

This discussion paper has been written by officials of the Welsh Government. Ministers have not had an opportunity to comment on the contents. Exemplifications of changes are provided simply to inform discussion by DSG members. They are not Welsh Government proposals or statements of Government policy for or against changes.

Welfare Benefits Reform Update

Summary

1. This paper sets out the latest position with regards to Welfare Benefits Reform, in particular, Universal Credit (UC) and Personal Independence Payment (PIP), and the impact on future Settlements.

Views Sought

2. Members are asked to agree to the recommendation in paragraph 26 concerning Universal Credit and to agree to take this work forward as part of the 2016 and 2017 work programmes.
3. Members are asked to agree to the recommendation in paragraph 28 concerning Personal Independence Payment for the 2017-18 Settlement.

Background

4. Previously papers have outlined the implications of Welfare Reforms to the benefits data used in the preparation of the Settlement.

Universal Credit

Background and latest updates

5. The Department for Work and Pensions (DWP) has been introducing the Universal Credit Live Service across Wales on a phased basis since April 2014 with the first roll out to new single jobseeker claimants in Shotton, Flintshire. Since then the DWP have expanded UC to couples and families in Shotton only. DWP have now expanded to all new single jobseeker claimants across Wales.
6. The next phase of the UC expansion will be on the new UC Digital Service. However, DWP have indicated they will not fully roll out UC to all claimant group types and move people from legacy benefits to UC until 2020-2021. Further details are expected to be announced by DWP on the phased roll-out of UC 'Digital', however, it is anticipated no expansion into Wales until the earliest February 2017 on current DWP Planning Assumptions.
7. The **caseload** of Universal Credit claimants includes those who have started Universal Credit and have not had a termination recorded for this spell, up to the 'count date'. A termination would be recorded either at the request of the individual or if their entitlement to Universal Credit ends, for example, they no longer satisfy the financial conditions to receive Universal Credit as they have capital over £16,000, or have increased earnings which reduce their award to zero for six consecutive months.
8. Table 1 shows the Universal Credit caseload by Local Authorities as of **10 March 2016** whilst Chart 1 presents the time at which Local Authority was rolled-out and the trend since that time.

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

9. As of **10 March 2016**, provisional DWP figures show **12,439** people were on the Universal Credit caseload in **Wales**. Of the people on Universal Credit in March 2016, 40 per cent (5,028) were in employment and 60 per cent (7,406) were not in employment.
10. For **Great Britain**, there were **225,002** people on Universal Credit as of 10 March 2016. Of the people on Universal Credit in March 2016, 39 per cent (87,592) were in employment and 61 per cent (137,414) were not in employment.

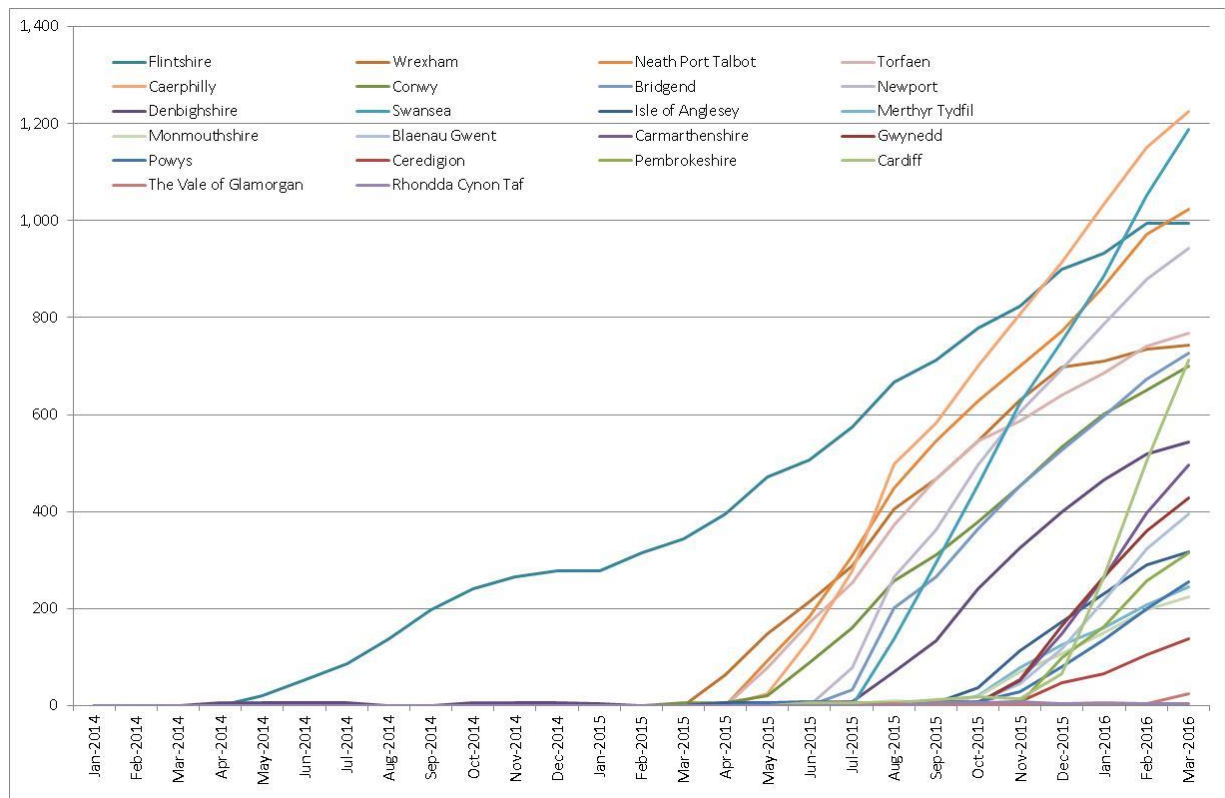
Table 1: Number of people on Universal Credit, by Local Authority, as of 10 March 2016

Universal Credit Caseload	As of March 2016	Rolled-out	Time of launch
Isle of Anglesey	317	Tranche 3	Summer 2015
Gwynedd	428	Tranche 3	Summer 2015
Conwy	701	Tranche 2	Spring/Summer 2015
Denbighshire	543	Tranche 2	Spring/Summer 2015
Flintshire	994	Tranche 1	Winter/Spring 2015
Wrexham	743	Tranche 1	Winter/Spring 2015
Powys	255	Tranche 3	Summer 2015
Ceredigion	138	Tranche 3	Summer 2015
Pembrokeshire	316	Tranche 3	Summer 2015
Carmarthenshire	496	Tranche 3	Summer 2015
Swansea	1,187	Tranche 2	Spring/Summer 2015
Neath Port Talbot	1,024	Tranche 1	Winter/Spring 2015
Bridgend	727	Tranche 2	Spring/Summer 2015
The Vale of Glamorgan	24	Tranche 4	Winter 2016
Rhondda Cynon Taf	5	Tranche 4	Winter 2016
Merthyr Tydfil	246	Tranche 3	Summer 2015
Caerphilly	1,224	Tranche 2	Spring/Summer 2015
Blaenau Gwent	396	Tranche 3	Summer 2015
Torfaen	768	Tranche 1	Winter/Spring 2015
Monmouthshire	225	Tranche 3	Summer 2015
Newport	943	Tranche 2	Spring/Summer 2015
Cardiff	712	Tranche 3	Summer 2015
Wales	12,439		

Note:

1. Figures for the latest month (March 2016) are provisional and will be finalised in the next release.
2. Local Authority totals may not sum to Wales total.
3. DWP will publish the next Statistical Release, with April 2016 figures, on the 18 May (i.e. tomorrow). An oral update will be presented at the DSG meeting on the 19 May 2016.

Chart 1: Number of people on Universal Credit, by month and Local Authority



11. These are new official statistics undergoing evaluation and are therefore regarded as experimental statistics.

Impact to Settlements

12. The existing benefits data used directly as indicators in the Settlement are: Income Support, Income-based JSA, Housing Benefit. UC replaces these benefits, along with income-related Employment and Support Allowance (ESA), Working Tax Credit and Child Tax Credit. Therefore, it is worth noting that it is not the case that every UC claimant would have otherwise been claiming JSA. UC is an in and out-of-work benefit.

13. As seen in Table 2 and Chart 2 the level at which the number of people are on Universal Credit (including those who in and out-of-work) is considerably lower than the existing benefits of Income Support, Income-based JSA and Housing Benefit.

14. This early indication shows the impact to the 2017-18 Settlement would be minimal.

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Table 2: Universal Credit compared to 2016-17 Settlement and Housing Benefit

	Universal Credit Caseload as of Mar 2016	2016-17 Settlement					Average of 24 months June 2013 to May 2015
		Job Seekers' Allowance (JSA) 3-year average	Income Support (IS) 3-year average	Pension Claimants 65+ (PC) 3-year average	JSA, IS and PC 18-64 3-year average	JSA, IS and PC all ages 3-year average	
Isle of Anglesey	317	1,417	1,070	3,237	2,853	6,105	5,103
Gwynedd	428	1,433	1,495	5,492	3,498	9,007	7,968
Conwy	701	1,858	1,905	5,759	4,396	10,176	8,997
Denbighshire	543	1,975	1,911	4,910	4,445	9,370	8,212
Flintshire	994	1,975	2,246	5,601	4,881	10,500	9,610
Wrexham	743	2,633	2,508	5,440	5,820	11,283	11,310
Powys	255	1,083	1,380	5,121	3,034	8,178	7,735
Ceredigion	138	633	774	2,685	1,722	4,418	4,284
Pembrokeshire	316	1,617	1,895	5,248	4,126	9,393	8,979
Carmarthenshire	496	2,350	3,073	7,990	6,334	14,381	13,199
Swansea	1,187	4,000	4,809	10,003	10,008	20,058	21,545
Neath Port Talbot	1,024	2,242	3,605	6,967	6,654	13,671	13,735
Bridgend	727	2,475	3,023	5,466	6,208	11,713	11,591
The Vale of Glamorgan	24	1,842	2,026	4,175	4,351	8,550	8,724
Rhondda Cynon Taf	5	4,442	6,016	11,076	11,842	22,967	20,226
Merthyr Tydfil	246	1,525	1,659	2,583	3,586	6,180	5,832
Caerphilly	1,224	4,333	4,033	7,854	9,439	17,329	15,341
Blaenau Gwent	396	2,367	1,788	3,643	4,656	8,310	7,871
Torfaen	768	2,200	2,016	3,932	4,669	8,628	8,893
Monmouthshire	225	733	965	2,848	2,038	4,898	5,113
Newport	943	4,058	3,293	5,746	8,056	13,843	13,908
Cardiff	712	8,017	6,964	11,358	16,456	27,901	31,075
Wales	12,439	55,192	58,448	127,125	129,068	256,860	249,251

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Chart 2: JSA, IS and HB against UC ¹



¹ There have been changes to the Income support for lone parents, which will explain some of the significant reduction the IS numbers.

Personal Independence Payment (PIP)

Background and latest updates

15. On 8th April 2013, Personal Independence Payment (PIP) was introduced as a controlled start, for **new claims** from people living in a limited area in the North West and part of the North East of England. From 10 June 2013, this was extended to all remaining areas of Great Britain. From this date, DWP no longer accepted new claims to DLA from people aged 16 to 64.
16. In terms **existing working-age Disability Living Allowance (DLA) claimants**, from October 2013, using a structured roll out to postcode areas, Department for Work and Pensions (DWP) has been inviting such to claim PIP if:
 - DWP received information about a change in care or mobility needs which meant their claim had to be renewed;
 - the claimant's fixed term award was due to expire;
 - children turned 16 years old (unless they have been awarded DLA under the special rules for terminally ill people);
 - or the claimant chose to claim PIP instead of DLA.
17. From October 2015, DWP have been inviting all other existing DLA claimants (aged 16-64 on the 8 April 2013) on a controlled post code basis to claim PIP. All existing DLA claimants (aged 16-64 on 8 April 2013) will be invited to claim PIP by October 2017.
18. On the **31st January 2016**, **57,557** people had a PIP claim in payment in **Wales**, an increase of 1,439 (2.6 per cent) from the previous reported quarterly figure (December 2015) and an increase of 24,798 (75.7%) from a year ago (January 2015).
19. On the **31st January 2016**, **692,000** people had a PIP claim in payment in **Great Britain**, an increase of 26,007 (3.9 per cent) on the previous quarterly figure (December 2015) and an increase of 366,301 (112.4%) from a year ago (January 2015).

Source: [Personal Independence Payment: Official Statistics to January 2016](#)

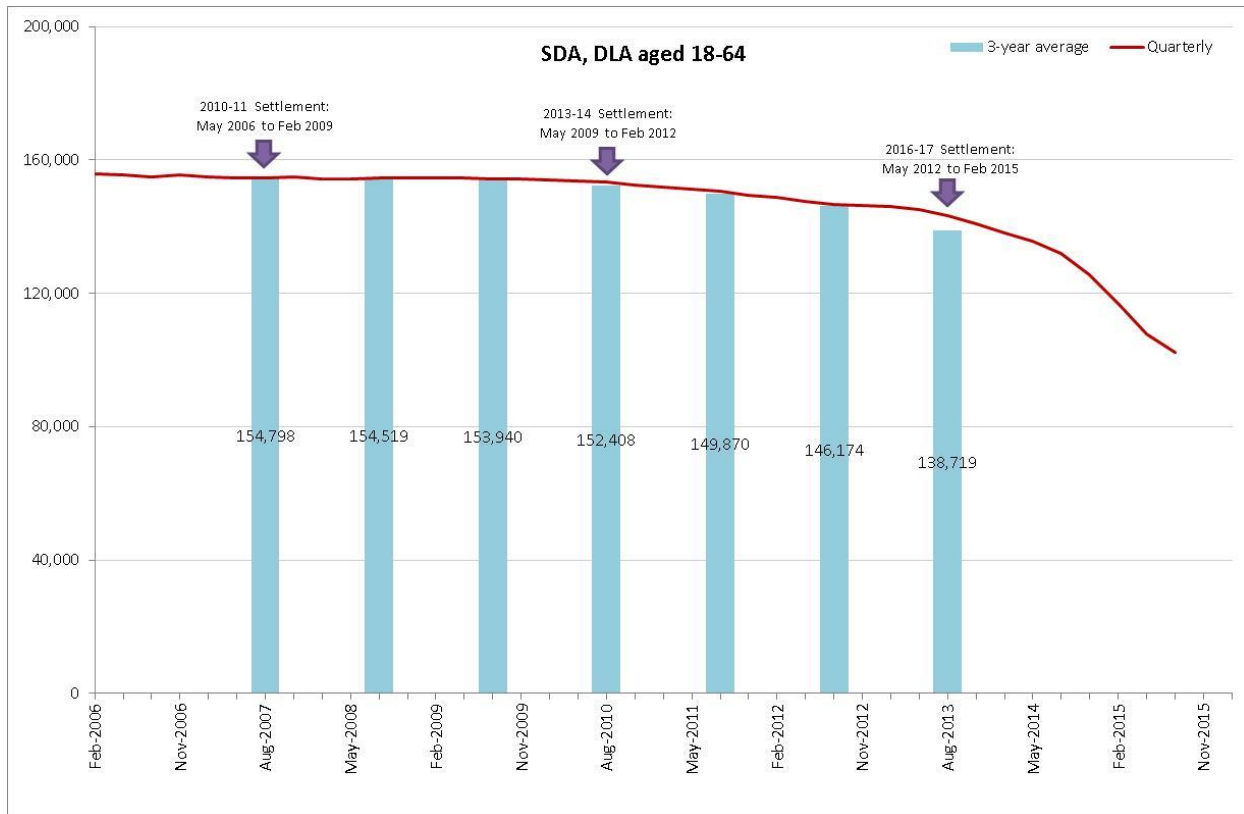
Impact on Settlement data

20. The existing benefits data used directly as indicators in the Settlement are number of Severe Disablement Allowance (SDA) or Disability Living Allowance (DLA) Claimants aged 18 to 64.
21. Charts 3 and 4 indicate the impact on the data of the move from DLA claimants to Personal Independence Payment (PIP) claimants since PIP's introduction in 2013.
22. Chart 5 shows the effect with the inclusion of PIP data to the existing data. As seen, the sum is higher than might be expected (given the stricter eligibility criteria under PIP compared to DLA, and the aim of a smaller caseload compared to what would have otherwise been the case if DLA was not reformed). This is due to a large number of DLA claimants still needing to be assessed to see whether they are eligible for PIP.
23. Table 3 shows the share percentage of the latest PIP (aged 18 – 64) data is relatively similar to the share percentage of the combined DLA and SDA (aged 18 – 64) used in the 2016-17 Settlement.

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

24. The last column in Table 3 presents the share percentage differences with the inclusion of the latest PIP data. As you can see the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.2 percentage points.
25. Table 4 shows the monetary impact. Neath Port Talbot funding amount would have decreased by £173,053 whilst Wrexham and Cardiff funding would have increased by £132,054 and £108,963 respectively for the 2016-17 Settlement.

Chart 3: Existing data used for the Settlement, aged 18 - 64

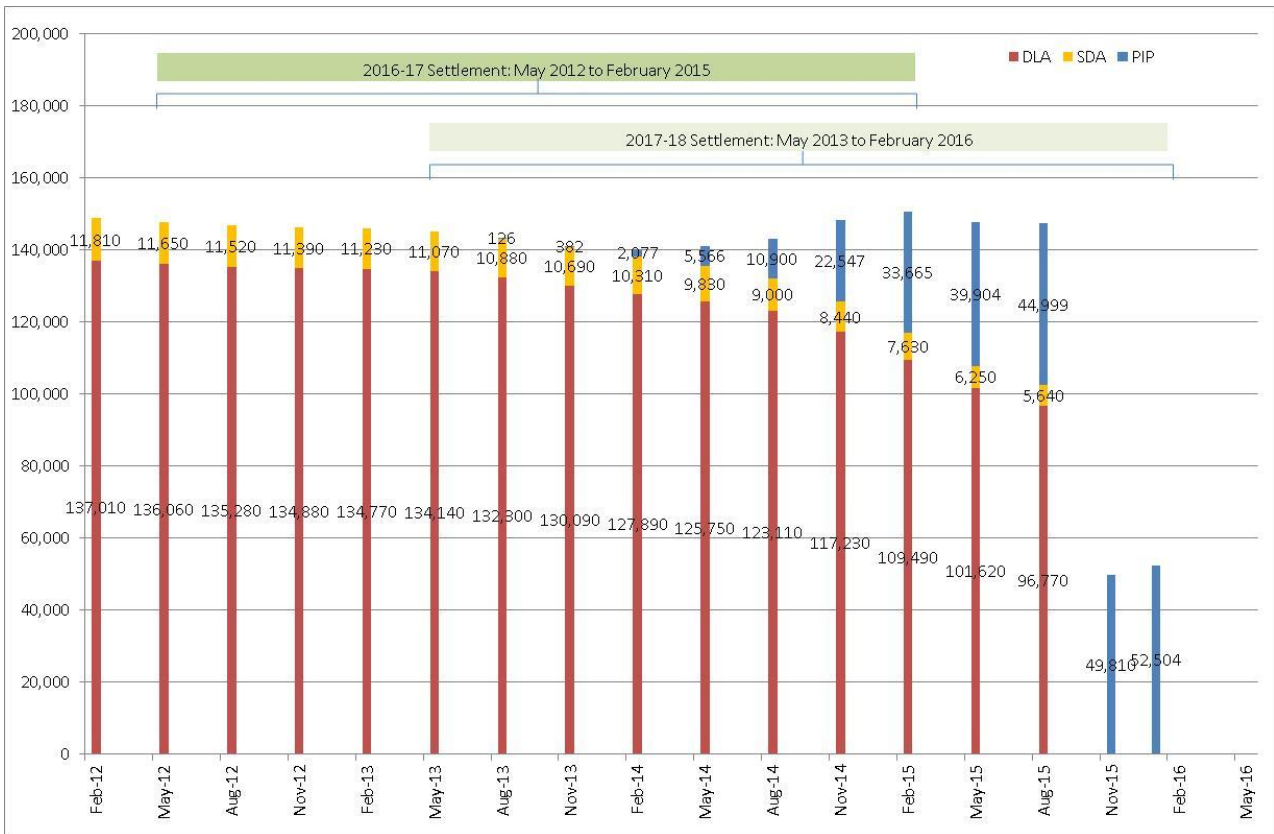


Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Chart 4: Existing quarterly data used and PIP, aged 18 – 64



Chart 5: Inclusion of PIP data by quarters, aged 18 – 64 ¹



¹ DLA and SDA data are not yet available for November 2015 and February 2016

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Table 3: Share percentage for PIP, DLA and SDA¹, DLA SDA and PIP² by Local Authority, aged 18 to 64

	PIP	share %	DLA and SDA	share %	DLA, SDA and PIP	share %	Difference in share % with and without PIP
	31-Jan-16	31-Jan-16	2016-17 Settlement (3-year average)	2016-17	2016-17	2016-17	
Anglesey	963	1.8%	2,585	1.9%	3,548	1.9%	0.0%
Gwynedd	1,293	2.5%	3,683	2.7%	4,976	2.6%	-0.1%
Conwy	1,839	3.5%	4,813	3.5%	6,652	3.5%	0.0%
Denbighshire	1,785	3.4%	4,737	3.4%	6,522	3.4%	0.0%
Flintshire	2,226	4.2%	5,522	4.0%	7,748	4.1%	0.1%
Wrexham	2,471	4.7%	5,751	4.1%	8,222	4.3%	0.2%
Powys	1,707	3.3%	4,451	3.2%	6,158	3.2%	0.0%
Ceredigion	942	1.8%	2,659	1.9%	3,601	1.9%	0.0%
Pembrokeshire	1,888	3.6%	4,849	3.5%	6,737	3.5%	0.0%
Carmarthenshire	3,177	6.1%	8,821	6.4%	11,998	6.3%	-0.1%
Swansea	4,421	8.4%	11,883	8.6%	16,304	8.5%	0.0%
Neath Port Talbot	3,221	6.1%	9,530	6.9%	12,751	6.7%	-0.2%
Bridgend	2,713	5.2%	7,468	5.4%	10,181	5.3%	-0.1%
The Vale of Glamorgan	1,720	3.3%	4,488	3.2%	6,208	3.2%	0.0%
Rhondda, Cynon, Taff	4,795	9.1%	12,715	9.2%	17,510	9.2%	0.0%
Merthyr Tydfil	1,330	2.5%	3,763	2.7%	5,093	2.7%	0.0%
Caerphilly	3,907	7.4%	10,104	7.3%	14,011	7.3%	0.0%
Blaenau Gwent	1,547	2.9%	4,067	2.9%	5,614	2.9%	0.0%
Torfaen	1,826	3.5%	4,738	3.4%	6,564	3.4%	0.0%
Monmouthshire	1,108	2.1%	2,937	2.1%	4,045	2.1%	0.0%
Newport	2,430	4.6%	6,078	4.4%	8,508	4.4%	0.1%
Cardiff	5,195	9.9%	13,084	9.4%	18,279	9.6%	0.1%
Wales	52,504	100.0%	138,719	100.0%	191,223	100.0%	0.0%

¹ DLA and SDA figures as used in the 2016-17 Settlement, i.e. 3-year average from May 2012 to February 2015

² The DLA and SDA figures as used in the 2016-17 Settlement and the PIP figures from the latest Statistical Release at 31 January 2016

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Table 4: Impact to the 2016-17 SSA

	PIP (£)	DLA and SDA (£) (1)	DLA, SDA and PIP (£) (2)	Diff (£) (2-1)	Diff % (2/1)
Anglesey	1,572,985	1,598,073	1,591,185	- 6,888	-0.4%
Gwynedd	2,112,014	2,277,074	2,231,755	- 45,319	-2.0%
Conwy	3,003,863	2,975,136	2,983,023	7,887	0.3%
Denbighshire	2,915,658	2,928,255	2,924,796	- 3,459	-0.1%
Flintshire	3,635,997	3,413,550	3,474,625	61,075	1.8%
Wrexham	4,036,185	3,555,223	3,687,276	132,054	3.7%
Powys	2,788,251	2,751,550	2,761,626	10,077	0.4%
Ceredigion	1,538,683	1,643,923	1,615,029	- 28,895	-1.8%
Pembrokeshire	3,083,901	2,997,803	3,021,442	23,639	0.8%
Carmarthenshire	5,189,381	5,453,127	5,380,713	- 72,414	-1.3%
Swansea	7,221,358	7,345,880	7,311,691	- 34,189	-0.5%
Neath Port Talbot	5,261,252	5,891,541	5,718,488	- 173,053	-2.9%
Bridgend	4,431,474	4,616,483	4,565,687	- 50,796	-1.1%
The Vale of Glamorgan	2,809,486	2,774,733	2,784,274	9,542	0.3%
Rhondda, Cynon, Taff	7,832,258	7,860,540	7,852,775	- 7,765	-0.1%
Merthyr Tydfil	2,172,451	2,326,530	2,284,226	- 42,304	-1.8%
Caerphilly	6,381,779	6,246,497	6,283,640	37,143	0.6%
Blaenau Gwent	2,526,904	2,514,054	2,517,582	3,528	0.1%
Torfaen	2,982,628	2,929,285	2,943,931	14,646	0.5%
Monmouthshire	1,809,831	1,815,477	1,813,927	- 1,550	-0.1%
Newport	3,969,215	3,757,686	3,815,764	58,078	1.5%
Cardiff	8,485,627	8,088,763	8,197,726	108,963	1.3%
Wales	85,761,182	85,761,182	85,761,182	0	

Conclusion

Universal Credit

26. As the roll-out of Universal Credit has been delayed, early indication shows the impact on the 2017-18 Settlement would be minimal. As a result it is recommended that, for 2017-18 Settlement, no action is taken with regards to Universal Credit and that this work is taken forward as part of the 2016 and 2017 work programmes.

Personal Independence Payment

27. In contrast, the impact of the Personal Independence Payment (PIP) appears to be increasing.

28. While we are still in the early stages of replacing Disability Living Allowance (DLA) with Personal Independence Payment (PIP), and need further data to measure the full impact, there is sufficient evidence to suggest that we should add PIP data to the existing dataset for the 2017-18 Settlement as the two datasets are mutually exclusive.

**Local Government Finance Policy
Welsh Government**

Distribution Sub-Group (2016) Paper 11 – Welfare Benefits Reform Update

Related papers:

DSG (2016) Paper 05: Universal Credit Update – Information Paper

DSG (2015) Paper 15: Welfare Benefits Reform Update – Information Paper
<http://gov.wales/docs/dsjlg/minutes/150708-dsg-paper15-en.pdf>

DSG (2014) Paper 25: Welfare Benefits Reform Update – Information Paper
<http://gov.wales/docs/dsjlg/minutes/141118-dsg-paper25-env1.pdf>

DSG (2013) Paper 7: Welfare Benefits Reform
<http://gov.wales/docs/dsjlg/meetings/130307dsjlgmtgwrupdate.pdf>

DSG (2013) Paper 27: Universal Credit – Information Paper
<http://gov.wales/topics/localgovernment/finandfunding/dsg1/item/dsgmtg/?lang=en>

Welsh Government's programme of research to assess the impact of the UK Government's welfare reforms in Wales

<http://gov.wales/topics/people-and-communities/welfare-reform-in-wales/analysing-reforms/?lang=en>