

Written evidence submitted by Sarah Millar and Francesca Bellandi, Financial Inclusion Support Worker's Newport City Council (BSW0033)

Sarah Millar & Francesca Bellandi - Financial Inclusion Support Worker's Newport City Council. We provide housing related support and advice relating to tenancy issues, based in Adult's Services, Supporting People Team funded by the Housing Support Grant. Financial Inclusion is improving an individual's financial capability to enable people to manage their money better.

Our role as FI Support Workers is primarily focused on tenancy issues in any tenure to enable people to sustain their tenancies as well as reducing household expenditure, providing budgeting and benefits advice, identifying priority and non priority spending, maximising a person's income and applying for grants.

The reason for submitting evidence is to highlight the many challenges we, as frontline workers see on a daily basis and the impact this has on the individuals and families we support in our community.

•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?

Local Housing Allowance (LHA) is too low for those in Private Rented Sector in Wales. The demand for Social Housing has increased because of being more affordable rent and the other option is PR but it is not affordable for those on benefits and low earnings, causing rent arrears. This places more demand on local authorities due to rent arrears accruing and evictions. Many private rental landlords still say do not want people on 'benefits' and state 'no DSS' In Newport PR rent has increased since the bridge toll into Wales stopped charging, forcing an increase in house prices and PR landlords wanting to increase their rent due to demand. I am a Financial Inclusion Support Worker in Newport and have come across landlords increasing rents because that is what the 'market value' is. PR is not sustainable or secure for low earners and people are barely making ends meet. In Newport, South Wales there is a 'bond' scheme to enable people to access the PR sector with a deposit and first months rent provided by local authority and this is repaid by the tenant, but it is not an affordable option in the long term. People want affordable and sustainable housing where they won't have to move because the landlord is selling or paying extortionate rents each month just to get by, being unable to save for the future and living month to month.

During the pandemic Discretionary Housing Payments have been easier to obtain because of the increase in funding, but when this reduces the situation will remain. The LHA rate increased mostly for the shared room rate during the pandemic:

Shared room rate in 2019 £55.94 p/w to 2020 £75.95 p/w

1 bed rate £87.31 to £90.90

2 bed £105.32 to £113.92

3 bed rate £121.75 to £126.55

4 bed rate £ 160.74 to £172.60

Shared house rental prices start from £300- £460 p/m and housing costs can cover £329

The average rental for 1 bed flat in Newport is £525 to £600 and housing costs on UC pay a maximum of £395 p/m for a 1 bed property.

2 bed property starts range from £590-£950 p/m- with housing costs on UC pay £493 p/m

3 bed property starts from £700 + and housing costs pay £548 p/m

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

Increase in people claiming benefits due to loss of income because of losing jobs, shielding, furlough. People who have never had to claim benefits have found themselves claiming so was a new experience and problematic as not enough to cover their rent and bills.

People being home all the time saw a rise in utilities being used, demand for food parcels rocketed, fuel vouchers being issued, emergency payments being applied for, pay day loans being taken, rent arrears accruing, debt increasing, notices being served.

Increase in housing related advice and financial support because of rent arrears, priority and non priority debt. Temporary accommodation to house the homeless and remove them from the streets was and access to services and ongoing support to remain off the streets. Unprecedented demand for Social Housing.

The pandemic has created a mental health crisis due to job losses, relationship breakdowns, isolation, loneliness, money worries, health issues, increase in domestic violence, drug dependency, anti social behaviour. These issues have put pressure on all related services that can't cope with the demand DWP, GP surgeries, hospitals, police, local authorities etc

•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 £80 p/m increase on UC was valuable, but taking this away will have severe long term repercussions. Those on legacy benefits missed out on this which was unfair, however.

Welsh Government provided more funding and amended the eligibility to DAF to help people affected by covid and increased the amount of times a DAF could be applied for from 3 to 5 times in a 12 month period. Emergency Payments were accessible.

More food banks appeared to cope with the demand. No proper monitoring of who were using the food banks were carried out, so data collection has been missed on reasons food parcel was required etc

Food vouchers to cover meals for children while at home due to lockdown.

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

Discretionary Housing Payment's have been readily available in Newport and other local authorities in Wales and have helped many people sustain their tenancy or clear rent arrears. The criteria is you have to be on housing benefit or housing costs on UC. The fall out of the pandemic will be felt for longer than the additional funding will be in place though.

Discretionary Assistance Fund has been an excellent source of help throughout and not just with household items but emergency payments providing a lifeline to people, some who can't cover their basic weekly expenses.

Tenancy saver Loans- We did not come across 1 person who was eligible to access this scheme during the pandemic. The arrears were either too high pre-pandemic, lost their job and were on benefits so not eligible.

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

Under 25 standard allowance rate on Universal Credit is £257.33 p/m. During the pandemic this increased to £344 p/m but this is stopping in October. This is barely enough money to live on if you are living independently and under 25 years old. £59 p/w does not cover all essential bills and if you are living in a 1 bed property there is no spare income to meet the shortfall in rent. If there are third party deductions from UC award this decreases income by a further £65 p/m putting the under 25's in further financial hardship. The SA rate should not be any different if you are under 25 living in your own property. Many young people leave home for whatever reason at 18 and should not be penalised in the 'real' world for this.

Uplift The £80 p/m increase in the standard allowance rate during the pandemic is stopping in October. Even with this uplift people are still struggling to manage. When this ends we will see an increase in demand for food parcels, financial help and support. The 25% rate for TPD deductions of standard allowance rate is still too high which is £102.75 p/m of current £411 rate. Or post October when SA is £324 p/m with a deduction of £81 p/m.

People claiming UC and are working and paid wages 4 weekly or weekly will have 2 wages show up in 1 assessment period, so it looks like they have higher earnings in 1 month assessment period, resulting in lower or £0 UC payment. I come across this time and time again.

As an example: A client has been paid her wages twice in her UC assessment period. Her assessment period was between 20th May-19th June. She is paid wages 4 weekly. Her wages were paid 21st May & 18th June, so fell just inside these dates, so had £0 UC this month. DWP assess her combined earnings in the assessment period so cancels out any money due from DWP and therefore no help with housing costs this month, putting her tenancy at risk.

This is so discriminatory against people being paid 4 weekly or weekly, DWP are effectively saving money on payments for everyone on UC who have earnings and are paid 4 weekly or weekly. This is forcing people into further financial hardship and UC is failing people. DWP were of the mindset that most people are paid monthly in the 'real world' so UC will be paid monthly. Sadly this is evidently not the case and it is the people in the low paid, insecure jobs who tend to be paid weekly, fortnightly or 4 weekly and are penalised through this system.

UC addressed the issue when it was taken to the High Court for those paid monthly but not for 4 weekly/weekly wage earners. This disparity definitely needs to be addressed and to be high on the agenda.

Support with mortgage interest is extremely difficult to access, needing to be on benefits for 39 weeks to be eligible. By then action already taken or property lost. People need to understand that it is a loan and needs to be paid back.

Limited Capability Assessment – this element needs far more clarity than people are being given. There are many people receiving UC, not meeting any conditionality requirements yet have various health issues which prevent employment. There appears to be lack of communication about their entitlement to apply for the LCW element and what this means. People are being left with basic UC allowance with no expectations to work yet are not being encouraged and supported to go through the LCW process.

•What are the implications of the Universal Basic Income pilot in Wales?

If it is deemed successful and put in place there would be a huge overhaul of the current 'welfare' system which would cost millions. However, once established and proven to alleviate poverty and hardship may end up costing the government less in the long run, simplify the 'benefits' system as we know it, and create less stigma. UBI may create a happier and healthier population, more productive and creative workforce, with more money to spend to keep the economy functional. The pilot scheme may seem like a radical approach but in light of the fallout of the pandemic may be a logical solution.

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