

Written evidence submitted by the Welsh Revenues & Benefit Managers group (BSW0031)

This submission is on behalf of the Welsh Revenues & Benefit Managers group. The group (WRBMG) is a sub-group of the Society of Welsh Treasurers and comprises all 22 Welsh Unitary Authorities and we submit this response under one of our objectives, namely: -

- allow senior practitioners to consider existing legislation and proposed/emerging legislative changes, to assist Welsh Government (WG) and the Welsh Local Government Association (WLGA) formulate policy development

- **What are the key challenges for the benefits system in Wales and how do they differ from the other nations and regions of the UK?**

Wales historically has a lower paid workforce. Median gross weekly earnings for full-time adults working in Wales were £537.8 in April 2020. This was 91.9% of the average for the UK (£585.5). The National Minimum Wage provides a floor for employers to ensure that a minimum standard is paid yet we are seeing this also being used as a ceiling in many sectors to restrict wages.

[Annual survey of hours and earnings: 2020 | GOV.WALES](#)

There are also challenges due to the numbers of disabled people in Wales. According to the most recent Family Resources Survey the number of people in the UK, who reported a disability in 2019 to 2020 was 14.1 million. This means that nationally, 22% of people have a disability, however the prevalence of people reporting a disability varied across the UK with Wales showing the highest proportion with 27%, five per cent higher than UK national average.

This might be attributable to the losses of employment in the former industrial areas, particularly in the south, and the ongoing reliance on benefits such as Disability Living Allowance.

[Family Resources Survey: financial year 2019 to 2020 - GOV.UK \(www.gov.uk\)](#)

A further key difference would be the Social Sector Size Criteria / Removal Spare Room Subsidy effective from 2013. House building in Wales has focussed on building estates of 2- & 3-bedroom properties with the intention that tenants create families and thereby establish communities. The geography of the country does not lend itself to widespread 1-bed flat/apartment construction outside of key cities and in such cities, these have been predominantly developed for the use of 'professionals' and not the wider rented sector.

An additional challenge faced by Wales is the issue of digital access. Many areas have internet connectivity barriers coupled with the problems faced by rural communities in trying to access such services. Whilst local 'hubs' and other facilities exists there remains a reliance on public transport which in rural areas is particularly expensive.

- **Pre-pandemic, how effectively did the UK benefits system tackle poverty and socio-economic inequalities in Wales as compared to England and Scotland?**

The UK benefits system has always provided easily accessible support but lacks the flexibility to address more 'local' needs and issues. Wales has suffered heavily with the loss of the coal & steel industries and employment is now reliant on the hospitality sector. This sector whilst also being low paid has felt the greatest impact over the last year.

- **How has the COVID-19 pandemic changed the type and amount of support needed by people in Wales?**

Immediate support – the imposed national lockdown in March 2020 changed everyone's world overnight. All support providers whether that be in public or third sector, had to change their operating models to provide an online, digital solution. Whilst many achieved this there remain several concerns.

1. Reluctance to revert to pre pandemic ways of working. Not returning to offices 'en masse' and keeping with the invariably cheaper, digital solution, and
2. Those who have fallen through the net with no access to digital support remain lost. Many organisations might say they have successfully moved their services online and achieved the much touted 'channel shift' but at what cost? How do they find those who have slipped through?
3. Greater emphasis needed on re-training, relocating for those displaced by pandemic especially in retail sector and service industries.

The pandemic has seen new types of support being paid to individuals and families, such as Free School Meal payments all year round, self-isolation payments for people required to self-isolate, SSP payments for carers etc.

The pandemic also resulted in a surge of Council Tax Support applications and payments.

- **How effectively has the UK benefits system responded to these needs, and what else should the UK Government do to deliver the right support in Wales?**

The Coronavirus Job Retention Scheme has ensured the wages have been maintained for thousands of individuals however the equivalent support for the Self-Employed sector has been much more problematic. Support is paid (after claiming) in arrears (3 months approx.) and is based on net reported profit. This takes no consideration of the other payable costs needed to sustain the employment.

Universal Credit case numbers have risen significantly across the country despite the aforementioned Job Retention Scheme limiting the numbers of job losses. This shows the system in a positive light in that it could be accessed relatively quickly by those in need. The temporary £20 uplift has no doubt proven to be a valuable lifeline to those on benefit and faced with all the additional costs associated with a global

pandemic. This uplift is due to removed shortly and we then expect to see more claimants presenting with other issues such as rent arrears and other debt concerns.

UC still fails to address the need to make separate application for Council Tax Reduction to a local Council and this does lead to people, particularly new into the system, failing to claim and receive support with their council tax costs.

- **How effectively do the Welsh Government's allowances and grants meet the particular needs of people in Wales?**

The devolved support, namely Discretionary Assistance Fund, was able to provide specific support to emergency situations in a swift manner. Local Authorities were able to support Free School Meal (FSM) recipients by quickly implementing a system of either voucher/cash payments or food parcels. One LA has reported that take up of FSM has been higher than usual since they switched to a direct payment system.

Fortunately, the Council Tax Reduction Scheme (CTRS) ensures those who qualify for maximum entitlement actually receive it without the need to pay a fixed % as applies to many working age recipients in England. The CTRS though does have an ongoing issue as the regulations are unable to be amended to react to a situation. The regulations are laid annually and once approved are then subject to annual adoption by each local authority therefore making them unable to respond to any situation or crisis that arises. This has proved especially problematic during the pandemic when the inflexibility of the CTR scheme has led to WG considering the use of unsuitable council tax regulations to try and deal with issues such as its carer payments.

- **What reforms are needed to the benefits system, and should there be further devolution of powers?**

The benefit system is basically an overarching system of 'one size fits all' with addendums for specific situations.

The Universal Credit assessment process based on assessment periods causing numerous, sometimes unnecessary, adjustments to a claimants' council tax causing arrears due to delays in instalment setting etc.

A fixed personal allowance has a significantly different outcome depending on where you live. The cost and accessibility of local services has no bearing on the level of entitlement until a calculation towards housing costs takes place. City/town centre rents are likely to be higher and tenants faced with a shortfall yet in more rural areas the problems are more likely to be access to services, therefore reliant on expensive public transport and have higher instances of fuel poverty.

- **How effectively do the UK and Welsh Governments work together in the delivery of benefits in Wales?**

Relatively successful however there are natural divergences where certain policies don't necessarily align with devolved responsibilities, Housing for example.

- **What are the implications of the UBI pilot in Wales?**

In May the Welsh Government announced its intentions to pilot a Universal Basic Income Scheme and these intentions are supported by the political leadership of the Welsh Local Government Association. Indeed, their manifesto refers to working on a 'fully integrated benefits system that is suited to the needs of Wales'.

[Welsh universal basic income pilot could focus on care leavers - BBC News](#)

[Download.aspx \(wlga.wales\)](#)

Evidence has shown that getting support such as the UBI improves health and wellbeing and causes a reduction in crime. Opponents argue that any UBI will always disincentivise work but as noted above, significant numbers of people in work still need help through Universal Credit so this is a moot point. Indeed, the Department for Work and Pensions have also stated that a UBI pilot would not incentivise work. On average around 37% of Universal Credit recipients are in employment.

For any pilot to have meaningful results it needs to include a wide range of people with varying situations, to have multiple control and test groups across the region to see how it pans out in different demography.

[Everywhere basic income has been tried, in one map: Kenya; Iran; Alaska; Stockton, California; and more - Vox](#)

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