the secondary phase).

It should be noted that even before the introduction of the thresholds, the eligibility criteria for free school meals in Northern Ireland were very different to Wales. The £14,000 threshold was adopted in Northern Ireland because it was estimated that this would achieve as close to a neutral impact as possible. Our new threshold has the same intention. Also Northern Ireland has not introduced a programme of transitional protection as we have done in Wales.

Our analysis is based on the best available models and data. However, there remains a lot of uncertainty surrounding our estimates due to factors such as behavioural change, for example. In addition, economic forecasts and the underlying data used in the models for our analysis will continue to be updated, which will have an impact on our estimates.

Bearing in mind the uncertainty surrounding our estimates, we remain committed to review the earnings limit within 12 months of the full roll-out of Universal Credit in 2023.

Financial implications: None. We have, however, committed to review the threshold within 12 months of the full roll-out of Universal Credit in 2023 and any financial implications will be considered at that time.

Recommendation 8

The Committee recommends that the definition of kinship care is broadened to include family members and others who are closely connected to the family but are not the parents who are caring for a child or young person in an informal, full time capacity. This should be done at the earliest possible opportunity.

Response: Accept in principle

We recognise the important contribution being made by kinship care and have taken steps within the powers of the Welsh Government to support those who provide kinship care. For example, our Childcare offer is available to kinship carers where they meet the earnings criteria and are caring for a child who is the correct age to receive the offer. Through this, kinship carers who have taken responsibility for a child, or step child, who is not their own are offered support, for example when the child has no parents or has parents who are unable to care for the child, or it is likely that the child would otherwise be looked after by a local authority because of concerns in relation to the child's welfare.

We understand that kinship care can mean a range of arrangements with different legal statuses, such as kinship foster care, special guardianship orders, private fostering, and informal arrangements made with close relatives within families. The help and support these kinship carers are entitled to will depend on the type of arrangement. To help ensure all available support is accessible, Children in Wales is working with us to update our kinship care guide, which helps to explain the

various legal statuses and entitlements to support for kinship carers. There will be a new on-line guide in 2020.

We will ask the next UK Government as a matter of urgency to review the recognition of informal, full time kinship care across non-devolved benefits, and to implement more compassionate and fair benefits criteria to provide greater support for such kinship carers.

Financial Implications: None, as refers to eligibility to non-devolved benefits.

Recommendation 9

The Committee recommends that the Welsh Government seek payment flexibilities for Universal Credit so that people in Wales can choose to: have more frequent payments, direct payments to the landlord, and split payments between couples. We think this should be taken forward as a matter of urgency, and would request an update in six months from the report publication on negotiations and implementation.

Response: Accept in principle

We will seek to explore the feasibility further with the DWP, following the UK General Election, to establish how Universal Credit payment flexibilities could be offered more universally across Wales, to understand what the underpinning legal framework for this would be, and to assess any administrative costs which would be incurred and placed on the Welsh Government.

Consideration of this recommendation is undertaken in the light of wider experience, particularly in light of the experience in Scotland. The Scotland Act 2016 has allowed Scottish Ministers to introduce certain flexibilities in relation to the payment of Universal Credit in Scotland. Collectively these are known as Universal Credit Flexibilities. The responsibility for the administration for the payment and allocation of Universal Credit is still with the DWP. However, the flexibilities enable the Scottish Government to have a direct say in how some of the payment arrangements for Universal Credit are administered in Scotland, even though they do not manage the actual payment process. These powers allow the Scottish Government to vary the frequency of the payment; pay the relevant housing costs within the Universal Credit award direct to their landlord; and decide the criteria when a split payment to joint claimants can be made.

The latest DWP published statistics tell us that there were 106,170 households on Universal Credit in Wales and 98,080 (92%) were receiving a Universal Credit payment. Of these households in payment:

- 2,990 (3%) households had a more frequent payment;
- 60,470 (62%) were entitled to support for housing, with 14,030 (23%) having this payment made to their landlord via an Alternative Payment Arrangement

The Welsh Government wishes to see all Universal Credit claimants being offered a more informed choice with regards to the frequency of the payment, whether housing costs are paid direct to the landlord and split payments between couples. It is clear

that currently the practice of using Alternative Payment Arrangements (APAs) is inconsistent across Wales.

Financial Implications: Any costs of the current phase of this exploration will be drawn from existing programme budgets. On completion of this current exploration phase, further scoping will be required, which will include assessment of any further financial implications.

Recommendations 10 - 17

We are not in a position to be able to respond fully at this point in time to recommendations 10 -17. We are awaiting the completion of the work we commissioned from the Wales Centre for Public Policy (WCPP) to assess the case for devolved administration of aspects of the benefits system. The WCPP are due to publish their findings in January 2020.

Given the WCPP's ongoing exploration we would not, at this stage, pre-empt considerations by ruling any particular benefits or parts of benefits out of scope. We will consider the Committee's recommendations fully when we have the outcome of these findings and report back to the Committee accordingly.

We are grateful for the evidence and consideration provided by the Committee, with regard to recommendations 10 to 17, which will be helpful in taking our exploration work further forward.

Financial Implications: None