

Distribution Sub-Group (2019) Paper 20 - The impact of universal credit on Housing Benefits Recipients data

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The impact of universal credit on Housing Benefits Recipients data

Summary

1. This paper summaries the effect the staggered rollout of universal credit is having on the housing benefits dataset and considers options going forward.

Views sought

2. The group are asked to agree the treatment of the indicator going forward.

Background

3. The indicator currently take a two-year monthly average from the Single Housing Benefit Extract which are compiled from monthly returns of housing benefit claimants from each individual local authority produced by the Department for Work and Pensions.
4. Universal Credit is replacing these legacy benefits:
 - Working Tax Credit
 - Child Tax Credit
 - income-based Jobseeker's Allowance
 - Income Support
 - income-related Employment and Support Allowance
 - Housing Benefit.
5. In updating the data ahead of the 2020-21 settlement it was noticed that there were some large percentage changes in some authorities' figures, particularly those that were rolled onto universal credit earlier.
6. This paper looks at the change in the data and provides options to the group on how dataset could be treated going forward.

Analysis

7. The underlying data of most indicators used in the settlement are updated on an annual basis, including the housing benefits dataset.
8. Table 1 demonstrates the average number of those claiming housing benefits from August 15 to May 17, the 19-20 settlement (two year average June 2016 to May 2018) and the latest data that would be used in the 2020-21 Settlement.

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Table 1: Average number of people on housing benefits by time period and authority.

	Year on year change				
	Aug 15 - May 17 (a)	19-20 settlement data (b)	20-21 settlement data (c)	(b) / (a) - 1	(c) / (b) -1
Isle of Anglesey	4,874	4,769	4,607	-2.2%	-3.4%
Gwynedd	7,692	7,472	7,208	-2.9%	-3.5%
Conwy	8,501	8,266	7,770	-2.8%	-6.0%
Denbighshire	7,960	7,709	7,146	-3.2%	-7.3%
Flintshire	9,121	8,519	7,453	-6.6%	-12.5%
Wrexham	10,707	10,251	9,113	-4.3%	-11.1%
Powys	7,443	7,252	6,971	-2.6%	-3.9%
Ceredigion	4,239	4,205	4,154	-0.8%	-1.2%
Pembrokeshire	8,775	8,620	8,290	-1.8%	-3.8%
Cardiganshire	12,769	12,554	12,142	-1.7%	-3.3%
Swansea	20,489	19,805	17,886	-3.3%	-9.7%
Neath Port Talbot	13,392	12,928	11,610	-3.5%	-10.2%
Bridgend	11,104	10,859	10,168	-2.2%	-6.4%
The Vale of Glamorgan	8,402	8,266	8,000	-1.6%	-3.2%
Rhondda Cynon Taf	19,124	18,547	17,894	-3.0%	-3.5%
Merthyr Tydfil	5,445	5,275	4,925	-3.1%	-6.6%
Caerphilly	14,771	14,390	13,716	-2.6%	-4.7%
Blaenau Gwent	7,377	7,151	6,690	-3.1%	-6.5%
Torfaen	8,470	7,951	6,990	-6.1%	-12.1%
Monmouthshire	4,835	4,702	4,477	-2.8%	-4.8%
Newport	13,153	12,602	11,298	-4.2%	-10.4%
Cardiff	29,798	29,040	26,792	-2.5%	-7.7%

Source: Housing Benefit Caseload, DWP

Note: The time period August 15 to May 17 is used for comparable purposes, as the universal credit data is only available from that time period.

9. Table 1 demonstrates that the changes from the 19-20 settlement was largest in both Flintshire and Torfaen than the remaining other authorities. Due to the general decrease in all the authorities' caseloads and the lack of data points, this was deemed inconclusive.
10. The latest data shows an even larger percentage reduction in the caseloads for those authorities that have had earlier roll-out such as: Flintshire, Torfaen, Wrexham, Newport and Neath Port Talbot.
11. This suggests that universal credit is having an impact on the indicator, as seen previously in other indicators such as the benefits, dependent children and eligible for free school meals indicators.
12. The Department for Work and Pensions publish data on those receiving universal credit by entitlement (e.g. child entitlement and housing entitlement etc.) but this information is only available on a household basis.
13. Table 2 shows the average number of people on housing benefits and the average number of households on universal credit receiving housing entitlement.

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Table 2: Average number of people on housing benefits and the average number of households on universal credit receiving housing entitlement.

	Year on year change				
	Aug 15 - May 17 (a)	19-20 settlement data (b)	20-21 settlement data (c)	(b) / (a) - 1	(c) / (b) -1
Isle of Anglesey	4,952	4,898	4,810	-1.1%	-1.8%
Gwynedd	7,822	7,713	7,586	-1.4%	-1.6%
Conwy	8,726	8,590	8,544	-1.6%	-0.5%
Denbighshire	8,117	7,960	7,909	-1.9%	-0.6%
Flintshire	9,446	9,407	9,540	-0.4%	1.4%
Wrexham	10,920	10,769	10,774	-1.4%	0.0%
Powys	7,530	7,414	7,341	-1.5%	-1.0%
Ceredigion	4,296	4,316	4,336	0.4%	0.5%
Pembrokeshire	8,893	8,844	8,848	-0.6%	0.0%
Carmarthenshire	12,936	12,854	12,665	-0.6%	-1.5%
Swansea	20,865	20,666	20,862	-1.0%	1.0%
Neath Port Talbot	13,653	13,577	13,603	-0.6%	0.2%
Bridgend	11,277	11,132	11,103	-1.3%	-0.3%
The Vale of Glamorgan	8,464	8,408	8,372	-0.7%	-0.4%
Rhondda Cynon Taf	19,271	18,922	18,773	-1.8%	-0.8%
Merthyr Tydfil	5,523	5,408	5,350	-2.1%	-1.1%
Caerphilly	15,000	14,733	14,546	-1.8%	-1.3%
Blaenau Gwent	7,485	7,344	7,224	-1.9%	-1.6%
Torfaen	8,659	8,598	8,770	-0.7%	2.0%
Monmouthshire	4,894	4,800	4,804	-1.9%	0.1%
Newport	13,420	13,246	13,388	-1.3%	1.1%
Cardiff	30,191	29,858	29,877	-1.1%	0.1%

Source: Housing Benefit Caseload, DWP

14. Table 2 shows that when adding the household information the volatility of the indicator is more stable, demonstrated by the smaller year on year percentage changes compared solely using the housing benefits data (as shown in table 1).

15. By including this data it does increase the relative share of both Flintshire and Torfaen's caseload figures, so this might be over estimating the authorities that were rolled out onto universal credit earlier.

Options

16. DSG are asked to agree the treatment of the indicator going forward from the following three options:

Option 1 – Freeze the data

17. This option would freeze the housing benefits data at the 2019-20 settlement or the 2018-19 if the group feel the data used last years was being influenced by universal credit, for the year to allow further investigation into the dataset. (An average could also be taken to smooth the effect.)

Option 2 – Update the data.

18. The financial implications of this change are shown in Annex A.

19. If the indicator data were updated the largest financial increase would be seen in Rhondda Cynon Taf, up £24k, followed by Carmarthenshire (up £18k).

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20. The largest decreases would be in Swansea and Flintshire, down £22k and £19k respectively.

Option 3 - Include universal credit data to the indicator

21. By including the households on universal credit receiving housing entitlement, the data are less volatile as shown in table 2.

22. The financial impact of making this change ranges from a £26k increase for Flintshire to a £12k decrease in Caerphilly.

Conclusion

23. The options in this paper should allow the DSG to make an informed decision of this indicator going forward.

24. Some of underlying settlement data for 2020-21 has been seen to have distributional impact due to the gradual rollout of universal credit, such as the eligible for free school meals (DSG (2019) - Paper 16) and the Dependent children indicators (DSG (2019) - Paper 17).

25. Given the group have been given options on these other datasets, which attempt to reduce or remove the distributional effects that universal credit has had on the data, it would be beneficial in considering a consistent approach across all three indicators.

26. The different indicators outlined have a varying financial impact, but it's important that DSG consider the consistency of the treatment of the indicator in regards to the other options, in making these decisions.

27. The group are asked to consider these three papers together and whether each indicator requires a different option applied to them or if similar approaches can be used across the suite of indicators.

**Local Government Finance and Workforce Partnerships Division
Welsh Government**

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Annex A – Financial impact of updating or amending the indicator.

	<i>£000s</i>				
	2019-20				
	AEF	Housing	Housing	(2) /	(3) /
	before	benefits data	benefits data +	(1) -1	(1) -1
	floor (1)	update (2)	UC data (3)		
Isle of Anglesey	95,522	95,528	95,518	7	-4
Gwynedd	176,552	176,562	176,547	10	-5
Conwy	153,501	153,504	153,501	3	0
Denbighshire	143,637	143,635	143,634	-1	-2
Flintshire	188,444	188,425	188,470	-19	26
Wrexham	175,252	175,235	175,258	-17	6
Powys	173,077	173,086	173,071	8	-6
Ceredigion	102,091	102,101	102,091	9	0
Pembrokeshire	162,448	162,458	162,445	10	-2
Carmarthenshire	260,388	260,406	260,377	18	-11
Swansea	322,211	322,189	322,225	-22	14
Neath Port Talbot	214,796	214,779	214,804	-17	8
Bridgend	191,807	191,809	191,802	2	-5
The Vale Of Glamorgan	152,070	152,082	152,064	12	-6
Rhondda Cynon Taf	367,339	367,363	367,325	24	-15
Merthyr Tydfil	91,304	91,305	91,301	0	-4
Caerphilly	268,614	268,627	268,602	12	-12
Blaenau Gwent	110,815	110,817	110,809	1	-6
Torfaen	132,650	132,633	132,669	-16	19
Monmouthshire	92,470	92,474	92,468	4	-2
Newport	214,343	214,326	214,356	-17	13
Cardiff	444,629	444,619	444,624	-10	-5
Total Unitary Authorities	4,233,961	4,233,961	4,233,961		