

Solving poverty: Reforming help with housing costs

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Summary

Housing is the most significant living cost faced by most households in Wales. Rent, mortgage repayments, utility bills and Council Tax are just some of the housing related costs that families must find the money to cover. For too many, these costs are unaffordable, driving some into poverty and making life harder for those already struggling.

To ease some of these pressures, both the Welsh Government and Welsh local authorities have developed support schemes to assist households who are struggling with their costs. These schemes are designed to supplement the assistance provided through the UK's social security system and provide vital support for thousands of households across Wales.

As part of a larger project on the help that is provided to low-income families in Wales, we have reviewed the effectiveness of the schemes in supporting households that are trapped in poverty across Wales. Whilst we found that many people valued the support on offer, there are a number of shortcomings with the current system. These include:

- The schemes are difficult to gain access to, with no consistency in the eligibility criteria for each scheme nor in the way they are administered.
- The support provided is not always sufficient with households being left short due to arbitrary rules and administrative variation.
- The schemes are not always being used in ways that are consistent with what they were designed for, with emergency forms of support being increasingly relied upon over the long term.

In order to ensure that housing costs become less of a factor in driving households into poverty we have identified both short and long term options for reform that the Welsh Government could implement. In the short term the Welsh Government could:

- Explore with local authorities whether their administrative processes can be changed to automatically passport Universal Credit recipients onto the Council Tax Reduction Scheme.
- Establish a stabilisation mechanism to ensure more consistency from year to year in the Discretionary Housing Payment budget.
- Ensure support schemes provide more than the minimum level of support required.
- Provide greater clarity on who can access the Disabled Facilities Grant.
- Strengthen the Welsh Housing Quality Standard.

In the longer term, however, we believe that there are more radical ideas that the Welsh Government could pursue to ensure that housing forms part of the solution to poverty:

- Reform Council tax – including abolishing the single person discount and reinvesting the funds into the Council Tax Reduction Scheme and replacing Council Tax with a more progressive tax.
- Construct more social housing with greater use of public funds to reduce pressure on social landlords to increase rents.
- The devolution of Discretionary Housing Payment and moving the scheme onto a demand led footing.

- The devolution of further powers over social security, including some powers over Housing Benefit, the housing element of Universal Credit and Winter Fuel Payments.
- The development of a Welsh Housing Guarantee that would pull together all the various streams of support into one, easy to access fund for low income households.

1. Intro

Social security is an essential way of providing or topping up people's incomes when they have no other means or if their means are inadequate. The social security system is, by definition, not devolved to the Welsh Government. However outside the social security system the Welsh Government and local authorities provide a range of different types of financial and in-kind support to people on low incomes.

Many of these schemes have developed for specific purposes, and have their own eligibility requirements, administrative arrangements and very varied cash values. The experiences of people accessing these schemes is often unsatisfactory, with issues around take up, administrative efficiency, stigma and, sometimes, impact of some provision.

We have called for the myriad of different schemes that provide cash or in-kind assistance to be considered as a whole, constituting a coherent system of devolved support for people on low incomes. We outlined our initial thinking in evidence to the Welsh Parliament's Equality, Communities and Local Government Committee's inquiry into devolving social security benefits.¹ We welcome the Committee's agreement with our proposal and the Welsh Government's acceptance in principle that there should be a Welsh Benefits System.

Since submitting our evidence, we have been developing more detailed proposals by considering existing schemes to support children, young people and disabled people on low incomes and the schemes to help people on low incomes with the costs of housing and healthcare. We have considered the criteria for considering a scheme as a devolved benefit and we have also addressed the principles which in our view should underpin a new approach.²

This paper sets out our conclusions in respect of support offered to people on low incomes with their housing costs. We have not considered support which is not devolved, such as Housing Benefit and Universal Credit (UC), and we have included only those devolved schemes which are means-tested, so we have not considered universal or area benefits such as the Warm Homes Arbed Programme. We do however recognise that both types of assistance are vitally important to people's standard of living and well-being, and that they help to lift people out of poverty.

The research for this report was primarily undertaken before the full impact of Covid 19 became apparent. The experiences of the last two months have served to highlight the importance of the social security system and the additional support schemes provided by the Welsh Government and Welsh local authorities to low income households. Demand for these support schemes has soared in recent weeks, and, in our view, makes the case for developing an effective Welsh Benefits system even stronger.

We make two sets of recommendations. The first is for relatively modest changes to existing schemes that could be made quickly and which would have an immediate impact on people's lives. The second is for a more radical overhaul. These proposals will, in due course be put alongside our suggestions in other areas, together comprising a 'Welsh Benefits System'.

2. Criteria, principles and methods

Most discussions about the financial assistance available to low income households focus on the reforms made to a wide range of benefits by the Westminster Government. This is not surprising given that powers over social security per se have not been devolved to Wales. However, the Welsh Government and Welsh local authorities have significant powers over a number of devolved, means-tested benefits. They include cash benefits such as the Council Tax Reduction Scheme and the Education Maintenance Allowance, as well as benefits in kind, such as Free School Meals and the Warm Homes Nest Programme. Together these benefits provide a vital anchor to low income families across Wales.

2.1 Why does it matter?

There is some acknowledgment that many of the individual schemes can help to solve poverty. But none are seen as part of wider system of devolved benefits, still less as one that could be a key lever in reducing poverty. This matters for several reasons.

First, it means that there is no overview of how Welsh benefits interact with each other and with the UK social security system. Instead each benefit is viewed in isolation, as a solution to a specific problem, for example, being unable to heat a home. The criterion of success is whether it solves that issue and not whether it solves poverty, often the root cause of a problem, encouraging sticking plaster solutions.

Second, it means that there is little coherence in eligibility for different benefits, in the way that they are administered and how the support is provided. The current system makes it very difficult for families to know their entitlement and can make the process of claiming help complicated and burdensome.

Third, it is difficult to measure if administrative resources are being used effectively. For example local authorities process applications for a number of Welsh benefits but because different schemes have different eligibility criteria, staff may process multiple applications from the same family. Viewing the system as a whole could enable it to be streamlined, making it easier for families to claim and easing the administrative pressures on public bodies.

Importantly, the Welsh Government could create a Welsh Benefits System without the devolution of further powers. Doing so would help the existing system to reach everyone eligible for support. As the Welsh Parliament's Equality, Local Government and Communities Committee recognised,³ this could have a real impact on the lives of thousands of families.

2.2 Criteria

Not all support provided by the Welsh Government and Welsh local authorities to low income families necessarily is part of a Welsh benefit system. We adopted the following criteria:

1. The scheme must be administered by a devolved body or by Welsh local authorities

We used this criterion because we are interested in devolved support rather than UK-wide programmes, and in those which have a statutory basis. Support offered on an ad hoc basis e.g. by charities were not included.

2. The scheme must either provide cash or relieve costs

We used this criterion because replacing income or alleviating costs has a direct impact on poverty whereas other support e.g. advice or guidance does not.

3. The scheme must be means-tested

We used this criterion to distinguish between universal benefits, such as free prescriptions, or those with other eligibility rules, such as Carer's Allowance, and those specifically for people on low incomes. This decision has been led, in part, by the central role played by means tested benefits within the UK Government's social security system. Adopting a similar approach in our work allows us to better examine how Welsh support schemes mirror onto the UK wide system, plugging any gaps or failures within it.

In adopting these criteria, we are aware that we have not captured all the support available to people living on low incomes. For example, we have not included programmes targeted at people living in areas of high fuel poverty such as the Welsh Government's Warm Homes, Arbed Programme because they are open to all within those communities but are not available to people on low incomes outside eligible areas.⁴ Similarly we have not included funds and hardship schemes provided by charities and housing associations to assist people with the cost of moving home or recovering from a natural disaster because they are voluntary. In excluding such schemes we are not providing comment on their effectiveness.

2.3 Principles

A new benefits system should be underpinned by core principles. There is already legislation in place to inform those principles, such as the incorporation of the United Nations Convention on the Rights of the Child⁵ and the Wellbeing of Future Generations (Wales) Act 2014. Similarly, the new tax-collecting body, the Welsh Revenue Authority, has based its work on a set of core principles.

The work that is most relevant to Welsh benefits is the statement of principles that underpin social security in Scotland⁶ following the devolution of some powers over social security in 2016. The Social Security (Scotland) Act 2018 includes in section 1 the eight core principles that underpin the Scottish Government's approach to devolved social security.⁷

These principles are a useful starting point for considering the principles that could underpin a Welsh benefits system, both individual schemes and as a whole. Such principles could be:

- Welsh benefits are an investment in the people of Wales,
- Welsh benefits are a human right and are essential to the realisation of other human rights,
- the delivery of Welsh benefits is a public service,

- respect for the dignity of individuals is to be at the heart of Welsh benefits,
- Welsh benefits should contribute to reducing poverty,
- Welsh benefits should be designed with the people of Wales on the basis of evidence,
- Welsh benefits should be continuously improved
- Welsh benefits are efficient and deliver value for money.

We have borne these principles in mind in considering changes to the Welsh benefits in this paper.

2.4 What we did

We have based our proposals in this paper on evidence gathered from an initial literature review, a desk-based analysis of each scheme, stakeholder interviews, interviews with people on low income themselves, and finally, by visiting a benefit advice drop in centre. Over the summer of 2019 we engaged with 22 families in a variety of community settings, and listened to the experiences of 23 young people aged 16-24 at Coleg y Cymoedd, Ystrad Mynach and the Prince's Trust, Cardiff. To complement this work we sought to gather further views about some of the challenges low income people had faced with regard to their housing costs specifically.

We did so in two ways. We attended Hafan Cymru's Tenant Participation Day in Ystradgynlais in February 2020, engaging directly with four people and more informally with many more. We also attended a benefit advice drop-in session held by Merthyr Valleys Homes in Merthyr Tydfil in January 2020. We sat in on advice sessions with five tenants getting an insight into housing related and broader benefit concerns.

In addition to the above we conducted two roundtable discussions with 26 stakeholders with experience of operating parts of system to sense-check our emerging findings.

We recognise that the numbers of people involved are small and are not necessarily statistically representative. However, we consider that the information gathered provides valuable insights into the current system. We are also aware that we have not had the time or resources to undertake proper evaluations of each of the schemes – indeed while we have drawn on such reviews where they are available, our concern is to move towards a coherent system rather than assess each scheme on its own merits.

3. Current means-tested support with housing costs

Applying our criteria to a range of different types of support for low income people with their housing costs resulted in the following schemes being considered:

- Council Tax Reduction Scheme
- Discretionary Assistance Fund
- Discretionary Housing Payments
- Disabled Facilities Grant
- Welsh Government Warm Homes Programme – Nest

These schemes provide, if fully utilised, nearly £350 million worth of support to low income families across Wales per year, through a mixture of capital and revenue spending.⁸ These schemes have an important impact on the lives of families struggling to keep their heads above water and form a part of the solution to poverty.

Table 1

Support Scheme	Total/ Budget Spend (million)
Council Tax Reduction Scheme	£260.9 (2018/19 total spend)
Discretionary Assistance Fund	£12.5 (2019/20 total spend)*
Disabled Facilities Grant	£33.8 (2018/19 total spend)
Discretionary Housing Payment	£26.4 (budget for 2020/21)**
Warm Government Warm Homes Nest Programme	£15.9 (2018/19 total spend)

* The Welsh Government has recently announced that an extra £11m will be made available for DAF to deal with impact of Covid 19

** £10.53m of this comes from the DWP with Welsh local authorities being permitted to spend an additional £15.8m out of their own funds.

This section will look at each of these support schemes separately, examining their aims, the support provided, the amount of money invested, and the number of households supported.

3.1 Council Tax Reduction Scheme

Under the Local Government Finance Act 1992 the Welsh Parliament has the power to exempt prescribed groups from liability for Council Tax or to provide them with a discount.⁹ The Welsh Government has exercised these powers in respect of households occupied by a single adult,¹⁰ student households, disabled people and people on low incomes.¹¹ This project is interested in one scheme in particular, however, the Council Tax Reduction Scheme (CTRS.)

CTRS provides support to low income households with the cost of their Council Tax. Eligible households either see a reduction in their council tax bill or can be exempt from having to pay Council Tax all together. This is the only form of Council Tax relief based on a means test.

3.1.1 What are the eligibility criteria?

Any household that includes a person who is eligible for one of the following DWP legacy benefits¹ is eligible for CTRS:

- Job Seekers Allowance
- Employment Support Allowance
- Pension Credit
- Income Support

Someone only has to be eligible for one of these benefits to receive CTRS; they do not have to be in receipt of the benefit.¹²

Even if there is no one within the household eligible for one of these legacy benefits a household may still be eligible for CTRS if they are deemed to be on a low income, whether they are in receipt of UC or not. In such circumstances local authorities will use an aggregate means test that will consider a household's weekly income and their capital assets (including savings and the value of any property owned) on the one hand, and their needs on the other.¹³ There are two factors considered when determining the household's need:

1. The personal allowance - this is the basic amount a person needs to live.¹⁴ This varies according to the household's circumstances and composition.¹⁵
2. The premium – additional amounts added to reflect any personal circumstances which increase the cost of living, such as a disability or carer's responsibilities.¹⁶

The figures are updated annually in regulations by the Welsh Government¹⁷

It should be noted that whilst the means test for a low-income household in receipt of UC is similar to the means test for a household that is not in receipt of UC, it does differ slightly.¹⁸ A CTRS deduction provided to a household in receipt of UC must be compliant with UC rules which sets out the maximum amount of benefit a household can receive.¹⁹ This caps the amount of discount some households receive depending on their circumstances.²⁰

With the roll out of UC continuing across Wales the Welsh Government is currently undertaking work to consider amending the eligibility criteria for CTRS. In January 2020, Policy in Practice published an interim report for the Welsh Government which identified six options:

1. Introduction of flat-rate non-dependant deductions.
2. The reduction of the taper by which support is gradually withdrawn.
3. The introduction of a minimum award.
4. The lowering of the Minimum Income Floor in the assessment of household income for council tax reduction purposes, to ensure greater parity between self-employed households in receipt of legacy benefits and UC.

¹ Legacy benefits is the term used to describe a range of benefits that were in place prior to the introduction of Universal Credit, including Job Seekers Allowance and Employment Support Allowance. Thousands of people across Wales are still receiving legacy benefits as they have not yet been moved onto Universal Credit.

5. The removal of the two-child limit from the assessment of council tax reduction for households in receipt of UC (to ensure that same system in place as for those in receipt of legacy benefits).
6. The introduction of an income-banded scheme.²¹

Policy in Practice is expected to publish a more detailed report later in 2020. The report will look at a select number of the options set out above in greater depth, with the options being selected based upon Welsh Government feedback on the findings of the interim report.

3.1.2 How do people get access to CTRS?

How someone gets access to CTRS depends on whether they receive legacy benefits or not. Legacy benefits qualify as passporting benefits for CTRS. This means that the household is automatically enrolled to receive CTRS if they receive a legacy benefit.²² In the event that a household does not receive a passporting benefit then they must contact their local authority to apply for CTRS.²³ The approach taken by each local authority to non-passported benefits differs. Most, but not all, local authorities allow households to apply online, some provide people with an opportunity to apply for CTRS in person, whilst all authorities provide households with an opportunity to apply for assistance via telephone or to dial for advice on how to apply.

At present 61 per cent of the CTRS caseload is passported, but this is reducing due to the rollout of UC.²⁴ Standard non-passported cases account for 27.2 per cent of cases, with UC cases increasing to 11.7 per cent.²⁵

Any household who wishes to appeal a CTRS decision is able to lodge a case with the Valuation Tribunal for Wales. The Tribunal received 17 cases in 2018/19 with a further 35 cases brought forward from 2017/18.²⁶ In total two of these cases were settled before a hearing, with a further twelve determined by the tribunal, a total of 38 cases were carried forward to the next period.²⁷

3.1.3 How much money is invested in the policy and how many households receive support?

From the caseload data available, £260.9m was spent on CTRS in Wales over the 2018/19 financial year, a slight increase on the £254.0m that was spent in 2017-18.²⁸ This method of calculating CTRS spend slightly overstates the actual value of CTRS reductions provided.²⁹ The audited outturn for CTRS in 2017-18 was £247.4m, but the data for 2018/19 was not available at the time of the annual review.³⁰

Of the funds spent on CTRS the vast majority comes from the Welsh Government. The Welsh Government has provided local authorities with £244m towards the cost of the CTRS on an annual basis.³¹ The amount of money spent by the Welsh Government has not increased since 2013-14, however, with local authorities expected to pick up the shortfall.

Across Wales 277,989 households received CTRS, 20.2 per cent of all households liable for council tax.³² This figure was down 2.4 per cent on the 2017/18 figure, part of a longer term trend.³³ The percentage of households in receipt of CTRS varies across Wales, from 14 percent in Monmouthshire to 27.6 percent in Blaenau Gwent.³⁴ The number of households eligible for CTRS is likely to have increased significantly however as a result of restrictions put in place to halt the spread of Covid 19.

Of those who receive CTRS, 78.5 per cent were eligible for the full award where they are not liable for any council tax.³⁵ The remaining 21.5 per cent received a deduction in the amount of council tax owed but were still liable to pay some council tax.³⁶

3.2 Discretionary Assistance Fund

The Discretionary Assistance Fund (DAF) is a pot of money that provides low income families with emergency support. There are two primary pots of money –

- Emergency Assistance Payment (EAP) - a grant to help with essential costs after an emergency an individual has experienced a disaster such as a flood or fire in their home. The payment will help cover the cost of food, gas and electricity, clothing and emergency travel.
- Individual Assistance Payment (IAP) - A grant to help someone live independently rather than enter or remain in an institution such as a care home or hospital. With this grant an individual can receive white goods such as a fridge, cooker and washing machine and essential home items such as beds, bedding and seating.³⁷

3.2.1 What are the eligibility criteria?

The eligibility criteria for support through DAF via an EAP and an IAP differ. A household is eligible for support from the EAP fund if they meet the following criteria:

- They have experienced an emergency or disaster.
- They are resident in Wales.
- They are at least 16 years old.
- They have no access to other money and tried all other affordable sources of funding.³⁸

A person is only permitted to make an application for an EAP payment three times within a twelve month period. These restrictions have been temporarily loosened however, due to the impact of Covid 19.

The eligibility criteria for IAP are more comprehensive. A person is eligible for IAP if they meet all three elements of the test set out below:

1. A household must meet the following grant conditions:
 - be resident in Wales
 - be 16 or over
 - have no other access to savings or funding
 - not be resident in a care home (unless being discharged in 6 weeks)
 - not be currently in prison (unless being discharged in 6 weeks)
 - not be a member of a fully maintained religious order.
2. Be in receipt of one of the following qualifying benefits:
 - Income Support
 - income based Jobseekers Allowance
 - income related Employment and Support Allowance
 - Guaranteed Credit element of Pension Credit
 - Universal Credit.

3. Meet one of the following qualifying conditions:

- The individual is leaving a care home or institution to live independently in the community after a minimum of 3 months in care (for example in hospital, a care home, prison, foster care)
- The individual wants to stay living in the community rather than having to go into an institution
- The individual is setting up home after an unsettled way of life
- The individual is facing an exceptional and urgent pressure such as a relationship breakdown or domestic violence
- The individual is going to care for a prisoner of young offender released on a temporary license.³⁹

3.2.2 How do people get access to DAF?

To receive DAF a person must apply directly to the Welsh Government for support. People can do this in three ways, by phone, by post or online.⁴⁰

The Welsh Government requires a significant amount of information from applicants, but people can get help from registered partners to assist them with this process.⁴¹ These partners include LAs, housing associations, advice and guidance organisations, charities, prison services and health services.⁴²

An applicant will receive a response to their EAP application within 24 hours if the application is made between Monday and Friday, and within 10 working days if they make an IAP application.⁴³

If an EAP is successful the applicant will receive:

- a PayPoint voucher or BACS payment to cover the cost of food, gas and electricity and emergency travel
- vouchers to help buy clothes.⁴⁴

If an IAP application is successful, the applicant will receive:

- white goods from AO Retail Limited
- other household items from The Furnishings Service (TFS).⁴⁵

If an application is rejected an applicant does have an option to appeal by requesting a review of the decision made.⁴⁶

3.2.3 How much money is invested in the policy and how many households receive support?

During financial year 2019-2020 the DAF received a total of 182,395 applications, with 77,892 awards granted.⁴⁷ In total, £12,507,010 was spent on DAF in 2019/20, nearly £2m more than was spent in 2018/19 and over £5m more than was spent in 2017/18.⁴⁸

The average IAP award is significantly larger than the average EAP award, standing at £1,343 compared with £60.⁴⁹ This is as a result of the different type of support funded by each award.

3.3 ENABLE - Disabled Facilities Grant

ENABLE – Support for Independent Living brings together a number of programmes that provide support with the delivery of housing adaptations,⁵⁰ in addition to being a funding stream in its own right.⁵¹ Given its dual role the ENABLE programme has been criticised by the Wales Audit Office for lacking clarity.⁵²

The only aspect of the ENABLE programme that falls within the scope of this project is the Disabled Facilities Grants (DFGs). DFGs are means tested grants that provide support to low income households with the cost of adapting their property to meet the needs of disabled or older people to allow them to continue living independently.⁵³ The grant is available for owner occupiers, and for private rented sector and housing association tenants with the consent of their landlord.⁵⁴ All other forms of support available through the ENABLE programme are not provided on a means tested basis.

The grants are provided by local authorities under the terms of the Housing Grants, Construction and Regeneration Act 1996, and are mandatory for local authorities to provide.⁵⁵

3.3.1 What are the eligibility criteria?

There are two parts of the eligibility test for DFGs.

1. An assessment of the individual's home to understand the adaptations needed to allow them to live independently.
2. An assessment of the household's income and savings of over £6,000.⁵⁶

The families of disabled children are exempt from this means test.

3.3.2 How do people get access to DFGs?

DFGs are provided by local authorities. Eligible households must therefore submit an application to their local authority to receive support. Families can receive assistance when making this application by a range of professionals and organisations including social workers, occupational therapists and charities. A family can issue a complaint to the Public Services Ombudsman for Wales if they are unhappy about a decision that has been made in relation to the Disabled Facilities Grant.⁵⁷

3.3.3 How much money is invested in the policy and how many families receive support?

In 2018/19 5,141 applications for support through DFGs were approved out of a total of 5,470.⁵⁸ The number of improvements completed was slightly higher at 6,785, taking into account applications that had been approved in the previous year.⁵⁹

Of the grants approved in 2018/19 work on 4,086 was completed, with 3,776 receiving the support to cover all the cost of the work. A total of £33,838,433 was spent on the completed projects, with the 307 households who did not receive the full grant spending £1,518,306 between them on work that would have been eligible for grant support.⁶⁰

3.4 Discretionary Housing Payments

Discretionary Housing Payments (DHPs) provide households who are struggling to meet their housing costs, primarily as a result of welfare reform, with an extra payment. The payment can be used to cover a rent shortfall, to fund a deposit on a rental property and,

in some circumstances, to cover rent arrears and is primarily designed to be a short-term form of support.

DHPs are administered by local authorities with a pot of money being allocated to each from the UK Government. Local authorities are entitled to spend two and a half times their allocation, using their own resources to fund the increase. In addition, the Welsh Government is permitted to provide local authorities with additional funds to allow them to spend the maximum amount permitted on DHPs. Whilst the Scottish Government has used its powers to do so, to date the Welsh Government has not.

3.4.1 What are the eligibility criteria?

A DHP can be paid to anyone who is struggling to meet their housing costs if they are claiming:

- Housing Benefit or
- UC with housing costs towards rental liability.⁶¹

It is up to each local authority to decide on who needs support beyond the criteria above, but the primary purpose of the fund is to provide short term support to those who are struggling to cover their housing costs due to welfare reform. This can include where housing benefit has been reduced due to recent changes such as the 'bedroom tax', the 'benefit cap' or changes to the rules in local housing allowance. It may also be paid if an applicant's housing benefit or UC housing costs have reduced because children have grown up etc.⁶²

In deciding who should receive DHPs local authorities usually take into account any special circumstances that may have contributed to someone's financial difficulty, including:

- child maintenance payments
- legal costs
- extra heating costs due to having to spend a lot of time at home because of sickness or disability
- any additional travel costs resulting from a requirement to travel to a doctor or hospital or to care for a relative or friend
- if work-related travel costs have increased because the applicant had to move as a result of cuts to local housing allowance or the introduction of the 'bedroom tax'
- if the individual is likely to become homeless if a payment is not made.⁶³

3.4.2 How do people get access to DHPs?

To get access to a DHP a person must make an application to their local authority. Information gathered from conversations with the WLGA and Shelter Cymru suggests each local authority has a different approach to administering applications and on deciding who receives support.

As with CTRS many authorities provide households with an opportunity to apply for support online or at the very least with the opportunity to download an application form. Many authorities also provide households with the opportunity to apply for support by post, in person or via phone. The application forms that are available to download from the internet are long at 16 – 20 pages and require families to input very detailed information about their income and expenditure.

3.4.3 How much money is invested in the policy and how many households receive support?

Welsh local authorities have been provided with £10.53 million to spend on Discretionary Housing Payments for 2020/21.⁶⁴ If they increased expenditure up to the maximum permitted an additional £15.8 million could be spent in Wales, a total of £26.35m.⁶⁵ The £10.53 million allocation from DWP for the 2019/20 financial year is an increase on the allocation for 2019/20 of £8.38 million.⁶⁶

The amount of financial support provided through DHPs varies by local authority. Data is available on the amount spent on DHPs in 2018/19 in 21 out of the 22 local authority areas in Wales. Of these 21, six local authorities spent less than 100 percent of their DWP allocation on DHPs.

Some local authorities spent significantly more than their DWP allocation on DHPs, with Monmouthshire and Torfaen spending over 125 percent of their DWP allocation.⁶⁷ Not one local authority in Wales spent the full 2.5 times their allocation, however.⁶⁸

In total approximately 26,000 households received a DHP in 2018/19.⁶⁹ The number of awards made also varies significantly between authorities. In Cardiff and Torfaen for example, over 2,500 DHPs were granted in 2018/19 compared with less than 500 in Anglesey and Pembrokeshire.⁷⁰ There is also significant discrepancy in the value of each individual award. Across Wales an award is worth approximately £359.49 per household, but in some areas such as Neath Port Talbot the average award is nearly double the Welsh figure at £683.64.⁷¹ Whilst households in Cardiff on average receive a higher reward than the Welsh average, households in Torfaen receive the smallest average award in Wales at £159.81.⁷² This discrepancy does not necessarily reflect the variation in average rents between areas.

3.5 Welsh Government Warm Homes Programme – Nest

The Welsh Government operates two schemes under its Warm Homes Programme with the twin aims of eradicating fuel poverty and reducing carbon emissions; Arbed and Nest

The Arbed scheme is open to all households living in areas where there are high rates of fuel poverty. Households in such areas are eligible for free advice on how to improve energy efficiency in their homes and on how to reduce their fuel bills. Grants are also made available to households so that they can install energy efficiency measures to reduce their risk of fuel poverty.

Despite the focus on solving fuel poverty, the Arbed scheme does not fall within the scope of this programme as the support is not provided on a means tested basis.

The Nest scheme offers a range of free, impartial advice and, if eligible, a package of free home energy efficiency improvements. The project also seeks to assist households faced with fuel poverty and reduce carbon emissions. Eligibility depends on household income and is therefore within the scope of a Welsh Benefits System.

3.5.1 What are the eligibility criteria?

To be eligible for NEST an applicant must –

- Own or privately rent their home
- Their home must be energy inefficient and expensive to heat with an indicative energy rating of E, F or G

- They or someone they are living with must receive a means tested benefit (including UC or one of a series of legacy benefits) or have a chronic respiratory, circulatory or mental health condition and an income below defined thresholds.⁷³

3.5.2 How do people get access to Nest?

To apply for support Nest must be contacted. Nest is managed on behalf of the Welsh Government by British Gas, with British Gas subcontracting some of the work to Energy Saving Trust.⁷⁴

To apply for Nest, Nest can either be called directly to complete an application via telephone or someone can fill in a form requesting that a Nest operative calls them back.

3.5.3 How much money is invested in the policy and how many households receive support?

Over the 2018-19 financial year £15.9m was spent on the Nest programme.⁷⁵ This is a significant reduction on the £20.7m that was spent in 2017-18 and is a part of an ongoing downward trend since 2015-16 when £28.4m was spent on Nest.⁷⁶

In total 3,817 households received support through Nest to improve their home efficiency, a fall of around a third since 2015-16 when 6,125 households were provided with support.⁷⁷

3.6 Current Means Tested Support

Low income households can receive significant support towards their housing costs through Welsh support schemes. The variety of the support on offer highlights the diverse challenges faced by families all over Wales when trying to access support with rent repayment, to help with bills, or towards the cost of moving to a new house. Responding to these differing needs, however, have led to the design of a complex system that leaves too many people in Wales falling through the cracks.

4. The housing experiences of people who live in poverty

Our desk based analysis combined with our interviews with people trapped in poverty and stakeholders revealed significant issues in the design and administration of current schemes that support people with their housing costs.

4.1 Accessing Support

The eligibility criteria for each scheme vary widely, and we heard from stakeholders and claimants that this leads to confusion for those involved in the system.

Not one of the five schemes discussed in section 3 shares the same eligibility criteria. Despite CTRS, DFG and the Nest Scheme being entitlements, a person's **entitlement** varies from one scheme to another. DAF and DHP on the other hand are discretionary schemes, yet here again, there are differences in terms of which criteria are used when deciding someone is eligible for support. These differences make it more difficult to develop streamlined application processes that can help maximise the number of people who receive all the support they need.

4.1.1 Council Tax Reduction Scheme

The challenges presented by the complicated eligibility criteria are perhaps best demonstrated by CTRS. Someone that receives one of four DWP legacy benefits is automatically passported onto CTRS. This means that a person who receives Job Seekers Allowance, Employment Support Allowance, Pension Credit or Income Support is able to receive CTRS regardless of their income and without having to submit an additional application. This is not the case for a claimant in receipt of UC, whose eligibility for CTRS also depends on their income. This means that almost all local authorities in Wales require recipients of UC to submit an additional application form to receive CTRS. We found evidence that these differing requirements are causing significant confusion.

This confusion was perhaps best illustrated by one of the of people we saw visiting the benefit advice session in Merthyr Tydfil. She had visited the benefits advice session as she had, that morning, received a letter from the local authority, notifying her that they were starting court proceedings against her for non-payment of Council Tax. This had caused significant confusion and distress as she was a single mother, living with her 18 year old son, neither of whom was working (the son was in full time training). She had recently migrated over to UC as a result of a change in circumstances.

"I don't get it though, I pay my housing out of my Universal Credit so how can they be taking me to court when I pay my housing?"

From the information she gave the member of staff at the advice session, it appears highly likely that she should be in receipt of CTRS, but she had not made the application for it. This would not have been necessary for her to do when she was in receipt of legacy benefits and is therefore likely to be one reason for her confusion.

The member of staff at the benefit drop in centre said that this was an issue that she was encountering regularly despite trying to sign post people to the correct place to get access to their entitlement. Participants at our roundtables also reported the same thing. We heard in particular that a number of people are confused about their entitlement to

CTRS and their entitlement to a reduction in council tax as a result of being a single person, with people failing to claim for CTRS as a result.

This confusion is likely to be one reason why the number of CTRS claimants has reduced in Wales. There were 44,000 fewer households claiming CTRS in March 2019 than when it was originally introduced in May 2013.⁷⁸ Policy in Practice's review found evidence that the decline in the number of households claiming the benefit is linked to economic factors, but, they did find that the roll out of UC would increase the risk of households missing out on the support they are entitled to.⁷⁹ It seems beyond doubt that the confusion presented by the differing eligibility criteria and application processes for those in receipt of UC and for those in receipt of legacy benefit is leading to many people not receiving the support they are entitled to.

4.1.2 The discretionary schemes

It is not just with regards to CTRS that we heard people were finding it difficult to access the support required. The discretionary nature of DAF and DHPs are also presenting problems.

A message that came through clearly at both roundtable discussions held with housing and welfare professionals was that DHPs present a number of challenges. We heard from staff members at housing associations that the amount of support they were able to get for their tenants varied according to within which local authority a tenant lived and when in the year they were submitting a claim, making life difficult for themselves let alone for their tenants. Their observation appears to be backed up by the data.

There is over £500 difference in the average award given between the local authorities making the largest award and the local authority making the smallest award.⁸⁰ There is more than one reason for this. We heard at the roundtables that some local authorities may make a series of small awards to the same household, whilst another might make one annual payment. Another reason for this variation is that some authorities seek to target their DHPs at supporting families who are struggling with their housing costs (for example as a result of the bedroom tax) into more affordable housing. This approach may assist fewer families in the short term, but authorities argued that this was more sustainable in the long term.

These differences have an impact on claimants. At the Hafan Cymru's tenant day we heard from one woman who was in receipt of DHP. She had been in receipt of DHP for some time, but in her authority area she was required to resubmit an application every six months despite her circumstances being unchanged. Every time she went through this process she had to fill out an application form in full. Not only did she feel that this was a waste of time, she also reported that she found this difficult due to ongoing mental health problems.

"I have PTSD and I'm sometimes not in the space to fill out forms, sometimes for up to 6 months I feel like I can't do anything."

Another reason for the big variation in the way support is provided is the way that the scheme is funded. With an annual pot being given to local authorities by DWP, it is up to local authorities to decide how they wish to spend the pot and by how much they want to add to it. Any money unspent at the end of the financial year, however, is returned to DWP. We heard from a number of local authority officers that despite their best

intentions, this approach to funding made them more restrained in the awards they granted towards the start of the financial year due to concerns about whether they'd have enough funds to see them through the year, and more generous towards the end due to concerns about the fund being underspent.

We witnessed this at first hand at the benefit drop-in centre in Merthyr Tydfil in January 2020. That morning the staff had received an email granting a very generous award to a Merthyr Valleys Home tenant that not only covered the shortfall in their income to pay their rent, but that also paid off some of the tenant's existing rent arrears. They reported that since the start of the calendar year that they had seen an increase in such awards. They felt had the same application been made in May they would have struggled to get support for the household to cover a rental shortfall, let alone existing arrears.

Such discrepancies in providing support appear to be a less significant issue with regards to DAF. There are two major reasons for this. First DAF is national scheme, which means there is less scope for local administrative variation. Secondly, DAF is a demand led fund meaning that there is no cap on how much that can be spent in support of families. This means that a more consistent approach can be taken when supporting families across the year.

We received some feedback from organisations however, that there are some weaknesses with regards to the administrative side of DAF. Some organisations said that they would like more feedback from the DAF team as to why an IAP application had been rejected. We also heard that some organisations were encountering issues that the data held by the DAF team and the DWP did not always match up, with there being a particular problem with the spelling of Welsh language addresses. This issue was holding up access to IAPs for some claimants.

4.1.3 The adaptations schemes

The people we spoke to at events across Wales and those who attended our roundtables had less knowledge about the Nest Scheme and DFGs.

Participants at our roundtables felt that most people in need, were getting access to the support they needed through DFGs. They argued that given the role of Occupational Health Therapists in assessing people's adaptations needs, people in need of support had access to advice to assist them through the process. It was acknowledged however, that, given the serious concerns raised by the Wales Audit Office there were likely to be some people who were missing out on support, while others were likely to be finding the process of accessing support more difficult and complex than needed to be. For example, one participant noted that a family had recently approached her organisations seeking support and advice as they had too much money to qualify for DFG, but did not have adequate funds themselves to get all the adaptations that needed to be made to their property done.

Participants at our roundtables also had less experience of assisting people through the Nest scheme. One reason for this they suspected was that only a very few people were aware of the support that is available through Nest. Their sense appears to be supported by the data. Whilst approximately 12 per cent of households in Wales are in fuel poverty,⁸¹ only 1 per cent of households in Monmouthshire have made an enquiry to see whether they are eligible for support.⁸² In Merthyr Tydfil, Torfaen, Vale of Glamorgan and Wrexham

the figure increases to 2 per cent, whilst even in the local authorities with the highest rate of inquiries only 10 per cent of households have inquired about their right for support.⁸³

4.2 Is the support sufficient?

Whilst all five support schemes provide vital support to people trapped in poverty we have heard concerns that the amount of support provided is not always sufficient to meet people's needs. This is especially true for three of the schemes:

- DAF
- CTRS
- DHPs.

4.2.1 Meeting minimum needs

A person who applies for support through DAF is eligible for support through one of two channels, an EAP which provides someone with a cash payment to help with essential costs after an emergency, and an IAP which provides a person with support to live independently.

The value of the cash payment provided through EAPs has increased over recent years, from an average value of £33 in 2013/14 to an average of £60 in 2019/20.⁸⁴ The number of people accessing EAPs has also increased significantly since the introduction of DAF, from approximately 17,245 awards in 2013/14 to 71,798 in 2019/20.⁸⁵ Whilst the value of each award is relatively modest, participants at our roundtables were agreed that it can have a significant positive impact at a time of crisis. One participant stated:

"Really small amounts of money say £12 a week can have a huge impact on the lives on some of the people we work with".

People in receipt of IAPs on the other hand, generally, do not receive direct cash payments but rather receive an item of furniture or white goods, delivered to and installed in their home. We heard concerns at our roundtables that, despite the support being extremely valuable, it is not always provided in the most suitable way. These concerns included:

- Households being awarded a fridge but not a freezer.
- The same size washing machine being provided to all, regardless of how many people lived in a household.
- A single person only being permitted an armchair, not a sofa.

There are obvious long-term consequences to such decisions. Anyone without access to a freezer will find it harder to store food, meaning that they may have to purchase fresh produce more frequently which can become more expensive increasing their risk of being trapped in poverty. A family of five on the other hand is likely to have considerably more washing than a single adult. If both households receive the same size washing machines both could incur additional costs, families with children would be faced with running multiple loads of washing whilst a single person might be running half empty washing cycles.

The officials operating the DAF scheme are aware of some of these limitations. Steps have already been taken to ensure that someone who applies for an IAP is able to receive a

fridge and a freezer where appropriate. A shortcoming identified by participants at our roundtables which has not been addressed however is the provision of furniture.

A single person household is only eligible to receive a single bed or an armchair via DAF. There are obvious reasons for this. If the purpose of IAPs is to provide people with the support needed to live independently, then the provision of a single armchair might be sufficient for them to live comfortably in their home. Participants at our roundtables, however, had significant concerns about the long-term social cost of adopting such an approach. If someone only has an armchair in their house, it becomes difficult for them to have friends or family visit them at home. Participants were concerned that this may make it more difficult for people to integrate within their community and increases the risk of social isolation.

4.2.2 Exemption v reduction

A household in receipt of CTRS is entitled to one of two forms of support, either a full exemption from having to pay any Council Tax, or a reduction in the amount of Council Tax they are required to pay. All households who receive CTRS due to the fact that they are in receipt of a DWP legacy benefit receive the full award, but households who are in receipt of UC or are deemed to be on low income have the amount of support they are entitled to determined by a model which takes into account a number of factors, including their income and needs.

As of March 2019, 78.5 per cent of households in receipt of CTRS were fully exempt from paying any Council Tax, with the remaining 21.5 per cent receiving a partial award.⁸⁶ We heard concerns that many of the households who receive partial awards may not be receiving adequate support to meet their needs. This concern is especially pronounced for those in receipt of UC.

The size of a CTRS discount a household that is in receipt of UC is eligible to receive depends on the maximum amount of UC a household is permitted, dependent on their circumstances. Whilst we did not speak to anyone from a household that had been directly affected by these changes, there were serious concerns at our roundtable discussions that there are many households who are only eligible for a partial award for these reasons, rather than as a result of having sufficient resources to cover their reduced council tax bill and other living costs. Many of these families may therefore be being pushed further into poverty as a result of these changes.

Policy in Practice research also raised similar concerns. They found that whilst some households who will need to pay more council tax may in fact be better off because of the more generous work allowances associated with UC, many could be worse off.⁸⁷ They found that households which lose out as a result of the UK Government's broader welfare reforms will be most affected when it comes to the amount of support they can receive from CTRS.⁸⁸ As the roll out of UC continues, many more families may find that they have to pay Council Tax for the first time, despite being no better off financially than when they were in receipt of legacy benefits.

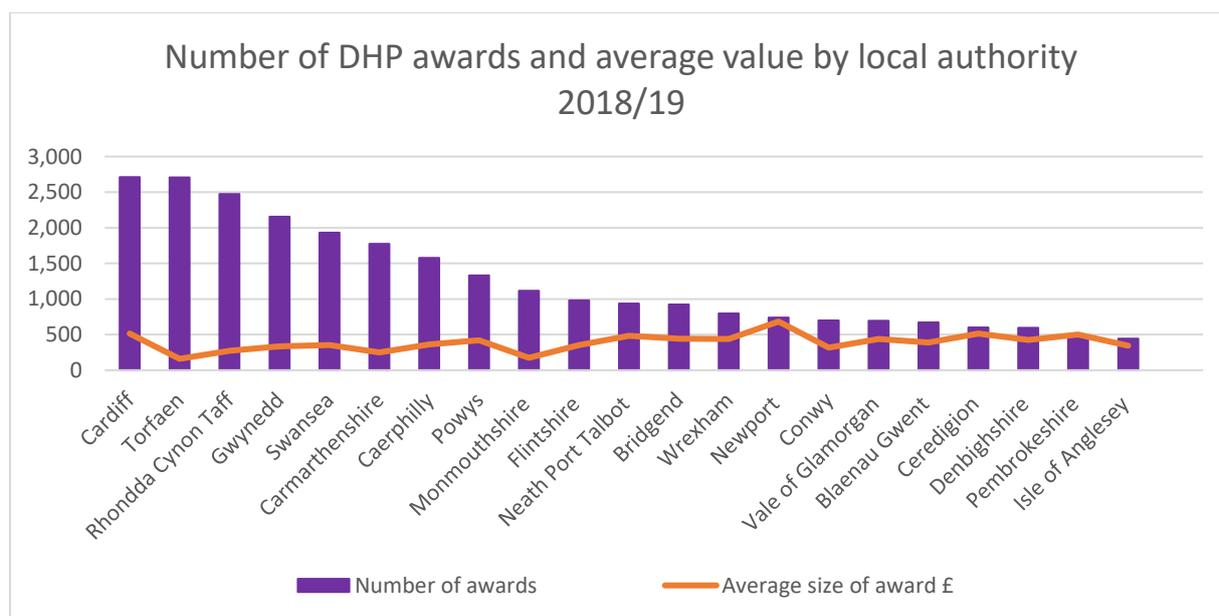
4.2.3 Depends where you live

One of the weaknesses of the DHP system is that the amount of support a household receives varies widely, depending on where in Wales they are applying for support and when they make their application. An element of variation is inevitable within a

discretionary system, especially when administered locally, however the extent of the discrepancy raises the possibility that a number of people are not receiving the support they need.

Getting an accurate picture of the use of DHPs in each local authority is not an easy task given the different approaches local authorities have adopted when administering support. The average DHP award in Torfaen is £159.81, compared to £683.64 in Newport.⁸⁹ However 2,707 awards were made in Torfaen in 2018/19 compared to 738 in Newport. There is no direct correlation between the number of awards made by a local authority and the value of it.

Chart 1 Number of DHP awards and average value by local authority



Source: Department for Work and Pensions, 'S1/2019: 2019-20 Discretionary Housing Payments government contribution for English and Welsh local authorities (Revised)' (gov.uk, 27 November 2019) – Bevan Foundation Analysis

Even if there were a direct correlation between the number of awards made and the value of the average award in each local authority, this wouldn't necessarily show how much support each household was having on average, per year, in different parts of Wales because some local authorities regularly provide households with multiple awards across the year, in others, households very rarely have more than one.

This significant divergence in the administration of DHPs not only makes it difficult for people to understand their rights but, also makes it difficult to assess accurately whether the support provided through the system is adequate. There was broad agreement at our round table discussions that too many households miss out on the support they need.

4.3 Are the schemes achieving what was intended?

A significant concern that emerged through our research is that the various support schemes may not be being used for what they were originally designed for, or that they were not effectively targeting the problem they were designed to address.

4.3.1 Support of last resort or just another part of the system?

DAF and DHP were both initially designed to provide support as a last resort to people who may have fallen through holes in the UK's social security safety net. Indeed the eligibility criteria for support via a DAF EAP explicitly states that an applicant "*must have no access to other money and tried all other affordable sources of funding*".⁹⁰ It appears, however, that both schemes are increasingly being used to prop up the broader social security system.

DHPs were initially introduced in 2001 to provide additional support to those struggling with their housing costs.⁹¹ For the next decade, only £20 million was made available, per year, through DHPs across the UK,⁹² with participants at our roundtables reporting that DHPs were rarely used prior to 2010. Since the introduction of welfare reforms, in particular the introduction of the bedroom tax, the benefit cap and the reforms to the LHA allowance, demand for DHPs has soared. The DHP budget for 2020/21 is £10.54 million for Wales alone,⁹³ whilst across England and Wales the figure stands at nearly £180 million, without taking into account any extra sums the Welsh Government and local authorities may spend.⁹⁴ Indeed, some local authorities are using these funds to provide households affected by changes to welfare with long term support.

We heard about several tenants who had been in receipt of DHP for a number of years on a six month rolling basis, including a mother who may be unable to see her children regularly unless she secured long term DHP. Her children predominantly lived with their father, meaning that the mother was hit by the bedroom tax. Given that the father lived a considerable distance away, the woman needed a spare bedroom so that her children could stay with her for weekend visits. She could not afford the rent on a two-bedroom home without a DHP. There is significant concern from people working within the sector about the long term viability of using DHPs in this way.

The amount of funding each local authority receives from DWP is set annually and in recent years has fluctuated significantly. In 2018/19 the DWP provided Welsh local authorities with £9.15 million for DHPs.⁹⁵ This was cut to £8.38 million in 2019/20 but subsequently increased to £10.54 million for 2020/21.⁹⁶ We heard from several local authorities that they were reluctant to provide long term DHPs to households as they were concerned that they would not be able to continue to provide support if the amount of money provided by the DWP was reduced. They argued that it is more sustainable to use DHPs to move people into more affordable homes.

This is not always a binary choice. In many areas, there may be a lack of smaller properties that a household affected by the 'bedroom tax' can move into, whilst in others there may be a shortage of alternative suitable homes that would allow households to remain in their community. The cost to other services within the local authority of moving a household in such circumstances could be greater than the cost of providing DHPs, without taking into account the emotional and health costs for households who would have to move away from friends and family, their work or their schools.

There was agreement amongst stakeholders that the current system of DHPs is not fit for purpose. It was argued that the UK Government's programme of welfare reform had moved both the burden and the cost of social security from a rights-based system administered by the UK Government, to a discretionary system administered by local

authorities. This move has in effect increased reliance on sticking plaster solutions which are unlikely to prove sustainable in the long term.

A similar process has been underway with regards to DAF. In the past four years expenditure on EAPs has increased fourfold, from approximately £1 million to £4 million.⁹⁷ This has largely been driven by the increase in demand for emergency payments from people who are moving onto UC.⁹⁸ Not only has the demand for DAF help increased in recent years as a result of the UK Government's programme of welfare reform, a high number of DAF applicants are referred to the scheme by the DWP through their Job Centres.⁹⁹ This raises the question about whether the Welsh Government is increasingly being left to pick up the financial bill for financial emergencies caused by the UK Government's welfare reform.

Not only are there concerns that the increased reliance on discretionary funds to plug the gaps in the UK's social security system may be leaving some households short, there are also concerns that people who used to receive support through these schemes are being pushed out and forced to look elsewhere for support. We heard at our roundtables that some people who, a decade ago, may have been awarded a DHP to provide them with assistance with a housing emergency are now increasingly being directed towards homelessness services, placing greater strain on already stretched services.

4.3.2 Targeting the right problem?

Another scheme that may not be successfully addressing the issue it was designed to target is the Nest scheme. At first glance, the Welsh Government's approach to solving fuel poverty appears to have been incredibly effective. **In 2008, 332,000 households in Wales were estimated to be fuel poor equivalent to 26 per cent of all households,¹⁰⁰ compared with 155,000 households in 2018, 12 per cent of all households.¹⁰¹ A household is said to live in fuel poverty if they have to spend more than 10 per cent of their income on maintaining a satisfactory heating regime,¹⁰² a measure which the Bevan Foundation has previously challenged.¹⁰³** Despite this progress the Welsh Government is not close to achieving its objective of eradicating fuel poverty. There are multiple reasons for this.

First, not enough people are receiving support via Nest and its sister programme, Arbed. To eradicate fuel poverty in a decade the Welsh Government needed to assist approximately 33,000 households a year out of fuel poverty. Between 2010 and 2019 a total of 55,056 households received home energy efficiency improvements through NEST and ARBED as part of the Welsh Government's Warm Homes Programme.¹⁰⁴

Secondly, however, the Nest programme only focuses on one of the drivers of fuel poverty, namely energy efficiency, whereas low income and high energy costs are also drivers of fuel poverty.

Whilst the Welsh Government's 2010 Fuel Poverty Strategy included steps such as the promotion of better coordination of advice services to boost household income,¹⁰⁵ much of the Welsh Government's investment has been targeted at boosting energy efficiency¹⁰⁶ through the Warm Homes Programme. Improving energy efficiency can help to reduce the costs faced by households and has clear environmental benefits, but it does not, as of itself, remove the risk of fuel poverty. In Scotland for example, 20 per cent of households living in the most fuel efficient homes live in fuel poverty.¹⁰⁷

Even in most energy efficient dwellings, households are still faced with energy bills. If fuel prices are high, using relatively small amounts of fuel can still push families into fuel poverty. Even when prices are not high, relatively modest energy bills can push a household into fuel poverty if they are on a low income. A person aged over 25, for example receives £73.10 a week through JSA. To avoid living in fuel poverty their fuel bills will need to be less than £7.50 a week, a cost offered by only ultra-energy efficient homes. Whilst the Welsh Government have limited powers to address the two other drivers of fuel poverty, it's questionable whether its significant investment in the Nest programme has reduced the number of people living in fuel poverty, or whether it is actually external factors such as changes in the energy market that has contributed to this improvement, especially given that social rented tenants cannot receive support through the scheme.

This was a concern shared by the Wales Audit Office and the by Welsh Parliament's Climate Change, Environment and Rural Affairs Committee. The Wales Audit Office found that although the Welsh Government gathered data on the effectiveness of the Warm Homes Programme in improving energy efficiency, there were no routine checks on whether people were in fuel poverty before and after the intervention, raising concerns about whether the Nest scheme is really achieving what it was set out to do.¹⁰⁸ Amongst many recommendations made by the Climate Change, Environment and Rural Affairs Committee on the other hand was that future Welsh Government fuel poverty strategies should focus on all three drivers of fuel poverty not just energy efficiency.¹⁰⁹

4.3.3 Support available for all in need?

The heavy reliance on discretionary assistance is not the only weakness with the Welsh Government's approach to supporting households with their housing costs, many low income households are missing out on support from rights based schemes because they do not meet the relevant eligibility criteria: this is especially true for CTRS.

Council tax is a regressive tax.¹¹⁰ This is a view that was acknowledged the Welsh Government in their 2017 Tax Policy Report.¹¹¹ In 2019-20, Council Tax increased by an average of 6.2 percent, hitting the poorest households hardest.¹¹² Whilst some of the poorest households in Wales may be eligible for support via CTRS, this is not the case for all households.

As of 31 March 2019, £51 million worth of Council Tax remained unpaid in Wales.¹¹³ Whilst 97.3 percent of Council Tax due had either been paid directly by households or had been covered by CTRS,¹¹⁴ the relatively small percentage of Council Tax that remained unpaid is likely to mean that there are a significant number of households who have been unable to pay all they are due, whilst many others may have been placed in hardship trying to get enough money together to cover the cost.

In November 2019 the Daily Post uncovered that in just five north Wales local authority areas, over 23,000 people had been taken to court the previous year for non-payment of Council Tax, an increase of 1.5 per cent on five years earlier.¹¹⁵ The threat of court action places severe stress on someone, and costs time and money for local authorities.¹¹⁶

Some of the people taken to court are likely to have been eligible for CTRS but had simply not made an application. Others are likely to have been earning too much to qualify for support yet still find it a struggle to pay their bills. The regressive nature of Council Tax

exacerbates this risk, with poorer households spending a larger proportion of their income on Council Tax than better off households.¹¹⁷

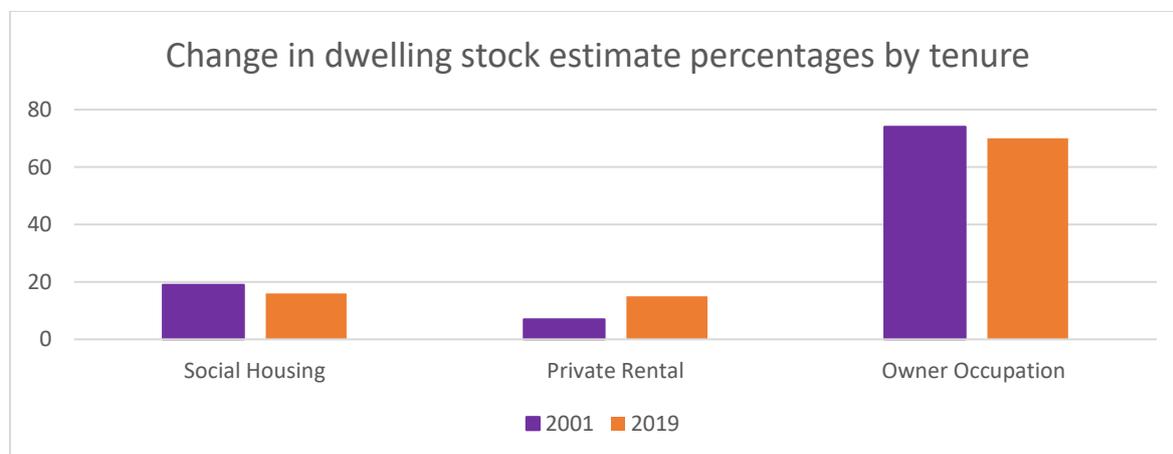
5. Housing costs in context

Section 4 set out some of the weaknesses of the current approach taken in Wales to supporting households with their household costs. Perhaps the greatest weakness of all the schemes discussed however, is that each of the schemes seeks to provide people with assistance towards one specific housing cost, without considering the broader context, limiting the effectiveness of each scheme.

5.1 The changing face of housing in Wales

Since 2001 there has been a gradual shift in the make up of the Welsh housing market. On the one hand, the proportion of people living in owner occupied housing and social housing has decreased, the proportion of people living in the private rental sector has more than doubled.¹¹⁸

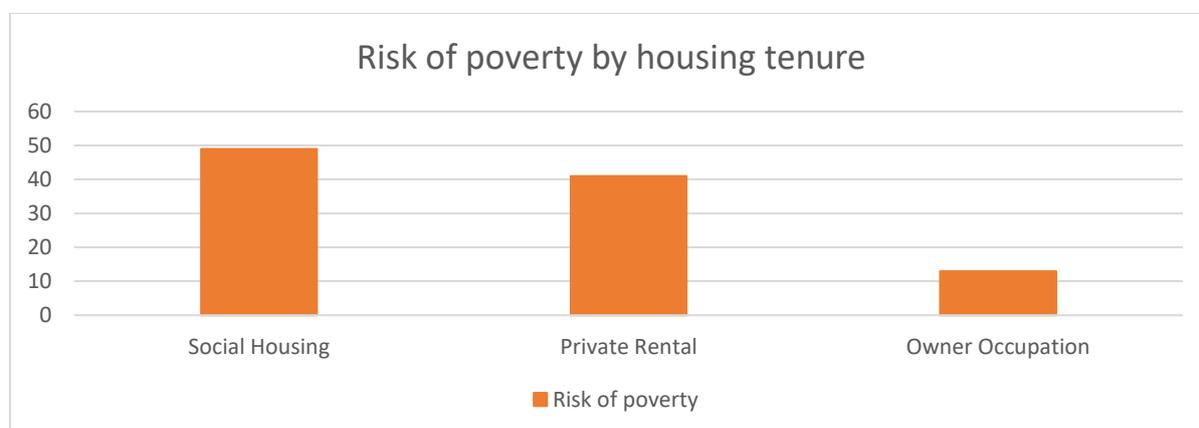
Chart 2 Change in dwelling stock estimate percentages by tenure



Source: Stats Wales, 'Dwelling stock estimates percentages by year and tenure'

Despite owner occupation housing remaining by far the most popular housing tenure in Wales, the decrease in its prominence and the rise in the private rental sector is significant. Someone is far more likely to live in poverty if they live in the rental sector (private or social) than if they are an owner occupier.

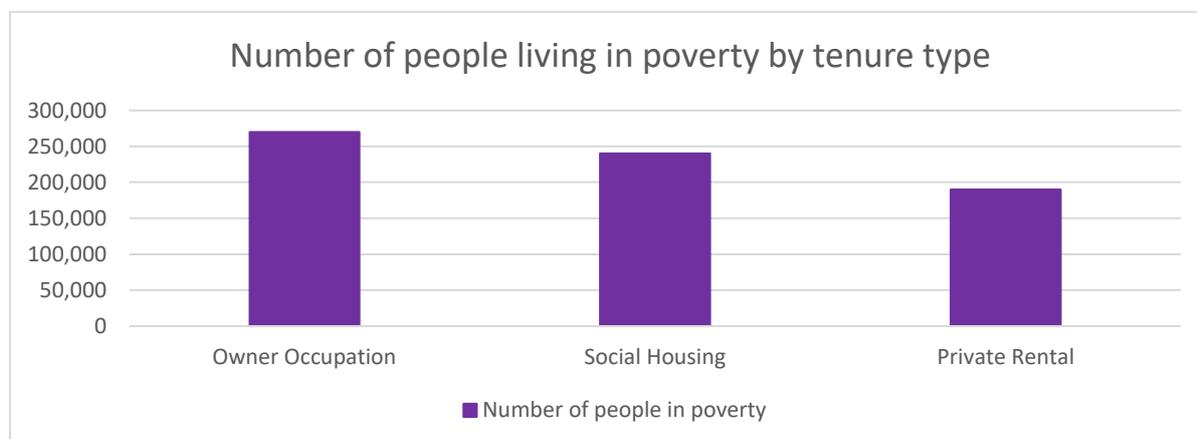
Chart 3 Risk of poverty by housing tenure



Source: Stats Wales, People in relative income poverty by tenure type

It should be noted however, that whilst the risk of living in poverty is significantly lower in the owner occupied sector, it's pre-eminence in Wales means that it remains the sector within which the highest number of people live in poverty.

Chart 4 Number of people living in poverty by tenure type



Source: Stats Wales, People in relative income poverty by tenure type

One reason for this shift in the tenure within which people live is the cost of housing. The cost of buying a home is more than five times earnings for low-paid and median earners.¹¹⁹ At the same time, the average rent on a 2-bedroom property is unaffordable for the lowest quartile of earners in all local authority areas, be this social or private rent.¹²⁰ This combination makes it very difficult for many people to save money for a deposit on a house and prevents them from moving to a tenure that would reduce their risk of poverty. Not only does this have a long-term impact on a person's risk of poverty, it also has immediate term consequences.

5.2 Housing costs and poverty

Housing is the largest single cost faced by most households in Wales. The impact of the unaffordability of housing on poverty can be demonstrated at a basic level when looking at the available data on poverty. 19 per cent of people live in poverty in Wales before housing costs are deducted, after housing costs this raises to 23 per cent.¹²¹

The UK social security system provides some support with housing costs. In November 2019, 173,000 people were receiving a Housing Benefit payment that covered at least half of their housing cost,¹²² whilst many more were receiving a contribution towards their housing costs as part of their UC payment. There are some significant limitations to this support however.

Welfare reform, in particular the introduction of the bedroom tax, the benefit cap and the reforms to the LHA allowance means that many of the poorest people in society do not receive assistance to cover all of their housing costs. Many others receive very limited support or no support at all because they earn above the threshold for help even though their incomes are modest. Whilst DAF and DHP may provide some families with additional support, the limitations of these schemes means they are not an option for everyone.

In this context it is concerning that not only is housing unaffordable to many but that social housing is becoming less affordable. Between 2014/15 and 2018/19 social landlords in Wales were permitted to increase their social rent by CPI inflation + 1.5 per cent, plus

an additional £2 per week. Increasing inflation, particularly ahead of the setting of rent for 2018/19, saw a big spike in rents, leading to an increase in the number of families who were struggling to pay for their social rent.¹²³ Whilst rents were only permitted to rise in line with inflation in 2019/20 ahead of the completion of the Welsh Government's Rent Policy Review, the Welsh Government has now announced a new 5 year rent policy, with social landlords being permitted to increase their rents by an average of CPI inflation + 1%.¹²⁴ Despite these increases the social housing sector remains the most affordable housing tenure in most parts of Wales. But further above-inflation increases within the sector are likely to lead to social housing becoming more unaffordable for low income families (due to little or no wage increases & restrictions on benefit levels), making it harder for households to escape poverty.

5.3 Household costs

It is not just the cost of renting a home or repaying a mortgage that many households trapped in poverty struggle with. Many owner occupiers struggle with the cost of maintaining a property, whilst the cost of household bills presents a problem to many, but there is very limited support available for people with these costs beyond the support available through the Nest programme.

At the benefit advice drop in centre we visited in Merthyr Tydfil, one person wanted assistance with their energy costs.

"Can you do anything to help me with my electric? My electric is really expensive. My gas is not bad but I think my electric is really expensive and I'm on a pre-payment meter and I can't figure out why".

Participants at our roundtable discussions noted that there are a number of advice services available for people who are on low incomes to help them change to the cheapest tariff. Many energy suppliers and Dŵr Cymru have special support packages available (including tariffs for low income households in the case of Dŵr Cymru) but these are run by a range of different suppliers with differing requirements, and public awareness of the support available is low.

Another pressing cost for many households are service charges and leasehold fees. These additional fees can have a significant impact on households and push property that would otherwise be affordable to become unaffordable, driving some households into poverty. Work undertaken by TPAS Cymru has highlighted that social housing tenants evaluate the affordability of both their rent and service charges when asked to consider whether their home provides them with good value for money.¹²⁵ The impact of leasehold fees on the other hand has been recognised by the Welsh Government who have recently just undertaken consultation to gain a better understanding of the extent of the problem across Wales.¹²⁶

Housing costs do not arise in a vacuum. Not only do households have to find money to cover their rent or mortgage, utilities bills and Council Tax, households must also pay for other essential living costs such as internet, credit, food, childcare and transport. We heard from family after family last summer that they find the cost of food is a significant challenge.

Mother, Cardiff:

"I still worry about food. Even coming to the pantry, give it two days and the food will be gone. He eats constantly. I have brought him up to eat fresh food so he knows the difference between fresh and frozen broccoli and I have probably made a rod for my own back but the boy likes what he likes."

Mother, Ruthin:

"fresh fruit and veg is just a nightmare when they're at home now (over the school holidays). They just go through it. Everything else is just optional toys and things but it's the adverts just constantly but I say no but food and clothing is compulsory."

Any increase in cost, be that a rent increase, a Council Tax increase, or an increase in the cost of food, has a direct impact on how much money a household has in their pocket. The lack of a coordinated support schemes for families with their household costs is therefore a weakness that may be having an impact on the number of people living in poverty in Wales.

5.4 The cost of moving

The cost of moving house can be considerable. There are costs associated with moving itself, such as the rental costs for a van, or fuel costs for those who already have a vehicle, and then there are costs associate with furnishing the new property. For those living in the private rental sector, there are additional costs associated with the payment of deposits, a considerable upfront fee.

People trapped in poverty can receive some support towards these costs. Support is available through DAF to help with furnishing, whilst DHPs can assist some people with the costs of moving, including deposits. Given the discretionary nature of this support however, not all people who would benefit from support receive it. In addition to the short comings of the current support schemes however, there are some costs for which people are not able to receive support. The one that featured most predominantly in our focus groups was the cost of carpets and flooring.

Social landlords are not required by law to provide carpets and flooring when they let out properties. It is common practice for social housing to be let out without carpets and flooring. While not all social landlords rent out their properties in this way, we have heard that not only is it is common practice for some social landlords to let out properties without carpets, some rip out existing carpets and flooring that was left in the property by the previous tenant, concerned that it could be viewed as a trip hazard or hide hazardous materials such dirt from pets or needles. Given that nearly half of social housing tenants live in poverty,¹²⁷ this places tenants under considerable financial stress.

The cost of installing a new carpet or flooring can be prohibitive for many, not just those who are trapped in poverty. Some social landlords have their own hardship schemes which they use to help tenants purchase flooring and carpets. Indeed, a member of staff at one social landlord noted that many of their tenants colloquially referred to their hardship fund as "Cronfa Carpedi", (Welsh for Carpet Fund). Such funds are not available for all tenants in Wales meaning that there are people currently going without adequate flooring.

We heard one mother who had been directly affected by this problem at Action in Caerau and Ely's Community Pantry over the summer of 2019. She had recently moved homes but was without carpets and wardrobes. She said that the only way in which she would be able to get carpets would be to put down a deposit and pay monthly, but at the time she did not have enough money to pay the deposit.

"I had DAF but they wouldn't give me carpets, they only gave me a cooker, fridge freezer, washing machine, settee, bed and cot – that is all I need for him that they gave me. The health visitor got me stuff too; she has got me safety gates, new pram coming and a £30 voucher, but I have to wait two months for that."

We are aware that Tai Pawb and TPAS Cymru are currently undertaking some research on this issue. This may well be a concern that impacts on hundreds if not thousands of households in Wales. An uncarpeted home is colder and present a risk of injury to both adults and children from walking and playing on hard wood or concrete surfaces, picking up splinters or cuts, and can have an impact on mental health and wellbeing.

5.5 Housing costs – where's support lacking?

A concern that was raised by stakeholders is that there are more support services available for families trapped in poverty if they live in the social housing sector, especially in homes let by housing associations, than in other housing tenures. Whilst many organisations, such as Shelter Cymru, Citizens Advice and Step Change, operate on a cross tenure basis, extra support is often only available for social housing tenants.

Many housing associations have the resources to run their own support programmes. We heard that a number of housing associations, for example, manage significant hardship funds to support tenants in need. Many housing associations run income maximisation and advice programmes for their tenants and others run courses to provide tenants with new skills to improve their career prospects. These services are less available for those living in council let homes, in the private rental sector and especially for owner occupiers.

There are some organisations who assist tenants living in the private rental sector. Hafan Cymru for example provide support services to tenants in the social and private sector. With a number of people being discharged in the private rental sector from homelessness services, an increasing number of services are being made available to tenants vulnerable to homelessness. Local authorities that own social housing stock also provide some support to their tenants, but rules on how local authorities are permitted to spend their housing revenue and the extent of other demands on local authority services mean these tend to be more limited than what are provided by housing associations. For owner occupiers, however, there is almost no support available beyond the work of cross tenure organisations.

There are two reasons for concern. First, the greater prevalence of support from housing associations means that people living in other tenures are less likely to be able to get assistance with any issues they are facing than housing association tenants. A discrepancy that was viewed as unfair by those who attended our roundtables. Secondly, private rental sector tenants or owner occupiers may be presenting with difficulties at a range of agencies who are already overstretched. If more support were available for people with their housing specific needs, this would allow people to receive support at an early stage before their situation deteriorated.

6. Options for reform

As has been demonstrated, the current system of providing support to low income households to assist them with their housing costs does not work. The system is inefficient, with significant administrative duplication and a lack of joined up working between various agencies. The system is not effective in providing support to households in need, with thousands of people missing out on at least one of the various schemes. It is also an inequitable system with the amount of support a household receives varying across Wales, as well as being a procedurally unfair system with the amount of support a person receives sometimes depending on when an application for support is made.

Despite these shortcomings, we believe that many of the issues are capable of being resolved. In this section, we propose two ways in which the issues identified can be addressed and better support offered to people with their housing costs. The first involve practical, administrative changes that can be made within existing schemes to provide some consistency of approach, to ensure that the schemes provide more effective support, and to streamline administration. The second involves more radical changes.

6.1 Immediate steps

The current schemes could be readily amended to improve their effectiveness at relieving poverty amongst low income households.

6.1.1 Automatically Passport Universal Credit Claimants onto CTRS.

One of the major issues with CTRS is the reduction in the number of people who are automatically passported to receive support as the result of the roll out of UC. At our north Wales roundtable local authority officers identified one potential work around to the requirement for UC recipients to submit a separate application for CTRS. They explained that all local authorities receive a claimant file from DWP when a new UC application is approved. Most local authorities use this as a trigger for them to send out a letter to the household, advising them to apply for CTRS. They noted however, that they had heard that a local authority was exploring whether the claimant file included enough detail to allow them to treat that as an application in itself, meaning that they could contact households to request specific information rather than request a full application. This reduces the need for households to make separate applications. We also understand that there are local authorities in Scotland experimenting with similar approaches.

The Welsh Government should work with all local authorities in Wales to explore whether this is an approach that could be successfully applied nationally. It should also liaise with colleagues in Scotland to see whether there is some learning that can be drawn from the Scottish experience. If there is, this should be implemented immediately. We do not believe that there is a need for the Welsh Government to wait for the results of Policy in Practice's review to introduce this.

6.1.2 Establish a DHP stabilisation mechanism

Many of the challenges around DHPs are a result of the fact that the amount of money in the pot changes annually. Local authorities therefore have a limited ability to apply lessons learned in the previous twelve months with regards to allocation given this fluctuation. The Welsh Government should establish a DHP stabilisation mechanism. This

mechanism could see the Welsh Government guarantee a minimum DHP pot for each local authority which could be increased if there is a surge of demand, for example due to external economic shock. This could be achieved by the Welsh Government providing money to local authorities to cover any shortfall between DHP allowance provided by the UK Government and the DHP pot guarantee. Local authorities who wished to spend more on DHPs beyond this guaranteed pot would be permitted to do so up to the UK Government's cap.

6.1.3 DAF to provide more than minimum support

The support provided through DAF should always be sufficient to provide someone with a decent standard of living, not just enough to make their home habitable. The news that people applying for DAF will now be able to receive freezers as well as fridges is a welcome step, but this approach should be taken further, ensuring that anyone who wants a sofa for example is able to get one, even if they live by themselves. Whilst there may be some additional costs associated with this approach, the fact that DAF is a demand led grant allows Welsh Government to take this more flexible approach. Ensuring that people are settled within their homes and in their communities could save the Welsh Government money in the longer term, making the additional sums a worthwhile investment.

6.1.4 Provide greater clarity as to the role DFGs and the Enable Fund

There is clearly some confusion as to what support is available for families who need to make adaptations to their homes as a result of a household member's disability. We understand that there is some work already ongoing within Welsh Government to clarify this, but this needs to be resolved as a matter of urgency. Whilst we heard that the role of Occupational Health Therapists within the system reduces some of the impact of this confusion in practice, providing greater clarity to families is vitally important.

6.1.5 Make improvements to the Welsh Housing Quality Standards

It is not right that anybody is faced with moving into a home that does not have adequate flooring. We believe that the most effective solution to this problem is for the Welsh Government to amend the Welsh Housing Quality Standards to ensure that all social homes are let out with good quality flooring and carpets in place. We believe that increasing the availability of grants to cover the cost of flooring would be bureaucratic and expensive. Requiring all social landlords to meet this standard would ensure that all social housing tenants in Wales are adequately provided for, in a consistent and efficient manner.

6.2 Radical Reform

The solutions proposed above could have a real impact on the lives of low-income households in Wales, easing some of the pressures they face and easing the grip of poverty. To make significant progress, however, we believe that there a number of more radical reforms that the Welsh Government should pursue.

6.1.1 Reform Council Tax

The Welsh Government has already commissioned Policy in Practice to undertake a review of CTRS. The models proposed in their interim report could have a positive impact on how many people receive support and how much support they receive.¹²⁸ There are

some more radical changes that we believe could be made to the Council Tax system to provide greater support to low income families across Wales.

One option for reform could be to scrap the single person 25% discount on Council Tax with savings reinvested into CTRS. At present any single person household in Wales (disregarding children under 18, students or carers) is entitled to a 25% discount in their Council Tax, regardless of their household income.¹²⁹ In 2020/21 over 500,000 are receiving a 25% discount off their Council Tax, predominantly due to the single person discount.¹³⁰ This figure includes just over 210,000 who are also eligible for CTRS, meaning that there are approximately 290,000 households in Wales receiving a discount on their Council Tax regardless of their income, approximately 1 in 5 of all Council Tax eligible dwellings in Wales.

The inequity in the current system is emphasized when comparing the number of households in receipt of the single person discount with the number of couples with children who receive support towards their Council Tax costs. Across the board, there are approximately 290,000 people living in poverty in households where there is only a single adult or a single adult with a child.¹³¹ Whilst this is higher than the number who are eligible to receive CTRS, it is still considerably less than the overall number of households who receive a 25% discount.

By contrast, there are approximately 240,000 people living in poverty in couple households with children.¹³² Only around 23,000 of these households receive CTRS, with none eligible for the 25% discount.¹³³ This means that whilst there are approximately 215,000 single person households receiving a discount despite not living in poverty, there are approximately the same number of couple households with children who receive no support at all despite living in poverty.

There are some arguments for retaining the single person discount. A single person household likely to put less demand on council services such as waste collection, for example, and therefore it may be viewed as fair for them to make less of a contribution. A stronger argument in favour of the reduction is that Council Tax accounts for a greater proportion of a single person's income than a couple household. This is on top of a single person having to spend a greater proportion of their income on other housing costs such as rent or energy payments. Indeed, this is one of the key reasons for why single person households are more likely to live in poverty than couple households.¹³⁴ Providing a universal discount to single person households therefore may promote take up and help ease the pressure on some low income single person households.

This argument is undermined, however, by the evidence we gathered at our roundtables. We heard that there are a number of households who are trapped in poverty who are not applying for CTRS as they think they are already receiving it in the form of the single person discount. This means that the single person discount may be leading to some households paying 75% of their Council Tax when in fact they do not need to be paying anything at all. The universalism of the discount may therefore, actually be curtailing the effectiveness of the more generous CTRS system. Abolishing the single person discount may therefore lead to greater clarity. Funds saved from the abolition could then be reinvested to increase the number of households eligible for CTRS, providing greater support to single people and families living on the margins of poverty than is currently the case.

Even with this reform, there are limitations as to the effectiveness of CTRS without greater changes being made to the Council Tax system more generally. First, even if the number of households eligible for CTRS increases, there are still likely to be many families who are struggling with the cost of Council Tax who will still not qualify for support. This risk is especially prominent for workers in low paid jobs. Second, UC is still likely to pose challenges for any scheme introduced, having an impact on the effectiveness of the support provided. One option to mitigate this would be for the Welsh Government to lobby the Westminster Government to exempt CTRS from the benefit cap. Even allowing for this however, we believe that to fully maximise the support that is available through CTRS there is therefore a need to also reform Council Tax.

Developing a more progressive approach could reduce the financial burden on the lowest income households. This would benefit people trapped in poverty in a number of ways. It would reduce Council Tax bills for low income households who do not qualify for CTRS. It would also reduce the impact of UC rules on CTRS support, meaning that some households who are currently granted a partial award could get the full support they need. It could also reduce the overall cost of CTRS, with smaller bills having to be covered through the scheme. The money saved through this could be reinvested in CTRS to expand to the number of households who are eligible for support, or could be spent on other support schemes, for example, increasing the number of children who are eligible for Free School Meals.

Recent research by Wales Fiscal Analysis at Cardiff University, suggests that there are some reforms to Council Tax that could be made at little or no expense. Increasing the basic rate of income tax to 20.17 percent would allow the Welsh Government to freeze Council Tax in real terms in 2020/21 at no extra cost.¹³⁵ Their modelling suggests that doing so would mean that the bottom four income deciles would be better off financially than if income tax remained unchanged and Council Tax continued to increase above inflation.¹³⁶ We believe that the Welsh Government should implement this at its next budget.

Taking such an approach would prevent Council Tax becoming even more regressive in future but would not, in the near term, reverse some the regressive elements already built into the system. In order to develop a more equitable and sustainable long-term solution there is a need for the Welsh Government to adopt a new taxation model. Some work has already been undertaken on this, most recently by the Institute of Fiscal Studies.¹³⁷ We believe that the Welsh Government should commission a review into possible options with a new system being put in place during the next Welsh Parliament term.

6.1.2 The construction of more social housing

One of the major underlying issues facing households across Wales is the lack of availability of secure long-term housing at affordable rent. There has been a slow but steady increase in the number of social homes available in Wales in recent years.¹³⁸ This number is set to increase further over the next year as the Welsh Government seeks to meet its objective of constructing 20,000 new affordable homes by 2021. Despite being welcomed progress this is likely to fall well short of demand. In 2018, research carried out by Shelter Cymru found that there were 60,500 households in Wales waiting for a home on social housing waiting lists.¹³⁹ It should also be noted that not all of these 20,000 homes will be available for social rent, with the figure also including homes constructed for affordable ownership. The potential benefits of this new construction drive have been

further hampered by the increase in the cost of social rent we have seen over the same period.

One way in which the Welsh Government could encourage the construction of more social housing whilst ensuring rents do not increase is to invest greater public funds into the social housing sector. The Welsh Government's budget for 2020/21 makes £223 million available for social housing grant.¹⁴⁰ Whilst this was a significant increase on the £138m that was made available in 2019/20, it is modest in relation to the £207m that was available in 2018/19.¹⁴¹ These sums are not sufficient to allow social landlords to construct enough new housing to meet the Welsh Government's 20,000 affordable homes target, leading to social landlords having to turn to the private finance which, in turn, puts pressure on rents.

Rents and private finance are always going to play a crucial role in financing the construction of new social housing, and concerns about increases in social rent are not unique to Wales, but there is more money available for the Welsh Government if it wants to develop a more redistributive approach. To provide one example, in March 2020, the Welsh Government announced the creation of a £210m self-build fund.¹⁴² The Welsh Government should re prioritise such funds and target its spending on constructing homes that have the greatest positive impact on ending poverty.

6.1.3 The devolution of Discretionary Housing Payments

In the short term we believe that the Welsh Government should establish a DHP stabilisation mechanism to provide local authorities with greater certainty as to the size of the DHP pot from year to year. In the medium term, however, we believe that powers over Discretionary Housing Payments should be devolved to Wales. Doing so would allow the Welsh Government to align DHPs and DAF to develop a more cohesive system. As a demand led service there is less significant variation in the level of support provided through DAF at various point in the financial year than through DHPs. Devolving powers over DAF would allow the Welsh Government to move DHPs onto a similar footing.

If powers over DHPs were devolved, there may be case be a case for the Welsh Government to explore whether DAF and DHPs could be merged to create one unified fund given the shared objectives of both schemes. This would reduce the need for a household to make multiple applications for support at a time of crisis.

6.1.4 The devolution of powers over social security

Many of the support schemes available in Wales to help with housing costs are being used to plug gaps in the UK's social security system rather than providing families with supplementary support. The surge in DAF payments (pre Covid 19) and its links to the expansion of UC highlights this clearly. Given that the Welsh Government is spending increasingly significant amounts on papering over the cracks in the UK's social security system, and that the effectiveness of some of its own support schemes such as CTRS are being impacted by UK Government welfare reform, there is a strengthening case for some powers over the social security system to be devolved to Wales.

Back in 2016 the Bevan Foundation found that a £1 billion a year was being spent on Housing Benefit in Wales.¹⁴³ At the time we recommended that:

1. the Welsh Government should seek the ability to vary the administration of Housing Benefit / the housing element of UC, including the ability to

- determine the frequency of payments and the recipient;
- 2. the Welsh Government should have the ability to make additional payments to Housing Benefit / the housing element of UC;
- 3. the Welsh Government should have control over local housing allowance and occupancy requirements;
- 4. the Welsh Government should explore the potential to devolve responsibility for housing benefit for 18-24 year olds from April 2017 as a matter of urgency.¹⁴⁴

The case for these recommendations to be implemented has been strengthened in the intervening years. The Welsh Government is already making additional payments to household's housing costs via the back door through DAF, with some authorities also topping up DHPs. This is being done on a discretionary basis however. Devolving powers to make additional payments to Housing Benefits / the housing element of UC would allow the Welsh Government to support households in a more transparent and consistent manner. Meanwhile, administrative powers over housing benefit and the housing element of UC have already been devolved to Scotland. Taking similar steps in Wales could provide low income households with greater flexibility, improving their experience of accessing support from the social security system.

There is a case to be made for even stronger reform. Back in 2016, we recommended that further work should be done on the scope to devolve Housing Benefit / the housing element of UC in full. Devolving Housing Benefit/ the housing element of UC, and other related benefits, in particular the Winter Fuel Allowance could lead to a more coherent approach to providing support to low income families and could allow the Welsh Government to get to grips more effectively with the root causes of poverty in Wales.

For example, if powers over the Winter Fuel Allowance were devolved to Wales the Welsh Government could develop a more holistic approach to solving fuel poverty. The fund could be combined with NEST, meaning that low income households could receive support to both increase the energy efficiency of their homes and support towards the cost of their fuel bills. Some of the funds currently spent on housing benefit on the other hand could be rechannelled to help fund the construction of more social housing, reducing the pressure on social landlords to increase rents as they seek to increase supply, a more sustainable long term approach.

6.1.5 A Welsh Housing Guarantee

Housing is the largest cost most families face. Many of the schemes designed by the UK and Welsh Governments are reactions to the fact that the housing market is not providing enough affordable housing for people. Whilst these schemes provide valuable support in the short term, if housing continues to become more unaffordable, the amount of money spent on these schemes will continue to increase. The long-term solution to this problem is the greater provision of affordable housing, which does not only consider the cost of rent but also other non-optional costs such as utility bills, service charges and essential furnishings. We believe that the Welsh Government could achieve this goal by establishing a Welsh Housing Guarantee.

The Welsh Housing Guarantee would be a rights-based system that ensures that any household in Wales that is struggling to meet their housing costs is provided with support that covers every aspect of their home. This would streamline the currently inefficient and ineffective system by ensuring that a person would only have to make one application for

support, making it clearer what someone is entitled to. This support would include both the provision of cash payments directly to households and the provision of goods.

Elements that we believe that should form part of the Welsh housing guarantee include:

- A guarantee to a home at an affordable rent – any low-income household should have access to a home that is genuinely affordable to rent, (including service charges) in the social housing sector. In the short term, given the shortage of social housing, a tenant in the Private Rental Sector who cannot afford to pay their rent and who does not have the option of moving into the social rental sector should be provided with financial support to allow them to remain in their home.
- A guarantee to a warm home – no one in Wales should be in a position where they cannot afford to adequately heat their own home or to cook their own meals. The Welsh Government should commit to investing in improving the energy efficiency of all homes in Wales. Any low-income households who are struggling to meet their utility bills, however, should receive direct cash support from the Welsh Government regardless of how energy efficient their home is.
- A guarantee to a home that is fit to live in – no one in Wales should live in a home that is not warm, safe and secure. Despite there already being legislation in place to introduce minimum standards within the rental sector, we have revealed that too many people in Wales are going without basic needs including flooring and furniture. All households in Wales should be guaranteed support that would allow them to afford all the basic furnishing required for a person live comfortably within their community. In addition to this we believe there is a case for the Welsh Government to review space standards and the provision of affordable broadband in light of Covid 19. If the shift to home working that has been seen in recent months continues in some capacity in the longer term, then it is vital that the homes we build are suitable to meet these new demands.

Outside the Welsh Housing Guarantee we do believe that there is a purpose to retain a separate pot of money for households who are facing a financial crisis, such as DAF and DHPs. Whilst we believe that establishing the Welsh Housing Guarantee would significantly improve the current social security system with regards to housing, providing a stronger safety net, it is likely that some people may still fall through the cracks due to individual circumstances. Retaining the DAF as a separate form of support would therefore ensure that everyone who is in need of additional support on top of the Welsh Housing Guarantee could receive this and would return the focus of the DAF back to supporting people facing a financial emergency rather than plugging the gaps in the UK social security system.

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