

Written evidence submitted by Pobl Group (BSW0035)

Pobl Group is the largest social landlord in Wales, operating predominantly in south and west Wales. We provide homes catering for a variety of needs, including general needs, supported housing and hostels, extra care schemes, student accommodation, intermediate rent, and shared ownership. We work with our customers and partners to promote tenancy sustainability and strong communities.

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?

1. Our perspective is predicated upon our Pobl geography. This gives us an insight into how our customers cope in both urban and more rural areas.
2. The benefit system per se is complex and multi-faceted, operating on a dual, multi-layered approach; legacy entitlements and universal credit. Therein are multiple entitlements, some of which are means tested, others disability threshold related and contribution based. The key challenge for Wales is one of benefit income levels that reflect the cost of living and bring equity to a fiscally and ideologically squeezed system.
3. We consider the following to be imperatives:
 - (1) A continued emphasis on income maximisation for welfare benefits. The inherent complexities of the system make it very difficult to navigate. Within Pobl's housing operations we have identified £1.2 million in unclaimed entitlements across our regions. There is a paucity of effective advice regarding welfare benefits in many areas of Wales. The housing sector in particular has a significant role to play in ensuring we have flourishing, resilient and sustainable communities. Welsh Government could do more in terms of exploring/co-production/working with social housing providers in respect of advice provision and welfare benefit income maximisation.
 - (2) Levels of means tested entitlements present the most significant challenge to the wellbeing of claimants heightened by the steady erosion of benefit income stemming from the respective Welfare Reform Acts. The most significant casualty has been the base-line means tested entitlements; the 'two child rule', the loss of the enhanced disability premium and the severe disability premium to new universal credit claimants and the erosion of the latter commensurate with other entitlement increases. An increase in rent and sequentially housing costs within universal credit will dis-proportionately impact disabled claimants as their transitional element reduces in line with their (annually increased) additional housing costs. Through devolution Wales has the ability and opportunity to mitigate the more egregious cuts.
 - (3) The University of Sheffield Institute for Sustainable Food has published a map modelled on data from the Food Foundation <https://shefuni.maps.arcgis.com/apps/interactivelegend/index.html?appid=8be0cd9e18904c258afd3c959d6fc4d7>
Regionally, it shows Wales is struggling significantly with food poverty, arguably more so than other parts of the UK. We consider this is in turn linked to low levels of welfare benefit payment, low wages and in work poverty.
 - (4) Post the 2016 to 2020 benefit freeze, the link has been severed between cost of living and benefit entitlements. Wales, like Scotland and Northern Ireland, has the ability through devolution to create top up entitlements aside from the substantive means tested entitlements reserved to Westminster. With the impending loss of the universal credit £80 per month COVID uplift, the ending of the minimum income floor protection for the self-employed and the ending of the furlough scheme, the challenge for Welsh Government is how we can align equity and socio-economic reality to means tested entitlements for the sake of our communities?

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 benefit system is predominantly reserved to Westminster although Scotland presently has oversight in the area of disability entitlements. Pre-pandemic the UK (reserved) benefit system did little to tackle poverty and socio-economic inequalities in any area of the United Kingdom. The extent of the problem in Wales is highlighted by the food poverty map above and the Bevan Foundation estimating there are 700,000 people living in poverty across our Welsh local authorities.

Examples of reasoning below:

1. The welfare benefit freeze that impacted most earnings replacement, means tested benefits from 2016 to 2020, broke the link with the cost of living and benefit entitlement. Rent increases (for those in receipt of part benefit), escalating fuel and food costs drive down the sustainability and subsistence capability of claimants.
2. The 'two child' rule, meaning that families with more than two children, the youngest of which are born after 6th April 2017, are denied an additional £237.08 monthly benefit per child through tax credits or universal credit. The rule also adversely impacts means testing applicable amounts for housing cost calculations, sequentially driving down levels of housing benefit and housing costs assistance. The two child policy aimed to reduce the welfare benefit spend by one billion pounds. The legislation places an enormous and disproportionate financial burden on larger benefit reliant families.
3. The universal credit waiting period of 5 weeks routinely attracts or compels claimants to take an advance payment that is recoverable from ongoing entitlement for a prescribed period. This serves to put benefit income below the level prescribed by legislation as being sufficient to subsist. Additionally, HMRC and local authorities (all Welsh authorities inclusive) will impose direct deductions from universal credit at the point of new claim to recover historical debt at source. Again, this pushes claimants and our Pobl customers below the base level of entitlement creating poorer, less economically resilient communities.
4. Under 25s continue to receive significantly less benefit entitlement as compared to over 25s based upon a 1980s assumption they have less in the way of financial responsibility and are less likely to be running a household. Additionally, post welfare reform, under 25s with a child are no longer entitled to receive an uplift to the over 25 benefit rate that had nominally recognised the additional cost of raising a child. An under 25 single parent is now worse off by £545 annually.

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

The COVID 19 pandemic has highlighted the need for welfare benefit provision to be reflective of the true cost of living.

Our customers experiencing the benefit system for the first time are shocked at how little they receive and the delays in receiving payment. Additionally, there is a great deal of uncertainty about 'what is out there' by way of financial support.

Our experience is that greater agility is required within the system for rapid payment; be that universal credit or the DAF.

- (1) We are seeing increasing rent arrears within social housing driven in part by lack of financial resilience linked to welfare reform, although there are multiple factors involved; from legal action moratoriums to children being at home and people being forced to use housing costs paid direct to them for other purposes.
- (2) Fundamentally, what is required is a level of benefit income that is sustainable for those who require it and reflective of societal economic pressures. The link needs to be restored to the retail price index or at very least the consumer price index.
- (3) The pandemic uplift of £80 monthly for universal credit claimants has gone some way to re-dress the downward pressure that saw a drop from RPI to CPI and then to a four year freeze for most non-disability

entitlements. Legacy claimants did not have the uplift although we await a judicial review outcome in that respect.

With the uplift to be removed from 30th September, the end of the furlough scheme and the return of the minimum income floor for the self-employed, there are will significant challenges for our communities already under financial pressure evidenced by increasing rent arrears and the food poverty data herein.

Recent findings of centre for cities found that cities in the North of England and Wales (Cardiff, Swansea and Newport named) experience highest levels of indebtedness. For example, £1 in every £5 services debt compared to an average of £0.35-50p in every £5 in other parts of the UK. The result being that these household are more likely to resort to subprime lending and thus worsen their situation.

The uplift has identified a sustained need for payment set at that level. The increase should apply to both legacy entitlements and universal credit. This partially restorative uplift should remain in place and using its pre-existing devolved powers to create a top up entitlement, we call upon Welsh Government to be bold in this respect.

There is the ability, as per the Scotland model, to create a top up payment that is disregarded when calculating Westminster reserved entitlements such as universal credit or means tested legacy benefits.

We consider this to be an ‘invest to save’ approach by way of facilitating more economically resilient communities, preventing homelessness and enhancing the ability to militate against health inequalities. It is our experience financial insecurity in all its forms has a negative impact on the mental wellbeing and physical health of our customers.

As part of our own response to supporting our customers through the current economic challenges we have recently adopted a Living Rent methodology within our rent setting policy. This approach aims to ensure that our rents reflect the differences in economic circumstances of families at a local level so that rents are genuinely affordable for families on low incomes. Our policy is aligned to the Joseph Rowntree Foundation Living Rents Model which states that for rents to be affordable, they should not be more than 28% of a household’s net income.

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

The ability to access free school meals, DAF grants and assistance with council tax reduction in Wales remain essential. Our experience informs us there is a challenge for Welsh Government in terms of visibility and awareness of entitlements. For those new to the benefits system the aforementioned schemes were frequently missed.

1. We would recommend greater clarity in terms of DAF criteria and decision making plus a move towards a more immediate form of payment. It is our experience that Pobl customers will seek assistance from a food bank rather than make a DAF application for an emergency payment.
2. In addition, we advocate the continuation of the DAF pandemic measures in respect of the 5 claim extension and additional funding. The cessation of the COVID uplift will make this a necessity.
3. Assistance with maximum council tax reduction remains highly valued.

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?

Despite some initial challenges the UK benefit system via the Job Centre Plus dealt well with the huge upswing of universal credit claims in Wales.

However, for new claimants the pandemic uplift has become a fixture of entitlement. The DWP has failed in its messaging to make it clear the uplift is temporary and has only just begun to formulate its communication strategy to notify claimants of the impending change. This is disappointing and from a housing (Pobl) perspective we will endeavour to take steps ourselves to work positively with our customers in terms of messaging and support.

Thematically, the right support in Wales as well as other UK regions is inextricably tethered to levels of entitlement. It is our experience that a responsive, person centred, cost of living indexed benefit system that treats customers with dignity and respect is what we should collectively aspire to.

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

Binary reforms are undoubtedly required within the benefit system in terms of delivery and entitlement levels.

1. There is the potential for Wales to adopt a Scottish model and take responsibility for disability entitlements, or as per Northern Ireland, adopt an approach to universal credit that allows fortnightly payments and the choice of housing costs paid direct to landlord. The majority of claimants favour this approach as do social housing providers as it offers a degree of surety in terms of keeping rent arrears at manageable levels.
2. Re-framing the welfare benefit system within Wales will be hugely challenging from a legislative perspective and in terms of cost, accountability and administration. It is difficult to imagine Westminster relinquishing control of universal credit. Social security legislation is framed nationally.
3. From a delivery perspective we favour a more accountable, person centred approach. Whilst claimants have a Work Coach to deal with face to face, substantive decisions about entitlement are made out of area in 'call centre' type scenarios. The decision making layer lacks both accountability and accessibility. We advocate a more person centred approach that would allow direct contact with case managers/decision makers outside of the current journal based model and a more localised approach.
4. For advocates and support colleagues we suggest a return to implicit consent when dealing with universal credit queries on behalf of customers. The current model based upon explicit consent is problematic and frequently acts as a barrier to resolution particularly for our most vulnerable customers.
5. We would like to see the end of both the 'two child rule' in light of rising child poverty figures and the household benefit cap, both disproportionately impacting upon larger families who are out of work.
6. We advocate the reinstatement of universal credit work allowances for those claimants without children to incentivise a return to work and to militate against in work poverty in our lower paid regions. Additionally, we advocate a move to a 55% earnings taper that was initially built into the early design of universal credit.
7. We advocate a benefit system that does not seek to reduce payments to our severely disabled customers. Currently, for naturally migrated universal credit claimants with a severe disability premium, any increase in their other assessable welfare benefit income will be deductible from its replacement transitional element (the SDP worth was worth £67.30 weekly). Those in receipt will transition with it but it is subject to erosion. From a housing perspective a rent increase above an increase in welfare benefits will serve to reduce our customer's income by eroding the transitional element pound for pound. This will have a significant impact if a customer/claimant moves to a more suitable but higher rent area. The additional housing costs will drive down their substantive entitlement and make them less financially resilient.

Devolution of powers if meaningful could be advantageous but the welfare benefit system is exceptionally complex and difficult administer. A selective and measured approach should be considered.

If devolution were able to create a person centred, respect based culture within welfare benefits, it would mark a real cultural step change in approach, efficacy, equity and perception.

To tackle the changes advocated above and within this submission Welsh Government can use existing powers to create top up entitlements to mitigate the more punitive aspects of welfare reform. This would differ from examples such as discretionary housing payments in that there is the potential to make a top up entitlement payable direct to claimant. It will be the job of Welsh Government to consult as widely as possible on such a scheme in terms of context, eligibility and it's fit into a pre-existing UK wide welfare benefit framework or whether such an approach could be tethered to a UBI.

What are the implications of the UBI pilot in Wales?

Our observations regarding the above are as follows:

1. The UBI pilot should be reflective of variable regional housing costs if it is to be a singular, consolidated payment.
2. The UBI should build in income protection for disabled recipients. The current benefit system adds premiums to entitlement triggered by qualification for disability benefits such as PIP and DLA. The UBI for reasons of equity will need to reflect this unless the intention is to offer it only to those who are deemed fit for work
3. There is an opportunity to consider how any longer-term changes might reflect the living rent model referenced above, with particular reference to energy costs as part of the core rent.
4. A decision is required in terms of whether the intention is to replace certain welfare benefits with the UBI, or, whether it will apply in conjunction/addition to the existing framework as a top up entitlement to a pre-set UBI level.
5. In terms of devolution there will be tax raising implications for Welsh Government.

August 2021