

Benefits in Wales: options for better delivery

October 2019



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Benefits in Wales: options for better delivery

October 2019



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at:
www.assembly.wales/SeneddCommunities

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Chair's foreword

Working to reduce poverty in Wales has been a key focus for our committee before and during this Assembly term. A more equal country will improve quality of life for all our people. But the capacity of Welsh Government to address this crucial agenda is limited. The benefits system is the responsibility of UK Government and is fundamental to social justice. It is then important to consider whether some measure of devolution should take place to complement existing powers and strengthen our ability to tackle poverty in Wales.

Our work over the past three years has repeatedly found issues with the social security system and UK government reforms contributing to major problems in devolved policy areas, from housing to mental health, and local government to poverty.

Almost half the of the Welsh population receive some kind of benefit. The system plays a vital role in the Welsh economy, for individual households and also the wider Welsh purse.

We are concerned that changes to the social security system have been introduced without taking full account of Welsh needs, or considering the impact on devolved policy areas.

We wanted to explore the appetite and desirability of the devolution of sections, all or part of the benefits system. Our terms of reference were wide enough to consider all potential options, without ruling anything out. We wanted to hear all ideas and suggestions from as many viewpoints as possible.

The current system is currently not working for far too many people. We repeatedly hear that benefits are not enough to cover basic and essential household costs, and the system does not treat people with dignity, fairness or compassion. The human cost of these failures is unacceptable, in one of the world's largest national economies.

Our recommendations cover what can be done now, within the current settlement, and in the longer term. We believe they set out a clear framework for positive change, which will reduce poverty and inequality at an individual and household level, improve well-being and the economy at a community and national level.

Recommendations

Recommendation 1. We recommend that the Welsh Government establish a coherent and integrated “Welsh benefits system” for all the means-tested benefits for which it is responsible. As part of this, the Welsh Government should develop a set of principles underpinning their design and delivery. These principles should be co-produced with people who claim these benefits and the wider Welsh public. Page 38

Recommendation 2. We recommend that the Welsh Government publish details of all the means-tested benefits it is responsible for and those delivered at a local authority level in Wales, including details of costs, the number of people eligible and the level of take up. Page 38

Recommendation 3. We recommend that the Welsh Government ensures the DAF can be used during the waiting period for an initial Universal Credit payment, and that the eligibility criteria and application process are changed to reflect this. The Welsh Government must ensure that the application process is swift to ensure that payments are received in a timely fashion to avoid financial hardship and that there are sufficient funds available to meet all claims. Page 41

Recommendation 4. We recommend that the Welsh Government takes action to improve take up of all benefits in Wales, both devolved and non-devolved. At the very least this should take the form of a wide ranging and extensive public awareness campaign. We also believe that there should be a statutory duty placed on local authorities to provide benefits advice which aims to ensure people are claiming all benefits to which they are entitled. The Welsh Government should ensure that funding is made available to local authorities to deliver this duty. Page 42

Recommendation 5. We recommend that the Welsh Government explore with the UK Government the best mechanisms to improve Wales’s voice in UK Government decisions on social security policy. The Welsh Government should provide us with an update on these discussions in six months. Page 44

Recommendation 6. We recommend that the Welsh Government use the Sustainable Livelihoods Toolkit approach in the delivery of all devolved benefits currently delivered in Wales. Page 46

Recommendation 7. We recommend that the Welsh Government undertake a feasibility study of increasing the threshold for free schools meals to £14,000. This should be carried out in a timely manner so that if the increase is financially viable the revised threshold is in place for the start of 2020/21 school term. Page 47

Recommendation 8. We recommend that the definition of kinship care is broadened to include family members and others who are closely connected to the family but are not the parents who are caring for a child or young person in an informal, full time capacity. This should be done at the earliest possible opportunity. Page 47

Recommendation 9. We recommend that the Welsh Government seek payment flexibilities for Universal Credit so that people in Wales can choose to: have more frequent payments, direct payments to the landlord, and split payments between couples. We think this should be taken forward as a matter of urgency, and would request an update in six months from the report publication on negotiations and implementation..... Page 53

Recommendation 10. We recommend that the Welsh Government seeks the devolution of Housing Benefit for specific groups of people that is (and will continue to be) delivered outside of Universal Credit.Page 56

Recommendation 11. We recommend that the Welsh Government undertake further detailed exploratory work to better understand the costs, risks, practical implementation and benefits of devolution of the housing element of Universal Credit. This should also cover powers to set eligible rent levels. The analysis should be published to help inform future public and political debate about devolution.Page 56

Recommendation 12. We recommend that the Welsh Government seeks the devolution of the assessment process for sickness and disability benefits.Page 58

Recommendation 13. We recommend that the Welsh Government seeks devolution over the rules and regulations that govern sanctions within the benefits system.....Page 59

Recommendation 14. We recommend that the Welsh Government seeks powers to create new benefits.Page 61

Recommendation 15. We recommend that the Welsh Government seeks powers to top-up reserved benefits. This should specifically include the power to top up eligible rents.....Page 63

Recommendation 16. We recommend that the Welsh Government seeks full devolution of the discretionary housing payments scheme.Page 64

Recommendation 17. We recommend that the Welsh Government undertake exploratory work to consider the practicalities of devolving:

- Winter Fuel and cold weather payments;
- Attendance Allowance;
- Payments for maternity expenses; and
- Payments for funeral expenses. Page 66

1. Background

1. Welfare benefits are critically important to the lives of people in Wales, and the Welsh economy. Around half of the Welsh population receives some kind of welfare benefit, amounting to over £10 billion a year.¹
2. In our inquiry [making the economy work for people on low incomes](#), we recommended the Welsh Government undertake an analysis of the benefits and risks of devolving “administrative powers” over Universal Credit.² In the [rough sleeping](#) inquiry, we went further and recommended that the Welsh Government seek devolution of administrative powers over Universal Credit, akin to the Scottish Government’s powers.³
3. Both of these recommendations were rejected. The Welsh Government said it did not support devolution of benefits or administrative powers at that time:

“As a matter of principle, we should all be entitled to an equal claim from our welfare state. The needs of citizens within the UK, wherever they live, should be equally met.”⁴
4. This issue continued to be raised, with questions asked in the Assembly Chamber. Following the change in First Minister in December 2018, the Welsh Government’s position shifted. In response to a question from our Chair in January 2019, the First Minister said it was his view that “we ought to explore the devolution of administration”.⁵ The First Minister subsequently announced that the Wales Centre for Public Policy (WCPP) would be exploring the case for devolving administration of aspects of the benefits system.⁶
5. We hope that our report will help inform the Welsh Government’s exploration of this issue. We also hope that it will help generate a broader

¹ [The Bevan Foundation. Making welfare work for Wales: Should benefits for people of working age be devolved? June 2016](#)

² [ELGC Committee. Making the economy work for people on low incomes. May 2018, paragraphs 299-303](#)

³ [ELGC Committee. Life on the streets: Preventing and Tackling Rough Sleeping in Wales. April 2018, paragraphs 133-136](#)

⁴ [Welsh Government. Response to ELGC Committee report on Life on the streets: Preventing and Tackling Rough Sleeping in Wales. June 2018](#) and [Welsh Government. Response to Making the Economy Work for People on Low Incomes. July 2018](#)

⁵ Plenary, 15 January 2019, RoP [189]

⁶ [Welsh Government. Evidence Paper, paragraph 7](#)

discussion between politicians, civic society and the public about the appetite for further devolution.

6. We set broad terms of reference for this inquiry, to avoid restricting our thinking. Our terms of reference were to consider:

- arguments for and against the devolution of welfare benefits;
- lessons learned from the devolution of some social security powers to Scotland;
- options for different forms of devolution (i.e. Universal Credit flexibilities, the devolution of specific benefits, the ability to create new benefits etc.);
- practical considerations of devolution (i.e. the financial implications, integration of devolved and non-devolved systems, delivery infrastructure etc.); and
- the principles that could underpin the delivery of benefits in Wales.

7. Alongside written and oral evidence, we visited Scotland to learn from their experiences. This visit was vital in framing our inquiry, and helped us better understand the practical implications of any devolution. We would like to thank all of those who met with us, and helped facilitate this visit. Full details of the oral evidence, written submissions, and the Scottish visit are included in the annexes to this report.

8. At the outset, we think it is useful to indicate a number of options for devolution that we ruled out. They are devolution of:

- the entire welfare system;
- Universal Credit in its entirety; and
- all sickness and disability benefits.

9. These were ruled out for a range of reasons including the complexity of such devolution, the financial implications, and the risk involved in such major scale change to the welfare system. While at the current time we do not believe the case has been made for devolution, we acknowledge that circumstances could change and therefore the case may yet be made in the future.

2. Current devolution settlement

The current devolution settlement is very complex, with benefits administered at a UK, Welsh and local level. The settlement differs in both Scotland and Northern Ireland.

10. The social security system in the UK is complex, with over 50 benefits and credits available to people dependent on their circumstances, administered by a range of agencies. The majority of benefits are delivered and administered on a UK/GB level, with little or no variation across the devolved nations. But the system is becoming increasingly fragmented.

Table 1: Main benefits administered by the UK Government Department for Work and Pensions (DWP)

Benefit	Purpose
Universal Credit	A means-tested benefit for people of working-age who are on a low income. It is currently being rolled out across the UK, and will replace Housing Benefit, Working Tax Credit, Child Tax Credit, income-Based Jobseekers Allowance, Income Support, and income-related Employment and Support Allowance.
Jobseeker's Allowance (JSA)	A benefit paid to eligible people who are unemployed and actively looking for work. JSA is being replaced by Universal Credit.
Income Support	A benefit paid to people on a low income. Income Support is being replaced by Universal Credit.
Employment and Support Allowance (ESA)	A benefit for people who have limited capability for work because of their sickness or disability, but do not get Statutory Sick Pay.
Personal Independence Payment (PIP)	A non-means-tested payment to cover the additional needs of disabled people. PIP is replacing Disability Living Allowance.

Carer's Allowance	A non means-tested payment for people who care for more than 35 hours a week for a person with a disability who is in receipt of certain benefits.
Attendance Allowance	A non means-tested payment for people aged 65 or over who have care needs because of physical or mental disability.
Pension Credit	A "top up" for people over the state pension age on low incomes to bring their income up to a minimum amount.
Industrial Injuries Disablement Benefit	A non means-tested benefit for people who have suffered a illness or disability either because of an accident at work, or an illness caused by their work.
Severe Disablement Allowance	A payment that provided additional money to assist with the cost of disability – it is being phased out, and replaced by ESA.
Budgeting Loans	An interest free loan for people on certain benefits to help with payment of a range of costs such as furniture; moving house costs; maternity or funeral costs among others.
Sure Start Maternity Grants	A one-off £500 payment to help with the costs of having a child.
Funeral Expenses Payments	A one-off payment to assist with the costs of a funeral.
Cold Weather Payments	A payment of £25 a week during very cold weather for people on certain benefits.
Winter Fuel Payment	A one-off payment of £200 or £300 made during the winter to help with heating costs for households with someone receiving the State Pension or Pension Credit.

Table 2: Benefits administered by HMRC

Benefit	Purpose
Child Tax Credit	A payment to help with the costs of bringing up a child for people on low incomes. It is being replaced by Universal Credit.
Working Tax Credit	Additional money for people in work on low incomes, and provides some provision for childcare costs. It is being replaced by Universal Credit.
Child Benefit	A monthly payment for anyone with parental responsibilities for children under the age of 16 (or under 20 if they stay in approved full-time education or unpaid training). It is reduced if the claimant or their partner earns over £50,000 a year.

Table 3: Benefits administered within Wales (either by the local authority or Welsh Government)

Benefit	Purpose
Housing Benefit	<p>Support for rental costs for people on low incomes whether they are in or out of work. The rules that govern the scheme are decided by the UK Government, but it is administered and delivered by local authorities.</p> <p>Housing Benefits for most claimants is being replaced by Universal Credit.</p>
Council Tax Reduction Scheme	Provides support for council tax for people on low incomes. The rules are decided by the Welsh Government and local authorities. Payments are administered by local authorities.
Discretionary Housing Payments (DHP)	<p>DHPs provide short term support to people receiving Housing Benefit or Universal Credit and are struggling with housing costs.</p> <p>The general rules are set by the UK Government, but local authorities administer them with significant direction. Funding is provided by the UK Government, but local</p>

	authorities can “top up” payments in their areas to a certain amount.
Discretionary Assistance Fund (DAF)	Non-repayable grants for people on low incomes in Wales in emergency situations or who need help to live independently. The rules are set by the Welsh Government, who also administer the fund.

2. 1. Scotland

11. After the Scottish independence referendum, the UK Government established the Smith Commission to agree on further powers for the Scottish Parliament. The Commission recommended that powers over a number of benefits be devolved.⁷

12. In 2016, the Houses of Parliament passed the *Scotland Act 2016*, which transferred legislative competence on certain areas of social security to the Scottish Parliament. The Scottish Parliament has powers to determine the structure and value of devolved benefits, and the power to replace existing benefits with new ones.

13. The benefits devolved were:

- disability benefits (Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Severe Disablement Benefit and industrial injuries disablement benefits);
- benefits for carers (Carer’s Allowance);
- payments related to cold weather (the Social Fund Winter Fuel Payment and Cold Weather Payment);
- funeral expenses (the Social Fund Funeral Expense Payment), and
- welfare foods and certain payments for maternity expenses (Healthy Start vouchers and vitamins, nursery milk and the Social Fund Sure Start maternity grant).

14. The *Scotland Act 2016* also gave powers to:

⁷ The Smith Commission. Report of the Smith Commission for further devolution of powers to the Scottish Parliament, paragraphs 43-58

- provide discretionary payments and assistance;
- top-up reserved benefits;
- create other new social security benefits (other than pensions);
- legislate for “welfare food” schemes to help improve nutrition for pregnant women, mothers and children, and
- vary the housing cost element of Universal Credit for rented accommodation and change payment arrangements for Universal Credit.

15. The benefits devolved account for around 16% of total welfare spending in Scotland. This equated to around £3 billion in 2017-18.

16. A range of work was undertaken in advance of the introduction and passing of the *Social Security (Scotland) Act 2018*. The Act:

- set out the principles of the Scottish social security system;
- required creation of a Scottish social security charter;
- created the legal framework in which the devolved benefits will operate; and
- required the Scottish Government to promote the take up of Scottish social security and to ensure there is advocacy for those who need it.

17. Changes introduced in Scotland so far include:

- flexible payment options for Universal Credit, known as “Scottish Choices”. The scheme gives claimants the option to have more regular payments (fortnightly instead of monthly); direct payments to landlords; and split payments between couples;
- introduction of the Carer’s Allowance Supplement, which is an extra £221 payment for carers, paid twice a year. It is automatically paid to people receiving Carer’s Allowance;
- introduction of Best Start grants, which are three payments made to people on low incomes, on the birth of a child, when they start nursery, and when they start school; and

- replacing the UK Funeral Expenses Payment with Funeral Expense Assistance, and widening the eligibility criteria and increasing the rate in line with inflation.

Changes planned to be introduced over the next five years include:

- the introduction of Disability Assistance for working age people, older people, children and young people, which will replace Personal Independence Payment, Attendance Allowance and Child Disability Living Allowance;
- the introduction of a new Scottish Child Payment, which will provide £10 a week payment for every child aged 0-6 for low income families;
- the replacement of Carer's Allowance with Carer's Assistance, and the introduction of a new benefit Carer's Allowance Supplement for people who care for more than one disabled person;
- the introduction of a new Young Carer Grant, for young carers (16-18 years old) who do not qualify for Carer's Allowance;
- the introduction of "Short Term Assistance", a new payment available for people while they are appealing a reduction to their benefits;
- the replacement of UK Healthy Start vouchers with Best Start Foods, which will provide healthy food vouchers for pregnant woman and families with young children;
- replacing Social Fund Winter Fuel Payment with winter heating assistance, and replacing Social Fund Cold Weather Payment with Cold Spell Heating Assistance; and
- replacing Industrial Injuries Disablement Benefits with Employment Injury Assistance.

18. The transfer of powers and introduction of new benefits is being phased in. Full roll out is expected by 2024. However, the Scottish Government has said that it "will not do so if this creates unacceptable risks for clients".⁸

⁸ [Scottish Government, Social Security, Questions and Answers, Delivery Timetable](#) [accessed 26 September 2019]

2. 2. Northern Ireland

19. The position in Northern Ireland is significantly different to that in Scotland and Wales. Powers on social security have been fully devolved since 1920. But because of the “parity principle”⁹ and the financial implications of breaking parity, the Northern Ireland Assembly has passed social security legislation that mirrored the rest of Great Britain.

20. Following changes to the welfare system introduced by the UK Government in 2012 some variations were negotiated. The Northern Ireland Executive allocated £501 million between 2016 and 2020 to give people time to adjust to the reforms. This has included:

- mitigating the impact of the Housing Benefit social size criteria (the so-called “bedroom tax”);
- supplementary payments for those who will be mostly effected by the changes;
- reducing the maximum sanction period; and
- greater Universal Credit payment flexibilities (similar to Universal Credit Scottish Choices).

2. 3. Wales

21. In 2011, the UK Government established the Silk Commission to review the financial and constitutional arrangements in Wales. After consideration of the issues around social security they decided to not recommend devolution. The Commission agreed with the evidence they received that the risks and financial costs could “not be justified”. However, if there was devolution to Scotland in the future, they said further consideration should be given to the implications for Wales. They noted that there should be close engagement with the Welsh Government and stakeholders to ensure Welsh circumstances are taken account of when major reforms are introduced.¹⁰

22. Some benefits were devolved to Wales as part of the UK Government’s welfare reforms from 2012. Council Tax Benefit (now known as Council Tax

⁹ The “parity principle” operates on the basis that Northern Ireland has the same range of social security benefits which are paid at the same rates and subject to the same conditions as in Great Britain. This principle is enshrined in the Northern Ireland Act 1998.

¹⁰ [Commission on Devolution in Wales, Empowerment and Responsibility: Legislative Powers to Strengthen Wales, paragraphs 11.3.7 - 11.3.11, March 2014](#)

Reduction) and the discretionary element of the Social Fund (now known as the Discretionary Assistance Fund) were both devolved. When Council Tax Benefit was devolved, the UK Government cut the associated funding by 10% which left the Welsh Government to make up the shortfall, which costs £22 million a year.

23. Other support is also available in Wales. Some is universal, such as free prescriptions, and some targeted, such as educational maintenance allowance, concessionary transport, and free school meals. The Bevan Foundation describe this support as part of a “Welsh safety net”.¹¹

¹¹ ELGC Committee, 19 June 2019, RoP [212]

3. The case for devolving benefits

Some form of devolution could lead to a more compassionate system, better alignment with devolved policies, more opportunities for citizens to shape services, and potentially lead to increased fiscal accountability.

24. We heard a lot of arguments on both sides of the devolution debate. The main tensions between these competing arguments appear to be balancing the possibility of breaking the social union against the potential prize of delivering services that better suit Welsh specific needs.

25. We also note that devolution does not improve things automatically, a point raised by most stakeholders including Oxfam Cymru,¹² the Bevan Foundation,¹³ academics from Bangor University¹⁴ and the Deputy Minister.¹⁵

The ability to create a fairer and more compassionate system

26. We were told that aspects of the current system are not always seen as fair or humane. A large number of stakeholders suggested that devolution could provide an opportunity to create a more compassionate system.

27. Welfare Rights Advisers Cymru (WRAC) told us that that the changes to ESA and PIP in particular have “reduced help for those in need,” who are often the most vulnerable. The administrative and assessment processes are “now clearly seen to be unfair, flawed and unjust”.¹⁶ WRAC confirmed that it is the “more discretionary” benefits that could benefit from “a more human approach”.¹⁷

28. Mind Cymru said people with mental health problems consider that “they are not treated with dignity, compassion and respect” by the system.¹⁸ The Bevan Foundation agreed saying “claimants report feeling that they are not treated with

¹² [BW.05 Oxfam Cymru](#)

¹³ ELGC Committee, 19 June 2019 RoP [204]

¹⁴ [BW.14 Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym \(Bangor University\), paragraph 1.c](#)

¹⁵ ELGC Committee, 3 July 2019, RoP [49]

¹⁶ [BW.12 Welfare Rights Advisers Cymru, paragraph 10](#)

¹⁷ ELGC Committee, 27 June 2019, RoP [58]

¹⁸ [BW13 Mind Cymru, paragraph 2](#)

dignity and respect”. They highlighted that some families are left with as little as £2 per month after essential housing costs.¹⁹

29. The Motor Neurone Disease Association cited the current process for Special Rules for Terminal Illness (SRTI) as particularly unfair:

“This standard process is extremely burdensome and time-consuming for a person dealing with the devastating emotional and physical impact of a diagnosis of a terminal condition such as motor neurone disease (MND).”²⁰

30. They added that as a result “many” people who have unpredictable terminal conditions do not use the SRTI process as it is “entirely inappropriate” for them.²¹ We note that since this evidence was submitted, the UK Government have announced a review of these rules.²²

31. We heard from a number of stakeholders including Oxfam Cymru²³; the Shaw Trust²⁴; The Trussell Trust²⁵; and the Chartered Institute of Housing Cymru²⁶ (CIH Cymru) that any changes to the system should be rooted in principles. like compassion, dignity and a person centred approach.

32. Building on this, some stakeholders believed devolution could be an opportunity to challenge some attitudes towards claimants and the benefits system. Swansea Council said that devolution could provide an opportunity to:

“...design a social security system that has a person-centred approach and remove the stigma and prejudices that benefit claimants face by changing perceptions that entitlement to social security is a human right.”²⁷

33. The Trussell Trust was not alone in highlighting the way that “a compassionate and dignified system” has been translated into practical

¹⁹ [BW17 The Bevan Foundation](#)

²⁰ [BW 01 Motor Neuron Disease Association, paragraph IV](#)

²¹ [BW 01 Motor Neuron Disease Association, paragraph VII](#)

²² [Department for Work and Pensions, Press release, 11 July 2019](#)

²³ [BW05 Oxfam](#)

²⁴ [BW06 The Shaw Trust, paragraph 2.1](#)

²⁵ [BW15 The Trussell Trust, paragraph 16](#)

²⁶ [ELGC Committee, 27 June 2019, RoP \[102\]](#)

²⁷ [BW08 Swansea Council, paragraph 1.1.4](#)

implementation in Scotland through the Social Security Scotland Charter.²⁸ The Older People’s Commissioner said the Scottish approach helped shift perceptions away from those of “stigma and burden” around the system.²⁹

34. The Welsh Government agreed with the evidence we heard, and said that devolution could “enable a different approach” which was based on “compassion and welfare”:

“The welfare system should treat people with respect and dignity while promoting simplicity and efficient administration.”³⁰

35. The Deputy Minister for Housing and Local Government (the Deputy Minister) said that it was now timely to consider “how we can perhaps approach this in a much more compassionate, citizen centred approach”.³¹ She added that any changes would need to be based in the principles of compassion and fairness.³²

Involving people with lived experience in the design, delivery and evaluation of benefits

36. One of the strongest arguments we heard was the opportunity devolution could provide to better involve people with lived experience in the design, delivery, evaluation, and management of benefits.

37. There is much that can be learnt from the excellent work in Scotland. We heard of a number of examples where lived experience directly fed into changes into how the system is administered, and the benefits themselves.

38. Devolution was said to have allowed a better alignment between the income support, and broader personal support, such as advice on budget management or support to sustain tenancies offered by the system.

39. We were told the Scottish Government aims to build people’s trust and faith in the system by embedding co-design into the design, implementation and evaluation of the new benefits. Around 2,500 people with lived experience have been involved through “experience panels”. These have a particular focus on under-represented groups.

²⁸ [BW15 The Trussell Trust, paragraph 7](#)

²⁹ [BW16 The Older People’s Commissioner, paragraph 5](#)

³⁰ [Welsh Government, Evidence Paper, paragraph 11](#)

³¹ ELGC Committee, 3 July 2019, RoP [4]

³² ELGC Committee, 3 July 2019, RoP [9]

40. Both the Bevan Foundation and Chwarae Teg³³ highlighted the importance of the quality of service and support people receive from the system. The Bevan Foundation said there is a “wealth of research” that indicates that “people’s experiences of interacting with the welfare benefits system on a day to day basis matters greatly to them”.³⁴

41. CIH Cymru told us that changes “need to be informed by the experiences of claimants”.³⁵ The Shaw Trust agreed, and called for “co-production”.³⁶

42. We heard a number of arguments about the potential of devolution to better involve people with lived experiences. We heard that that the system “is often designed around inaccurate assumptions about people’s lives”.³⁷ We also heard that people (including children and young people) “often have a very clear view” on necessary changes along with creative and innovative solutions.³⁸

43. The Bevan Foundation made it clear that citizen engagement was needed at every stage of design, delivery and evaluation:

“I think the Scottish Government’s arrangements are potentially very valuable at that very high level, but what they don’t tell you is that the Jobcentre Plus office or the local assessment centre isn’t wheelchair accessible or has certain barriers to people.”³⁹

44. This view was shared by The Trussell Trust⁴⁰, while Chwarae Teg emphasised the importance of ensuring a gender balance, and “diversity of voice and experience”.⁴¹

Improve alignment with devolved policies while taking better account of specific Welsh needs

45. The Shaw Trust argued that devolution of benefits could lead to improved alignment with devolved policies like health and social care, housing, employment and other local services. They said it would help meet Welsh

³³ [BW.19 Chwarae Teg, paragraph 2.5](#)

³⁴ [BW17 The Bevan Foundation](#)

³⁵ [BW.06 Chartered Institute of Housing, paragraph 5.4](#)

³⁶ [BW06 The Shaw Trust, paragraph 2.2](#)

³⁷ [BW13 Mind Cymru, paragraph 5](#)

³⁸ [BW11 Children’s Commissioner for Wales](#)

³⁹ ELGC Committee, 19 June 2019, RoP [241]

⁴⁰ ELGC Committee, 27 June 2019, RoP [72]

⁴¹ [BW.19 Chwarae Teg, paragraphs 2.5](#)

Government priorities because it “would be easier to achieve than across the UK as a whole”.⁴²

46. Stakeholders including the Bevan Foundation,⁴³ Chwarae Teg,⁴⁴ and The Wales Governance Centre⁴⁵ agreed. The Bevan Foundation suggested that aligning benefits with devolved policy like housing could take many forms, for example, rather than subsidising rent, help with housing costs could be delivered in a different way that better reflects the Welsh Government’s aims.⁴⁶

47. They also said that getting a “good fit” for new and existing powers will mean that “the citizen gets the best possible seamless service”.⁴⁷

48. Some stakeholders including the Bevan Foundation and the Trussell Trust highlighted the potential impact on poverty reduction. The Trussell Trust emphasised the “unique” issues and challenges in Wales such as “child poverty levels”, and posed the question “where does the decision making best sit in relation to those specific Welsh issues...?”.⁴⁸

49. The Bevan Foundation said the primary question to be addressed is “What support do people on low incomes and/or in crisis need in Wales” rather than the question of “should benefits should be devolved”.⁴⁹ This is an important angle to consider, especially as we continue to have concerns about the pace and impact of the Welsh Government’s work on poverty reduction.

50. Community Housing Cymru outlined the impact of this in practical terms, highlighting that the Welsh Government do not receive any benefits from reductions in the housing benefit bill, which might be related to their policy decisions.⁵⁰

51. CIH Cymru was also supportive of further exploration of part-devolution of the “housing-cost element of Universal Credit” and “potentially the benefit cap”

⁴² [BW.06.The Shaw Trust, paragraph 2.1](#)

⁴³ [BW.17.The Bevan Foundation](#)

⁴⁴ [BW.19.Chwarae Teg](#)

⁴⁵ [BW.07a.Wales Governance Centre, Chapter 5](#)

⁴⁶ ELGC Committee, 19 June 2019, RoP [140]

⁴⁷ ELGC Committee, 19 June 2019, RoP [204]

⁴⁸ ELGC Committee, 27 June 2019, RoP [28]

⁴⁹ ELGC Committee, 19 June 2019, RoP [148]

⁵⁰ ELGC Committee, 27 June 2019, RoP [88]

because housing is a devolved issue and “housing costs inevitably have an impact on housing markets in Wales”.⁵¹

52. As well as leading to better alignment with devolved policies, stakeholders said devolution would be an opportunity to better tailor benefits to Welsh needs. The Shaw Trust noted particular difficulties for disabled people and those with caring responsibilities who live in rural areas.⁵²

53. The Welsh Government’s Director of Communities and Tackling Poverty agreed that there were “many links” between benefits and devolved services. She said that the question was about “the extent” that services “need to be better integrated across the devolved/non-devolved line” and that services should be delivered in a way which “best meets the needs of the individual”. She added that work is already done across the boundaries of devolution, but indicated that “it’s a question of can we do that better in other areas”.⁵³

54. The Deputy Minister told us:

“...this is not about a sticking plaster, it’s about actually looking at how we can apply those principles in Wales, and actually how we can not just fix what we perceive are the problems in the system now, but actually make them more sustainable for the future ... taking a decision that makes sure that anything that we do go forward with actually works for us in Wales, in the long term.”⁵⁴

Improved fiscal accountability and opportunity to make financial savings

55. The Wales Governance Centre examined the financial implications to Wales of devolving the same package of benefits that have been devolved to Scotland. They found “no evidence to suggest that devolving these powers” would be “fiscally unsustainable”. In fact they said that, dependent on the Barnett mechanism used, and the nature of the inter-governmental agreements, “the Welsh Treasury could stand to benefit considerably from the devolution of welfare powers”.⁵⁵

56. However, if this package of benefits were to be devolved, “changes to the size of the Welsh caseload relative to England would play a crucial role in determining

⁵¹ [BW 04 Chartered Institute of Housing Cymru, paragraphs 4.1 and 4.2](#)

⁵² [BW06 The Shaw Trust, paragraph 5.5](#)

⁵³ ELGC Committee, 3 July 2019, RoP [61]

⁵⁴ ELGC Committee, 3 July 2019, RoP [55]

⁵⁵ [BW 7a Wales Governance Centre, chapter 5](#)

whether the Welsh Treasury gains or loses out financially from the devolution settlement...".⁵⁶

57. They argued that as the net effect of devolution would vary dependent on the individual benefit, this “strengthens the case in favour of devolving a package of benefits as opposed to a single one”.⁵⁷

58. The Trussell Trust highlighted that any devolution would need sufficient funding from the UK Government, but that investing in the benefits system “in a robust and sensitive” way would have positive impacts on other services including health and social care, and the criminal justice system.⁵⁸

59. One of the issues we explored was the potential impact of any shortfall in UK Government funding to cover the administration for any devolved benefits. The Wales Governance Centre told us while some of the implementation and administration costs may be covered by a future UK Government, any shortfalls would most likely have to be met by the Welsh Government.⁵⁹ In Scotland the funding from the UK Government has not covered all the administrative costs.

60. We note that any increase in cost to benefits in Scotland, must be covered from the Scottish budget. We heard that while managing this level of demand led expenditure was challenging, it was felt that the benefits outweighed additional financial challenges and complexities.⁶⁰

61. The Bevan Foundation said devolution could lead to greater fiscal accountability. We note that this argument was one of those made in favour of tax devolution. Additionally, if the Welsh Government reduces expenditure on a particular benefit through their policies, then “the Welsh Government should benefit”.⁶¹

Risks of not changing system outweigh risks of devolution

62. Some stakeholders, including Chwarae Teg⁶² and the Trussell Trust argued that there was a greater risk of maintaining the current status quo, than any risks inherent in devolution. The Trussell Trust said that they did not see the situation

⁵⁶ [BW.7a Wales Governance Centre, chapter 3](#)

⁵⁷ [BW.7a Wales Governance Centre, paragraph 4.5](#)

⁵⁸ [BW15 The Trussell Trust, paragraph 13](#)

⁵⁹ [BW.7a Wales Governance Centre, paragraph 4.4](#)

⁶⁰ Informal discussions during Committee visit to Scotland

⁶¹ [BW17 The Bevan Foundation](#)

⁶² [BW.19 Chwarae Teg, paragraph 1.6](#)

improving any point in the near future, asking “where are those changes going to be best made?”.⁶³

63. This point was accepted to a degree by the Deputy Minister, who explained that as well as considering the fiscal implications of any change, there would need to be consideration of the “social cost”.⁶⁴

⁶³ ELCG Committee, 27 June 2019, RoP [68]

⁶⁴ ELCG Committee, 3 July 2019, RoP [21]

4. The case against further devolution

There were a number of arguments made against further devolution, including the potential damage to the social union, the financial risk, and concerns about creating an even more complex system.

“The social union”

64. The social union is the principle that all UK citizens have an equal claim to the welfare state, and that benefits and burdens depend on need and not geography.

65. CIH Cymru believed that the current model “which spreads social security spending over a larger demographic base is one that at present is advantageous to Wales”.⁶⁵ Due to a higher level of dependency on benefits in Wales, there is “effectively” a transfer of income from England to Wales.⁶⁶

66. The Bevan Foundation said that the potential impact on the social union “must be considered”. They suggested that devolution of education and the health service had not “eroded a common entitlement”.⁶⁷

67. The Foundation note that devolution of some benefits in Scotland has further weakened this argument, as well as the fact that elements of the welfare system have been devolved in Wales including the DAF and the council tax reduction scheme.⁶⁸ They highlighted that there was a need for “distinction” between:

“...those benefits which are arguably part of the ‘social contract’ e.g. benefits which are based on National Insurance contributions and those which are variable top-up payments designed to support people in specific circumstances, e.g to manage high housing costs.”⁶⁹

⁶⁵ [BW.04 Chartered Institute of Housing Cymru, paragraph 4.4](#)

⁶⁶ [BW.04 Chartered Institute of Housing Cymru, paragraph 4.6](#)

⁶⁷ [BW17 The Bevan Foundation](#)

⁶⁸ ELGC Committee, 19 June 2019, RoP [175]

⁶⁹ [BW17 The Bevan Foundation](#)

68. Ultimately though, the Bevan Foundation said, the argument that devolution would weaken the social union does not “stack up”.⁷⁰

69. The Welsh Government has previously drawn on this argument as one of the main reasons not to seek devolution. It has continued to emphasise the importance of the social union during our inquiry:

“The welfare state is an essential component of a United Kingdom: one where there is collective responsibility to support those in need by the pooling of resources and the redistribution of income. Devolution should not undermine this collective responsibility.”⁷¹

70. The Deputy Minister said the Welsh Government was “committed to the concept of the social union” but that it was now timely to look at how devolution could “perhaps approach this in a much more compassionate, citizen-centred approach”.⁷²

71. When we asked the Deputy Minister for examples of specific benefits which provide the “glue that binds us together”⁷³ she was reluctant to set this out until “we have the full evidence”.⁷⁴

72. The Welsh Government’s Director of Communities and Tackling Poverty said that while the Welsh Government did not want to “pre-empt” the work by the Wales Centre for Public Policy, those benefits that were the most unpredictable, where demand can fluctuate such as unemployment benefit had a “particular fiscal risk”.⁷⁵

73. We continued to seek clarity from Deputy Minister on those benefits which she believed if devolved would weaken the social union. She said:

“Our focus on administration may influence the arguments relating to a social union. In general the concept of a social union is often used to describe the pooling and sharing of resources according to need.”⁷⁶

⁷⁰ ELGC Committee, 19 June 2019, RoP [175]

⁷¹ Welsh Government, Evidence Paper, paragraph 8

⁷² ELGC Committee, 3 July 2019, RoP [4]

⁷³ ELGC Committee, 3 July 2019, RoP [28]

⁷⁴ ELGC Committee, 3 July 2019, RoP [30]

⁷⁵ ELGC Committee, 3 July 2019, RoP [34-39]

⁷⁶ Letter from the Deputy Minister for Housing and Local Government to Chair, ELGC Committee, 6 August 2019

74. She added that the social union was not “the only lens” to consider devolution of benefits; and that those benefits which are “cyclical” are a bigger risk than those which are “more predictable” in their nature.⁷⁷

Fiscal risk

75. One of the main arguments against devolution was the potential costs and associated fiscal risks. Chwarae Teg described the risk as the “one of the most substantial challenges”, but added that any consideration of cost should also balance the advantages of more flexibility and a system that is better aligned to Welsh Government values.⁷⁸ The Trussell Trust supported this, but were concerned of the risk that devolution could happen without sufficient funding.⁷⁹

76. A number of stakeholders, including CIH Cymru highlighted that “the nature of the tax base” in Wales needed to be taken into account. In particular that it:

- is more reliant on public sector employment and pension incomes than other parts of the UK;
- is more reliant on the manufacturing industry;
- has higher levels of economic inactivity; and
- has fewer higher tax rate payers.⁸⁰

77. Additionally, CIH had concerns about the pressure devolution would place on Welsh Government budgets, citing the “continuing trend” of increases to NHS spending. They believe that “full benefit devolution” could see an “knock-on impact on other priority areas, such as housing, transport and community infrastructure”.⁸¹ These concerns were shared by Oxfam Cymru⁸² and Swansea Council.⁸³

⁷⁷ Letter from the Deputy Minister for Housing and Local Government to Chair, ELGC Committee, 6 August 2019

⁷⁸ BW.19 Chwarae Teg, paragraph 4.1

⁷⁹ ELGC Committee, 27 June 2019, RoP [8]

⁸⁰ BW.04 Chartered Institute of Housing Cymru, paragraphs 4.3-4.6

⁸¹ BW.04 Chartered Institute of Housing Cymru, paragraph 4.7

⁸² BW05 Oxfam

⁸³ BW.08 Swansea Council, paragraphs 1.24-1.25

78. Community Housing Cymru were concerned that demographic shifts such as “increasingly ageing and disabled population”, could put additional pressure on Welsh Government budgets.⁸⁴

79. The Welsh Government was concerned about the “potential increased fiscal risk” and cited its experience of the devolution of the Council Tax Reduction Scheme. Funding was “top-sliced by the UK Government” creating a shortfall of £22 million. While there had been this financial cost, the Welsh Government believed the scheme was now more efficient and fairer than the English scheme.⁸⁵

80. They urged caution when responding to the Wales Governance Centre evidence that devolution could result in a net gain to the Welsh Treasury. Firstly, the Welsh Government is not seeking the same package. Secondly, assumptions could not be made that the same fiscal arrangements would be agreed, highlighting that “fiscal framework agreements [on taxation]...are quite different from each other, reflecting the different circumstances in the two countries”.⁸⁶

81. They also believed if there were to be any devolution, it would not be expected to “confer financial advantage to either the Welsh Government or the UK Government”.⁸⁷

82. The Wales Governance Centre, said that to best manage and mitigate the fiscal risk, the Welsh Government would need new borrowing powers as well as appropriate financial management tools.⁸⁸

83. They told us that their analysis of the cost of devolution did not take account of administration, and that this could “perhaps” be “the greatest costs” and is “one of the things that is unknown”.⁸⁹ During our visit to Scotland, we heard that this had been one of the particularly difficult calculations.

84. The Bevan Foundation’s work in 2016 looking at devolution⁹⁰ identified costs as the main risk. In evidence to us they said:

⁸⁴ [BW 10 Community Housing Cymru, paragraphs 32-33](#)

⁸⁵ [Welsh Government, Evidence Paper, paragraph 12](#)

⁸⁶ [Welsh Government, Evidence Paper, paragraph 13](#)

⁸⁷ [Welsh Government, Evidence Paper, paragraph 13](#)

⁸⁸ [ELGC Committee, 19 June 2019, RoP \[82\] and \[112\]](#)

⁸⁹ [ELGC Committee, 19 June 2019, RoP \[74\]](#)

⁹⁰ [The Bevan Foundation, Making welfare work for Wales: Should benefits for people of working age be devolved? June 2016](#)

“...if you get a straight Barnettisation, then it won’t work. If you get a transfer of the existing envelope, then you get a different picture. But nevertheless, there are risks around that, there are risks around admin costs, which, certainly, the Scottish example tells us can be quite substantial.”⁹¹

85. Swansea Council also said that there was a worry that devolution could lead to a reduction of the financial pool available to provide support if there was an “adverse event” which only affected people in Wales.⁹²

86. In Scotland, it was suggested that due to their more generous overall financial settlement, there has been more financial “headroom” to devolve benefits.⁹³

Complexity of claimants having to use two different systems

87. Even those who were broadly supportive of some level of devolution, such as the Shaw Trust, highlighted that “the complexity of changing the system must be recognised”. They urged lessons to be learnt from the roll-out of Universal Credit, along with experiences in Scotland.⁹⁴ Their experience of the former was that changes to the system can impact on claimants “partly due to the uncertainty the change brings”.⁹⁵

88. Swansea Council were concerned that changes could lead to “another layer of administration for customers to deal with which may be contrary to the person-centred approach we would hope to see developed”.⁹⁶

89. In Edinburgh we heard that the onus was on those administering the benefits to ensure the two different systems work effectively for claimants.⁹⁷

90. The Wales Governance Centre said it was important to ensure the transition between any different systems in England and Wales was “as seamless” and “smooth as possible”.⁹⁸

⁹¹ ELGC Committee, 19 June 2019, RoP [142]

⁹² [BW.08 Swansea Council, paragraph 1.2.3](#)

⁹³ Informal discussions during Committee visit to Scotland

⁹⁴ [BW.06 The Shaw Trust, paragraph 2.1](#)

⁹⁵ [BW.06 The Shaw Trust, paragraph 4.2](#)

⁹⁶ [BW.08 Swansea Council, paragraph 1.2.6](#)

⁹⁷ Informal discussions during Committee visit to Scotland

⁹⁸ ELGC Committee, 19 June 2019, RoP [131]

91. WRAC explained that “you can’t devolve simple, separate silos of things” and that benefits have a knock on impact on other policies. They highlighted that often these impacts are only seen when you “actually operate it at a person-to-institution level”, citing the roll out of Universal Credit.⁹⁹ They believed this showed the difficulties of moving from broad philosophy to “day-to-day nitty-gritty of administration”. They were concerned that the “risks of change are unaffordable” in particular for people who do not have resources or savings to fall back on.¹⁰⁰

Difficulties around establishing new systems

92. CIH Cymru referred to the Scottish experience highlighting “careful consideration” was needed about the “capacity and resources” of the Welsh Government to “provide similar protections over the longer-term”.¹⁰¹ They were not alone in having these concerns about delivering a complex system.

93. The Bevan Foundation suggested that the risks around the complexity of the system were “probably...underplayed”. They highlighted that “every major reform” undertaken by the DWP “has been plagued with administrative and technical problems”. While others may deliver the system differently, it should not be assumed they would “do it better”.¹⁰²

94. Oxfam Cymru said that the transfer of Scottish Government officials to work on benefits has “placed additional strain and pressure across a multitude of government departments”. This is despite analysis and forecasting done ahead of devolution. They said this pressure would continue as Social Security Scotland becomes fully operational. They believe that similar problems would be faced by the Welsh Government:

“Particularly given the Scottish Government has significantly more civil servants at 15,960 than the Welsh Government who have just 5,290. Welsh Government must therefore consider carefully and comprehensively how it would meet the required staff and skills gap whilst continuing to meet its current responsibilities.”¹⁰³

⁹⁹ ELGC Committee, 27 June 2019, RoP [23]

¹⁰⁰ ELGC Committee, 27 June 2019, RoP [45]

¹⁰¹ [BW.04.Chartered.Institute.of.Housing.Cymru.paragraph.3.4](#)

¹⁰² ELGC Committee, 19 June 2019, RoP [145]

¹⁰³ [BW.05.Oxfam.Cymru](#)

95. In addition, they highlighted the importance of effective IT systems, saying that the Scottish Government “has been forced to rely on interim IT systems whilst long term solutions are considered”.¹⁰⁴

96. Chwarae Teg and The Shaw Trust shared these concerns about ICT. Chwarae Teg highlighted that because Scotland’s ICT system is adapted to operate on the DWP’s ICT system, it creates “limits to flexibility and design”.¹⁰⁵

97. The Welsh Government recognised these difficulties:

“Devolution of the administration of benefits in Wales may be able to deliver a new approach and the scope for this will be a key consideration. Administration may however bring limited flexibility and scope for change as some design features constitute policy rather than administration. The welfare system is underpinned by a complex and interrelated set of administrative and legal frameworks.”¹⁰⁶

Cross border issues

98. The Wales Governance Centre accepted that the “flow of claimants” across the Wales / England border was an additional complication not faced in Scotland, where there is less fluidity across the border.¹⁰⁷ However, they believed that following tax devolution, eligibility could be assessed on the basis of whether someone was a Welsh taxpayer.¹⁰⁸

99. The Bevan Foundation, felt the risk of people moving to take advantage of a more favourable benefits system, was a “relatively modest” one which should not be “overstated”. They highlighted that there are already some schemes which are more beneficial in Wales to England, which have not resulted in “large numbers” of people moving to Wales.¹⁰⁹

Relationship with the DWP

100. One of the themes discussed across our meetings in Scotland, was the importance and challenges of establishing an effective working relationship with the DWP. We heard that a key challenge is the scale of the department, with one

¹⁰⁴ [BW 05 Oxfam Cymru](#)

¹⁰⁵ [BW 14 Chwarae Teg, paragraph 4.4](#)

¹⁰⁶ [Welsh Government, Evidence Paper, paragraph 11](#)

¹⁰⁷ ELGC Committee, 19 June 2019, RoP [131]

¹⁰⁸ ELGC Committee, 19 June 2019, RoP [130]

¹⁰⁹ ELGC Committee, 19 June 2019, RoP [201]

of their “counterpart officials” often spread across a lot of other roles. We were told that Scottish devolution will not work without the effective input of the DWP.¹¹⁰

101. WRAC said their experience of interacting with the DWP “over the years” was that they played “lip service to consultation and to listening to people’s opinions and suggestions”. They were “fairly confident that the same is true of their relations with the devolved administrations...”.¹¹¹

102. But we were warned, that devolution is not a priority for the DWP. It was also suggested to us, that Wales could face even more challenges, due to our smaller population and size.¹¹²

¹¹⁰ Informal discussions during Committee visit to Scotland

¹¹¹ ELCG Committee, 27 June 2019, RoP [34]

¹¹² Informal discussions during Committee visit to Scotland

5. Changes within the current devolution settlement

We were convinced by the arguments that much could be done to improve benefits in Wales within the current devolution settlement. We believe the recommendations we make would have an impact both on the amount of money people in Wales receive as well as their experience of the benefits system.

103. WRAC said that after talking about the potential of devolution for “many years” they have:

“...come to the conclusion that there are other better things that could be done in Wales than taking on that kind of chalice of controlling and being responsible for and taking the blame for change.”¹¹³

5. 1. Develop a coherent Welsh benefits system

104. As outlined in Chapter 2, there are a number of both cash and non-cash benefits available in Wales, but they are not viewed as a coherent “Welsh” package of benefits.

105. The Bevan Foundation told us about the work they are doing to map the “Welsh safety net” that already exists. They said they have encountered challenges in finding out budgets for each scheme or payment.¹¹⁴

106. Community Housing Cymru highlighted concerns about the impact of an already fragmented system, with benefits delivered at all levels of governance. The links between UK Government and local benefits “have been broken” leading to “significant risk” of people failing to claim benefits they are eligible for.¹¹⁵ This can then impact on people’s eligibility for other benefits, such as free school meals.

¹¹³ ELGC Committee, 27 June 2019, RoP [11]

¹¹⁴ ELGC Committee, 19 June 2019, RoP [212]

¹¹⁵ [BW.10 Community Housing Cymru, paragraph 4](#)

They said that it can “depend on the skill” of the advisor whether someone “manages to maximise” what they are eligible for from the Welsh Government.¹¹⁶

107. CHC called for benefits to be “integrated as far as possible” to minimise the risk of under claiming.¹¹⁷ They also supported the idea of rebranding Welsh benefits to make it clearer that these are “Welsh Government funded benefits that go to people in Wales”.¹¹⁸ Regardless of any devolution, there should be work to “integrate and streamline” the existing system to improve services and increase benefit take up.¹¹⁹

108. Additionally, they called for better integration between Job Centres and locally delivered services, including the data sharing between the DWP and local authorities.¹²⁰

109. WRAC supported a better fit between devolved and non-devolved benefits in principle, but said that consideration needed to be given on unintended consequences such as people losing support to which they had previously been entitled.¹²¹

110. We heard from a range of witnesses about the sorts of principles that could underpin a Welsh system. CIH Cymru welcomed those principles that apply in Scotland,¹²² while Community Housing Cymru outlined the values that they believed should govern all aspects of any Welsh benefits system.¹²³ Chwarae Teg called for equality to be core, and suggested “an intersectional approach ...” to better understand claimants experiences.¹²⁴

¹¹⁶ ELGC Committee, 27 June 2019, RoP [103-5]

¹¹⁷ [BW 10 Community Housing Cymru, paragraph 4](#)

¹¹⁸ ELGC Committee, 27 June 2019, RoP [138]

¹¹⁹ [BW 10 Community Housing Cymru, paragraph 40](#)

¹²⁰ ELGC Committee, 27 June 2019, RoP [112]

¹²¹ ELGC Committee, 27 June 2019, RoP [44]

¹²² [BW 04 Chartered Institute of Housing Cymru, paragraph 3.1](#)

¹²³ [BW 10 Community Housing Cymru, paragraph 38](#)

¹²⁴ [BW 14 Chwarae Teg, paragraph 5.1](#)

Section 1 of the Social Security (Scotland) Act 2018 sets out the principles of the Scottish system as:

- social security is an investment in the people of Scotland;
- social security is itself a human right and essential to the realisation of other human rights;
- the delivery of social security is a public service;
- respect for the dignity of individuals is to be at the heart of the Scottish social security system;
- the Scottish social security system is to contribute to reducing poverty in Scotland;
- the Scottish social security system is to be designed with the people of Scotland on the basis of evidence;
- opportunities are to be sought to continuously improve the Scottish social security system in ways which—
 - put the needs of those who require assistance first, and
 - advance equality and non-discrimination,
- the Scottish social security system is to be efficient and deliver value for money.

Our view

111. Creating a “coherent package of Welsh benefits” is within the current powers of the Welsh Government. It would only relate to those benefits which it currently delivers, administers funds or controls. If further benefits were to be devolved, we would expect them to be incorporated into this “Welsh benefits system”.

112. We believe this “Welsh safety net” should cover all means-tested benefits delivered at a devolved level in Wales.

113. In responding to our report, we would like the Welsh Government to provide details of such means-tested benefits for which it is responsible; including the annual costs of each and the number of eligible people and claimants for each benefit. This should include all those which are administered at a local authority level.

114. It is a matter of basic fairness that people receive all the support to which they are entitled, as easily as possible. We believe that packaging the support

available in Wales into a “coherent” set of “Welsh benefits” could play an important role in maximising take up.

115. This package should be underpinned by a set of principles, akin to those set out in the *Social Security (Scotland) Act 2018*. During our visit to Edinburgh, we heard how these values have been fully embedded in delivery of the Scottish devolved benefits. Setting the principles out in legislation has provided clarity. It seemed clear that they are being followed through in terms of the design of the new Scottish benefits, and the operational practices of Social Security Scotland.

116. We believe that setting out these principles would make it very clear to the Welsh public what they can expect from any support delivered by the Welsh Government. Any further devolution, could be added to this “package” and be covered by the same set of values.

Recommendation 1. We recommend that the Welsh Government establish a coherent and integrated “Welsh benefits system” for all the means-tested benefits for which it is responsible. As part of this, the Welsh Government should develop a set of principles underpinning their design and delivery. These principles should be co-produced with people who claim these benefits and the wider Welsh public.

Recommendation 2. We recommend that the Welsh Government publish details of all the means-tested benefits it is responsible for and those delivered at a local authority level in Wales, including details of costs, the number of people eligible and the level of take up.

5. 2. Make the Discretionary Assistance Fund available to people experiencing hardship during the five week wait for Universal Credit

117. Currently people wait around five weeks from their application for Universal Credit to the first payment. We heard compelling evidence that this wait is causing unnecessary hardship.

118. One potential solution suggested by the Bevan Foundation was making the Discretionary Assistance Fund (DAF), available to people during this waiting period. People can apply for a loan to cover some costs during the five week wait, but unlike the DAF, this must be paid back. These loan payments can continue to cause financial difficulties, as they have to be repaid within 12 months.

119. The Bevan Foundation said that while it would cost the Welsh Government money, “there would be scope to ease the pressure”, by using the DAF to fund the first two to three weeks of a claim.¹²⁵ It is worth highlighting that in our work on rough sleeping, we heard evidence that the roll-out of Universal Credit and the broader welfare reforms was one of the causes of the increase in rough sleeping.¹²⁶

120. Community Housing Cymru said that tenants claiming Universal Credit “are carrying an average of £434 in rent arrears” which is higher than average rent arrears for those claiming Housing Benefit, or those who do not claim any support. They attributed this to a number of factors including the five week wait.¹²⁷ They also raised concerns about how “slick” administration of the DAF was, saying “it needs to move as quickly as possible”.¹²⁸

121. The Trussell Trust called for the DAF to be bolstered along with other top-up payments for those at risk of falling into “severe food instability”.¹²⁹ They said that the waiting time for Universal Credit has increased demand for foodbanks and “is a driver of financial crisis”. They cited actions taken in Scotland and Northern Ireland to mitigate the impact of the five week wait believing that it is an opportunity to move a “significant number of people” away from “financial crisis”.¹³⁰

122. They also called for more investment in the fund, highlighting that average payments in Scotland were significantly higher than of those in Wales.¹³¹

123. The Trussell Trust also raised concerns about how well known the DAF is. At one of their recent conferences, none of the food banks present “had either heard of [it] ... or understood that it was a source of funding that might be able to help...”.¹³² CIH Cymru also said that there was a need to “utilise the delivery partners through the DAF better”.¹³³

¹²⁵ ELGC Committee, 19 June 2019, RoP [225]

¹²⁶ ELGC Committee “Life on the Streets: Tackling and preventing rough sleeping” section 4.2, April 2018

¹²⁷ BW10 Community Housing Cymru, paragraph 3

¹²⁸ ELGC Committee, 27 June 2019, RoP [107]

¹²⁹ BW15 The Trussell Trust, paragraph 12

¹³⁰ ELGC Committee, 27 June 2019, RoP [15]

¹³¹ ELGC Committee, 27 June 2019, RoP [37-38]

¹³² ELGC Committee, 27 June 2019, RoP [38]

¹³³ ELGC Committee, 27 June 2019, RoP [109]

124. The Deputy Minister told us:

“... it’s important to make clear that people can already access the discretionary assistance fund in those circumstances”¹³⁴ [when they are waiting for their first payment ...”

125. She also said that the DAF budget has seen “an incredible increase” and that the increase in calls on the fund could be largely attributed “... to Universal Credit...”.¹³⁵ In additional correspondence to the Committee, the Deputy Minister confirmed that the DAF eligibility criteria has been amended to enable the DAF to be accessed due to delays in payments and when households have been sanctioned.¹³⁶

Our view

126. We acknowledge that using the DAF to cover the five week wait means the Welsh Government is taking action and using funds to meet qualifying needs arising from UK Government policy

127. But we believe it is essential to take all possible steps to reduce financial hardship. If there is a mechanism to do this, within the current devolution settlement, it should be used. We also note that by stepping in at this stage, the Welsh Government may well prevent problems escalating, and potentially reducing the burden on the public purse further down the line. This preventative approach is in line with the *Well-being of Future Generations (Wales) Act 2015*.

128. We note the comments by the Deputy Minister that the DAF can already be used in these circumstances. Yet none of the key stakeholders seemed to be aware of this. It needs to be made clearer to advice services and the public. We note that the Welsh Government website (at the time of writing) does not explicitly state this position that the fund can be used in this way.¹³⁷

129. We note the evidence from Community Housing Cymru that co-location of services such as local authorities within a Job Centre have worked “fantastically”.¹³⁸

¹³⁴ ELGC Committee, 3 July 2019, RoP [113]

¹³⁵ ELGC Committee, 3 July 2019, RoP [114]

¹³⁶ [Letter from the Deputy Minister for Housing and Local Government to Chair, ELGC Committee, 6 August 2019](#)

¹³⁷ [Welsh Government website, DAF eligibility \[accessed on 21 September 2019\]](#)

¹³⁸ ELGC Committee, 27 June 2019, RoP [112]

Having a local authority or advice agency presence in a Job Centre may help ensure people are aware of the support they are eligible for.

130. We are also concerned that some people who are experiencing hardship because of the five week wait, may not meet some of the other eligibility criteria for the DAF, and therefore will be excluded from these payments. We want the criteria to be suitably flexible to ensure people in these circumstances are not excluded from this financial support.

Recommendation 3. We recommend that the Welsh Government ensures the DAF can be used during the waiting period for an initial Universal Credit payment, and that the eligibility criteria and application process are changed to reflect this. The Welsh Government must ensure that the application process is swift to ensure that payments are received in a timely fashion to avoid financial hardship and that there are sufficient funds available to meet all claims.

5. 3. Increase take up of existing benefits

131. Benefits are significantly under-claimed in Wales. This has an effect on individual households, as well as local economies and the broader Welsh public purse. Stakeholders suggested that more could be done to increase take up. This could be done in a number of ways, including a public awareness campaign across Wales. The Welsh Government could go further, and place a statutory duty on local authorities to provide benefits advice which aims to maximise claims. This idea was supported by a range of stakeholders.

132. The Wales Governance Centre suggested it would “make sense” for the Welsh Government to “lead a campaign to increase uptake of benefits” in the year preceding any devolution of entire benefits to ensure that the number of claimants in the baseline year was the closest reflection of potential claimants.¹³⁹ The Older People’s Commissioner supported this, and suggested it could be “further-reaching” and cover other entitlements which are not being devolved. The Commissioner also supported the duty in Scottish legislation on Ministers to promote take-up of benefit entitlements.¹⁴⁰

133. WRAC highlighted the scale of the problem stating only half those eligible for Pension Credit claim and said take up for other benefits are also “extremely low”. This has a broader impact on the local economy, because “people who receive benefits spend their money a bit differently to those better off” and that

¹³⁹ [BW07 Wales Governance Centre, paragraph 5.3](#)

¹⁴⁰ [BW 16 Older People’s Commissioner, paragraphs 8 and 13](#)

they “tend to spend it much more locally...” and as a result any changes to benefits, or underclaiming has “an immediate local economic effect...”.¹⁴¹ They suggested that “there’s a huge opportunity there for a relatively small investment to provide a very good, sound business case for return”.¹⁴²

Our view

134. At a time when far too many people are struggling on a day to day basis, it is essential that all is done to maximise the money in people’s pockets. More should be done to firstly ensure people know what they are eligible to claim and have the support, if needed, to do so.

135. Advice services, provided both by local authorities and the third sector, are important in supporting people in claiming their full entitlements. We note that the Welsh Government have regularly stressed the preventative nature of the work of advice services, including in the most recent announcement on the Single Advice Fund.¹⁴³

136. As a starting point, we would like to see the Welsh Government develop an extensive public awareness campaign to ensure that people are claiming the benefits for which they are eligible. We also believe a statutory duty should be placed on local authorities to provide benefits advice. We note that the Local Government Bill is likely to be introduced for legislative scrutiny shortly. This could be a possible legislative vehicle to introduce such a duty. If the Welsh Government were to place such a duty on local authorities, costings should be fully explored in the accompanying Regulatory Impact Assessment. The Welsh Government should also ensure that sufficient funding is made available to ensure that local authorities can deliver such a duty.

Recommendation 4. We recommend that the Welsh Government takes action to improve take up of all benefits in Wales, both devolved and non-devolved. At the very least this should take the form of a wide ranging and extensive public awareness campaign. We also believe that there should be a statutory duty placed on local authorities to provide benefits advice which aims to ensure people are claiming all benefits to which they are entitled. The Welsh Government should ensure that funding is made available to local authorities to deliver this duty.

¹⁴¹ [BW 12 Welfare Rights Advisers Cymru, paragraphs 24-26](#)

¹⁴² [ELGC Committee, 27 June 2019, RoP \[41\]](#)

¹⁴³ [Welsh Government Written Statement, Deputy Minister and Chief Whip, Advice Services, 2 July 2019](#)

5. 4. Strengthen Wales' voice in the UK decision making

137. The devolution settlement does not provide much opportunity for the devolved institutions, either the executive or legislature, to formally input into policy development in reserved areas, even when these decisions will have a significant impact on devolved responsibilities. We explored with all of our witnesses how we could improve Wales' voice in the wider UK context.

138. CIH Cymru called for consideration of how Wales "could gain a greater say in how benefits are delivered on a non-devolved basis". They felt there was the potential for a federal decision-making system so:

"...nations could vote, and equally veto decisions to provide greater equality and balance around how Wales is impacted by decisions taken at a Westminster level."¹⁴⁴

139. The Bevan Foundation felt these sorts of discussions could take place, but that the Welsh Government would need "a clarity and a vision" to convey to the UK Government.¹⁴⁵ CIH Cymru said "you could have a system where [on non-devolved issues], you've all got co-equal say, or it could be a different voting rights system".¹⁴⁶

140. We also looked at international models. The UK is not unusual in dividing the administration of social security benefits between different tiers of government (UK government, devolved government and local government). But even in highly decentralised countries, social security is typically the responsibility of the central government. Distributive welfare functions tend to be allocated to regional or state-level governments, and redistributive ones to the federal or central government. The outright exclusion of regional-level governments from welfare responsibilities is unusual, and generally to be found only in the more centralised systems such as those of Australia and Germany.¹⁴⁷

Our view

141. We note from the international examples that there is a clear pattern with redistributive benefits remaining the responsibility of the federal government, while the distributive benefits are more likely to be devolved to state or regional level. This model seems to balance the benefits that are best delivered nationally,

¹⁴⁴ [BW 04 Chartered Institute of Housing Cymru, paragraph 4.8](#)

¹⁴⁵ ELGC Committee, 19 June 2019, RoP [210]

¹⁴⁶ ELGC Committee, 27 June 2019, RoP [125]

¹⁴⁷ [Institute for Public Policy Research, Devo more and Welfare, section 2.5, March 2014](#)

while providing flexibility to deliver some benefits at a more local or regional level. These examples have helped inform our thinking on those benefits which we believe should be devolved.

142. We think there is an opportunity to strengthen the Welsh voice in the devising and the implementation of non-devolved benefits policy. In particular on those areas which impact devolved responsibilities such as housing. In trying to reduce entrenched levels of poverty in Wales, we need to work together across the devolution divide to ensure all levers are being fully used both by the UK Government and Welsh Government.

143. We recognise that we are at a time of constitutional flux. Announcements have been made by both the Welsh and UK Governments' about various reviews into how the UK constitution works. As part of this, we think both governments need to give specific consideration as to how Welsh needs are considered when the UK Government makes decisions about the design and delivery of welfare benefits. This should be done with the stated aim of trying to ensure greater parity between Wales and the UK Government in decision making on issues that have such a direct and significant impact on the lives of people in Wales.

Recommendation 5. We recommend that the Welsh Government explore with the UK Government the best mechanisms to improve Wales's voice in UK Government decisions on social security policy. The Welsh Government should provide us with an update on these discussions in six months.

5. 5. Culture change for those delivering benefits in Wales

144. As well as the amount of money people receive, we know the way the benefits system treats people has a significant impact on their quality of life. Currently it does not always treat people in the most humane and dignified way.

145. Psychologists for Social Change said the DWP approach was not “a psychological prosperous, supporting, respecting” one and that it does not “treat people with dignity”.¹⁴⁸

146. Oxfam Cymru outlined their work with the DWP using their Sustainable Livelihoods Approach.¹⁴⁹ This asset based and participatory approach recognises that all people have abilities and assets that can be used to improve their lives. Oxfam Cymru is currently training Jobcentre staff, and told us that the

¹⁴⁸ [BW03 Psychologists for Social Change](#)

¹⁴⁹ For more information about the Sustainable Livelihood Approach visit [The Sustainable Livelihoods Approach: Toolkit](#)

independent evaluation of the first stage has shown a “social return on investment is estimated at £4.43 for every £1 spent”. They called for this approach to be “used more widely”.¹⁵⁰

147. Oxfam Cymru said that the project is about “trying to embed an understanding of poverty...” into the DWP:

“...empowering and equipping staff to do the right thing for those people using the DWP, rather than offering, perhaps, a one-size-fits-all service. Given the introduction of universal credit, the people who are visiting jobcentres are actually a much more diverse group, and often, employment isn’t a realistic outcome in the first instance always.”¹⁵¹

148. They told us that “90 per cent of those staff who’ve trained have reported an increased awareness of poverty issues and our SLA tools”.¹⁵²

149. Chwarae Teg called for this specific training to be rolled out and to be made “a requirement for all staff involved in the delivery of social security in Wales”.¹⁵³ They also call it “crucial” for a cultural change on how we approach benefits in Wales.¹⁵⁴

150. The Shaw Trust said the system should be “backed up by holistic health and well-being support for claimants covering a number of life areas, including employability support”.¹⁵⁵ Academics from Bangor University said that information given to claimants “should be made more clearly and communicated in a more meaningful and humane way”.¹⁵⁶

151. The Bevan Foundation indicated that the DWP in Wales “has adopted a much more user-friendly face” saying this was to DWP’s credit, but that “there’s always room to do a bit better”.¹⁵⁷

152. Some witnesses drew attention to the link between a cultural change and the requirements of the *Well-Being of Future Generations (Wales) Act 2015*. The Shaw Trust said a “person-centred” system, which was aligned with devolved

¹⁵⁰ [BW.05 Oxfam Cymru](#)

¹⁵¹ ELGC Committee, 27 June 2019, RoP [147]

¹⁵² ELGC Committee, 27 June 2019, RoP [149]

¹⁵³ [BW.14 Chwarae Teg, paragraph 3.3](#)

¹⁵⁴ [BW.14 Chwarae Teg, paragraph 5.7](#)

¹⁵⁵ [BW06 The Shaw Trust, paragraph 2.2](#)

¹⁵⁶ [BW.14 Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym \(Bangor University\), paragraph 3.e](#)

¹⁵⁷ ELGC Committee, 19 June 2019, RoP [218]

services would be “consistent” with the Act.¹⁵⁸ While academics from Bangor University called for the Act to be used as “the driver of radical changes” to the system.¹⁵⁹

153. The Deputy Minister said she “welcomed” Oxfam Cymru’s work and that it was “something that we’d be happy to look at further” adding that part of the work was understanding the work being done across Wales, and “how we can then better support that to roll out on a larger scale”.¹⁶⁰ The Deputy Minister also said that the Act could be part of the “Welsh approach”.¹⁶¹

Our view

154. We would strongly support any attempts to try and make the system more humane and compassionate. We commend the approach that has been rolled out by Oxfam, using the Sustainable Livelihoods Toolkit. We believe that this approach should be used by the Welsh Government when delivering those benefits currently administered in Wales, such as the DAF, by either the Welsh Government or local authorities.

Recommendation 6. We recommend that the Welsh Government use the Sustainable Livelihoods Toolkit approach in the delivery of all devolved benefits currently delivered in Wales.

5. 6. Increase the income threshold for free school meals and make it an opt in system

155. On 1 April 2019 the Welsh Government introduced a new threshold for school meals of an annualised net earned income of £7,400 for people claiming Universal Credit.

156. The Trussell Trust called for an increase in the threshold to £14,000,¹⁶² bringing Wales in line with Northern Ireland.

Our view

157. On a matter of principle, we believe that this income threshold should be increased. However, we are aware that this could create a significant financial

¹⁵⁸ [BW06 The Shaw Trust, paragraph 3.4](#)

¹⁵⁹ [BW 14 Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym \(Bangor University\), paragraph 5.a](#)

¹⁶⁰ ELGC Committee, 3 July 2019, RoP [116]

¹⁶¹ ELGC Committee, 3 July 2019, RoP [55]

¹⁶² ELGC Committee, 27 June 2019, RoP [48]

impact. The beneficial effect however, would not just be more free school meals but also increased eligibility for other benefits for which free school meals act as a “passport”.

Recommendation 7. We recommend that the Welsh Government undertake a feasibility study of increasing the threshold for free schools meals to £14,000. This should be carried out in a timely manner so that if the increase is financially viable the revised threshold is in place for the start of 2020/21 school term.

5. 7. Recognise kinship care

158. Kinship care is the care given to a child by a family member or other people connected to the child, other than the parents. In Scotland, kinship care covers family and friends providing this care in both formal and informal arrangements. Broadening the definition would enable more carers to access a range of benefits.

159. Oxfam Cymru highlighted the “growing evidence” that there needed to be greater recognition of “unpaid care”.¹⁶³ WRAC went further and called expressly for a recognition of kinship care.¹⁶⁴ They told us that care support for children within the benefits system “is limited” and that if kinship care was recognised “suddenly that would open up the benefits system elements of providing help with care costs to registered carers...”. This would also open up “another flood” of money and support coming into Wales.¹⁶⁵

Our view

160. Recognising kinship care would have both practical and symbolic significance. It would be a public statement of support for those who provide important public service both to their families and the broader community. Even more importantly though it would enable people providing this care to access important support through the benefits system. As well as increasing financial support to individual households, it will also bring additional funds into Wales more broadly.

Recommendation 8. We recommend that the definition of kinship care is broadened to include family members and others who are closely connected to the family but are not the parents who are caring for a child or young person in

¹⁶³ [BW.05 Oxfam Cymru](#)

¹⁶⁴ [BW.12 Welfare Rights Advisers Cymru, paragraph 23](#)

¹⁶⁵ ELGC Committee, 27 June 2019, RoP [42]

an informal, full time capacity. This should be done at the earliest possible opportunity.

6. Administrative powers

We considered the potential of devolving “administrative powers” over certain benefits. We believe that this provides an opportunity where significant changes could be implemented without the Welsh Government having to shoulder a substantial financial risk.

161. The Welsh Government’s Director of Communities and Tackling Poverty told us that one of the issues they were currently grappling with is “what is administration”. They told us this would be a “key feature of the WCPP report”. They also highlighted that there may be differences of opinion on the difference between policy and administration.¹⁶⁶

6.1. Universal Credit flexibilities

162. Alternative Payment Arrangements (APA) allowing Universal Credit claimants to receive more frequent payments or direct payments to landlords are available in Wales. But these flexibilities are only available if the person is referred, and they meet the eligibility criteria. People cannot choose APAs themselves.

163. As outlined in paragraph 17, Universal Credit Scottish Choices provides people with the choice to have more flexible payments. People can simply request these payment flexibilities, and do not have to meet any criteria or be referred.

164. We received overwhelming evidence calling for the same options to be universally available to claimants in Wales. We first started to hear concerns about this as part of our work on making the economy work for people on low incomes. Some of the problems, including the five week wait for the first payment, the removal of the automatic direct payments to landlords of housing costs, and the move to monthly payments have been well documented. These issues were highlighted by a number of witnesses, who all called for payment flexibilities to be available to all in Wales:

- The Shaw Trust;¹⁶⁷

¹⁶⁶ ELGC Committee, 3 July 2019, RoP [71-2]

¹⁶⁷ [BW06.The Shaw Trust, paragraph 4.7](#)

- Oxfam Cymru;¹⁶⁸
- Chartered Institute of Housing Cymru;¹⁶⁹
- Swansea Council;¹⁷⁰
- Community Housing Cymru;¹⁷¹
- Welfare Rights Advisers Cymru;¹⁷²
- Mind Cymru;¹⁷³
- academics from Bangor University;¹⁷⁴
- Chwarae Teg;¹⁷⁵
- Residential Landlords Association;¹⁷⁶ and
- The Trussell Trust.¹⁷⁷

165. The Bevan Foundation highlighted that this is “not a structural issue”, asking “why would you not want to give claimants more choice and flexibility?”.¹⁷⁸ It is a matter of “parity and principle” with Scotland. They called for flexibilities to be introduced before the full roll out of Universal Credit, saying there was a “little window at the moment”.¹⁷⁹

166. The Trussell Trust told us that the Welsh Government could be putting pressure on the DWP “to extend the take up of...flexibilities”.¹⁸⁰

167. Many witnesses made the comparison with Scotland. But some highlighted issues arising from Scottish Choices, and in particular the direct payments to

¹⁶⁸ [BW.05 Oxfam Cymru](#)

¹⁶⁹ [BW.04 Chartered Institute of Housing Cymru, paragraphs 2.3-2.4 and 5.3](#)

¹⁷⁰ [BW.08 Swansea Council, paragraph 3.1.1](#)

¹⁷¹ [BW.10 Community Housing Cymru, paragraphs 16-17](#)

¹⁷² [BW.12 Welfare Rights Advisers Cymru, paragraphs 16-19](#)

¹⁷³ [BW.13 Mind Cymru, paragraph 12](#)

¹⁷⁴ [BW.14 Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym \(Bangor University\), paragraph 2.a](#)

¹⁷⁵ [BW.19 Chwarae Teg, paragraph 3.2.2](#)

¹⁷⁶ [BW.18 Residential Landlords Association](#)

¹⁷⁷ ELGC Committee, 27 June 2019, RoP [68]

¹⁷⁸ ELGC Committee, 19 June 2019, RoP [195 and 197]

¹⁷⁹ ELGC Committee, 19 June 2019, RoP [230]

¹⁸⁰ ELGC Committee, 27 June 2019, RoP [37]

landlords. Community Housing Cymru said that the system across Great Britain for direct payments was:

“...unfit for purpose, leading to payment delays to landlords which, in some cases, can lead to technical rent arrears. Direct payment to landlord can also create confusion where a claimant is sanctioned, leading to less than the full rent being paid to the landlord.”¹⁸¹

168. They added that while Welsh housing associations understand these issues and are “flexible with tenants” who are “forced into arrears” because of the system, other landlords “may struggle to absorb” the technical rent arrears.¹⁸² They described the system for payments as “completely broken” and said that despite a person doing “everything right” they may accumulate up to six weeks rent arrears “purely because the payment is so late coming from [the DWP] to the housing association”.¹⁸³ They said that this was a reminder that even if devolution occurs, “if the underlying mechanisms are still controlled in London, you can almost shoot yourself in the foot, to some extent”.¹⁸⁴

169. They said that the impact of Scottish Choices, “is still under assessment”.¹⁸⁵ The Trussell Trust also called for more research into the impact of Scottish Choices.¹⁸⁶

170. The Bevan Foundation told us that the review of Scottish Choices so far suggests it’s been “positive, although not without strain” and that:

- “Take up is relatively high
- More frequent payments can see claimants having to survive lengthy periods on reduced awards, early on in their claim
- Payment system is not currently working well enough for landlords or tenants
- Their impact could be improved with better integration with proposed ‘run on’ of benefits.”¹⁸⁷

¹⁸¹ [BW.10 Community Housing Cymru, paragraph 12](#)

¹⁸² [BW.10 Community Housing Cymru, paragraph 12](#)

¹⁸³ ELGC Committee, 27 June 2019, RoP [116]

¹⁸⁴ ELGC Committee, 27 June 2019, RoP [120]

¹⁸⁵ [BW.10 Community Housing Cymru, paragraphs 12 and 14](#)

¹⁸⁶ [BW15 The Trussell Trust, paragraph 10](#)

¹⁸⁷ [BW17 The Bevan Foundation, Annex 1](#)

171. The Welsh Government told us it has discussed payment flexibilities with Scottish colleagues, particularly about the “mechanics”.¹⁸⁸ The Deputy Minister also told us that the discussions have been “frequent and ongoing” with the UK Government, and that then Secretary of State for Work and Pensions (at the time of giving oral evidence) was “amenable”:

“...one of the things we’ve recently raised is the point that we’re at now, when the managed migration has been paused, and that would be an opportune moment to consider any changes or flexibilities to the system.”¹⁸⁹

172. The Director of Communities and Tackling Poverty said that while discussions with the DWP have been “positive and constructive” the DWP are bound by UK Government policy:

“...the fact that much of the administration of universal credit is set out in regulations, and those regulations cover both England and Wales, and it’s not possible, we’re told, for them to operate the system differently in Wales to England without legislative changes, which they are not, at the moment, prepared to consider.”¹⁹⁰

173. They also described “constant difficulties, battles and discussions” to get data on take-up of current flexibilities available in Wales. They do not have detail of how many people have requested flexibilities, and how many have been successful, describing it as “a bit of blank”.¹⁹¹

Our view

174. This inquiry initially stemmed from our concerns highlighted in our previous reports about the impact of Universal Credit on people in Wales. We feel strongly that Wales should have the same Universal Credit payment flexibilities that are available in Scotland and Northern Ireland. This is a question of parity and fairness with the other devolved nations.

175. While we may have differing views individually about the effectiveness of Universal Credit, we all agree that the lack of universally available payment flexibilities should be fixed urgently. The APA scheme may be available in Wales, but this is not available to everybody. We are also disappointed that the UK

¹⁸⁸ ELGC Committee, 3 July 2019, RoP [14]

¹⁸⁹ ELGC Committee, 3 July 2019, RoP [103-104]

¹⁹⁰ ELGC Committee, 3 July 2019, RoP [106]

¹⁹¹ ELGC Committee, 3 July 2019, RoP [106]

Government is not willing to share information with the Welsh Government on the take up of APAs.

176. The lack of flexibilities combined with the five week wait before the first payment is made is having a significant impact on people in Wales. It is also placing a strain on a significant number of devolved services, in particular, rising levels of homelessness.¹⁹² We identified the changes to the welfare system as being one of the structural factors in increased levels of rough sleeping in our recent report.¹⁹³

177. We believe that securing these payment flexibilities should be a matter of priority for the Welsh Government. We note the comments made by the Bevan Foundation that this is an opportune time to seek changes, before Universal Credit is fully rolled out. This was acknowledged by Welsh Government officials. This provides a further impetus to seek these flexibilities as a matter of urgency.

178. We do not believe there would be significant operational issues to introducing payment flexibilities in Wales without the establishment of a separate Welsh benefits agency.

Recommendation 9. We recommend that the Welsh Government seek payment flexibilities for Universal Credit so that people in Wales can choose to: have more frequent payments, direct payments to the landlord, and split payments between couples. We think this should be taken forward as a matter of urgency, and would request an update in six months from the report publication on negotiations and implementation.

6. 2. Devolve support for housing costs

179. For most claimants, Housing Benefit will eventually be rolled into the single Universal Credit payment. One of the biggest impacts of this change will be the changes in payment arrangements, which we have covered in the preceding section.

180. Some people will continue to receive Housing Benefit as a stand-alone benefit (rather than Universal Credit), such as those over the State Pension Age; or who are receiving the Severe Disability Payment; or those in supported or temporary accommodation. Community Housing Cymru suggested that devolution of this benefit would enable Welsh Government funds to be used

¹⁹² BW 14 Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym (Bangor University), paragraph 3.c

¹⁹³ ELGC Committee, *Life on the streets: Preventing and Tackling Rough Sleeping in Wales*, April 2018, paragraphs 133-136

more strategically in delivering older people's and supported accommodation.¹⁹⁴ It would be a small and discrete benefit to devolve without the same difficulties of extricating from other benefits.

Housing benefit and Universal Credit

181. Alongside the roll out of Universal Credit, there have been other changes to Housing Benefit that have reduced the amount people are able to claim. These changes include introduction of the “bedroom tax”, and restrictions on the levels of Local Housing Allowance payable for single people under 35. Other broader changes to the system, such as the “benefits cap” may also affect the amount people can claim for their housing costs.

182. “Eligible rent” is the amount of actual rent that can be covered by Housing Benefit or the housing element of Universal Credit, Local Housing Allowance (LHA) determines the level of housing cost that will be covered by benefits. It is based on local rent levels and there are a range of rules which are used to calculate the levels available. These rules are currently set by the UK Government.

183. The Bevan Foundation told us that their priority in seeking powers over benefits would be help with housing costs because it “is one of the big drivers of poverty and people struggling to make ends meet”.¹⁹⁵ It is also clearly linked to devolved policy.¹⁹⁶ It “would present a lower risk, and could result in financial gains” in comparison to devolution of other benefits.¹⁹⁷ They did not believe it would be “impossible” even if the UK Government may not want it.¹⁹⁸

184. Community Housing Cymru agreed, believing it would enhance Welsh Government poverty reduction strategies.¹⁹⁹

185. However, WRAC said it would be very difficult to remove housing support from Universal Credit. They said that because of the work allowances and tapers, the system would have to be “redesigned” to take account of the removal of the housing costs.²⁰⁰

¹⁹⁴ [BW10 Community Housing Cymru, paragraph 34](#)

¹⁹⁵ ELGC Committee, 19 June 2019, RoP [169]

¹⁹⁶ ELGC Committee, 19 June 2019, RoP [231]

¹⁹⁷ [BW17 The Bevan Foundation](#)

¹⁹⁸ ELGC Committee, 19 June 2019, RoP [189]

¹⁹⁹ [BW10 Community Housing Cymru, paragraph 34](#)

²⁰⁰ ELGC Committee, 27 June 2019, RoP [31]

186. CIH Cymru believed that changes to the administration of housing benefit could facilitate assessment of housing costs “being done at a local level, because that’s where they vary and people, assessors, have the knowledge”. They described some “silly mistakes” that have been made as part of the assessment process, that would not be made by the housing benefit authority with the local expertise.²⁰¹

LHA Rates

187. The Residential Landlords Association believed that devolution could “formulate a Welsh solution to LHA freezes”. The RLA want to see the housing support be restored to “at least the 30th percentile of market rents when the current benefit freeze ends in the Spring of 2020, bringing payments back into line with market rents”. They said the freezes have hit Welsh communities “hard”, in particular in those areas where the LHA rates are significantly below market rates.²⁰²

188. The Bevan Foundation described the LHA as an example of how the UK benefits system can “really pull the rug out...from under the Welsh Government’s ambitions...” saying that the social housing size criteria (also known as the “bedroom tax”) is applied to parts of Wales that have some of the lowest rents in the UK.²⁰³ They said it makes no sense “in areas with low rent and low demand”. and believed that this was something that could be done without devolving housing benefit / costs completely.²⁰⁴

189. Community Housing Cymru believed that having a method of adding extra money on top of the LHA rates “would certainly have a huge impact on poverty, ending the need for people to engage in terrible situations...”.²⁰⁵ Their recent research showed that in shared accommodation, in some areas, people were having to find an additional £12 a week on top of the LHA, with people often using DHP to cover the shortfall. They described this as “a very, very inefficient way” of alleviating poverty. A more effective way would be to top up the specific LHA rates for that particular group.²⁰⁶

²⁰¹ ELGC Committee, 27 June 2019, RoP [140-141]

²⁰² [BW18 Residential Landlords Association](#)

²⁰³ ELGC Committee, 19 June 2019, RoP [151]

²⁰⁴ ELGC Committee, 19 June 2019, RoP [189]

²⁰⁵ ELGC Committee, 27 June 2019, RoP [89]

²⁰⁶ ELGC Committee, 27 June 2019, RoP [93-94]

190. The Deputy Minister was “not surprised” that people were suggesting devolution of help with housing costs benefits. She said that taking responsibility for the housing element of Universal Credit would in effect lead to the creation of:

“...a Welsh housing benefit, and that would logically require the inclusion of all aspects of housing benefit not included in universal credit. So, all of these things maybe appear simple, but can have broader complexities.”²⁰⁷

Our view

191. We heard compelling evidence that the opportunity to devolve help with housing costs would lead to a better fit with devolved policies. While the Welsh Government holds a number of significant policy levers around housing, it does not hold some of the key financial levers.

192. We are acutely aware that there could be a significant cost to the Welsh Treasury of devolution, and believe that further exploratory work is needed to better understand the full costs, risks and benefits of such devolution. We believe this should be taken forward with pace; and that as part of the exploratory work, it would be worthwhile for the Welsh Government to have discussions with the UK Government to understand any potential barriers to devolution.

Recommendation 10. We recommend that the Welsh Government seeks the devolution of Housing Benefit for specific groups of people that is (and will continue to be) delivered outside of Universal Credit.

Recommendation 11. We recommend that the Welsh Government undertake further detailed exploratory work to better understand the costs, risks, practical implementation and benefits of devolution of the housing element of Universal Credit. This should also cover powers to set eligible rent levels. The analysis should be published to help inform future public and political debate about devolution.

6. 3. Devolve the assessment process for disability and sickness benefits

193. There are a number of benefits to support people with disabilities or sickness. Most involve an assessment before an eligibility decision is made. There has been

²⁰⁷ ELGC Committee, 3 July 2019, RoP [92]

widespread publicity about issues around some of these assessment process; and concerns about the inhumane aspects of the system.

194. Swansea Council suggested devolving the assessment process and giving it to “the health service” who would have access to a person’s records to “enable a more accurate assessment of their needs”.²⁰⁸

195. The Bevan Foundation also supported better integration of assessments with other elements of health and care “so they’re not having multiple separate assessments, or if an assessment identifies particular need, there are then links with the health and social care system...”²⁰⁹

196. WRAC said that they would like to see the “front end of it, the human-facing end” of the benefits system devolved. They suggested this could be done “relatively easily”. It would also be an opportunity for a more “integrated approach”.²¹⁰

197. Community Housing Cymru said that the “biggest issue” people have with the system is the “assessment process and the administration”.²¹¹ We heard that the assessment process does not work effectively, and people cited the high levels of successful appeals.²¹²

198. The Welsh Government used the example of taking on PIP assessment, highlighting that a more sympathetic approach could lead to more applications being successful and asked “who bears the financial consequences of that more generous assessment process?”²¹³ They said this was demonstrated the complexities between administration and the costs of the system.

Our view

199. The assessment process is a critical element of the benefits system, which has a significant impact on people’s lives. We are concerned that the current assessment processes do not always take best account of the specific needs or challenges faced by people with some conditions. When we look to Scotland, we can see how they have embedded the lived experience of people into the design, implementation and evaluation of the benefits system. There is now an

²⁰⁸ [BW08 Swansea Council, paragraph 3.2.2.](#)

²⁰⁹ [ELGC Committee, 19 June 2019, RoP \[187\]](#)

²¹⁰ [ELGC Committee, 27 June 2019, RoP \[53\]](#)

²¹¹ [ELGC Committee, 27 June 2019, RoP \[136\]](#)

²¹² [BW 12 Welfare Rights Advisers Cymru, paragraph 10.](#)

²¹³ [ELGC Committee, 3 July 2019, RoP \[70\]](#)

opportunity in Wales to look to this best practice and see how Wales could implement a similar, more person-centred system.

200. We think the Scottish approach where the private sector has been removed from the assessment process requires further exploration. One Member, Mark Isherwood AM believes that the focus should be on the assessment process, rather than who delivers the assessment. We are aware that there may be complications around the contracts that have been entered into by the UK Government to deliver these services, so appreciate that devolution of the process may not happen immediately. But we would like to see a clear commitment from the Welsh Government that they will start the necessary negotiations with the UK Government to seek devolution of this important aspect of the benefits process in the long term. We recognise that the Welsh Government would need to seek assurances that sufficient funding would have to be attached to any devolution.

Recommendation 12. We recommend that the Welsh Government seeks the devolution of the assessment process for sickness and disability benefits.

6. 4. Devolve decisions about sanctions

201. Along with concerns about the assessment process, there have been long-standing concerns about the impact of sanctions on households that are often living on a financial knife edge. As part of our inquiry into Making the Economy work for people on low incomes, we took evidence from the Welfare Conditionality Project. Their evidence highlighted both concerns about the effectiveness of sanctioning as well as issues about the implementation of the sanctions, such as sanctions being applied to a whole household rather than the individual, and the extension of sanctions to those in work.²¹⁴

202. Oxfam Cymru said that there is evidence that sanctions lead to hardship and are an “ineffective tool” in getting people into work. They highlighted the recommendations made by the Joseph Rowntree Foundation for changes to the sanctioning regime, including a phased approach with steps prior to financial sanctions being imposed, and a reduction in the financial penalties so sanctioning does not leave people destitute. They wanted to see “an urgent review” of sanctions policy and practice.²¹⁵

²¹⁴ ELGC Committee, 21 September 2017

²¹⁵ BW.05 Oxfam Cymru

203. WRAC highlighted that sanctions are often “far more severe” than the reason the sanction justified.²¹⁶ While the Trussell Trust highlighted research that showed a “‘strong, dynamic relationship’ between benefit sanctions and food bank referrals”.²¹⁷

204. Chwarae Teg said that a Welsh system could introduce additional steps prior to sanctions which would lead to a “more compassionate and humane system”.²¹⁸

205. The Bevan Foundation said sanctions were a difficult issue, because a system reliant on people complying with certain requirements needs some form of “stick behind it”, but that removal of all support “is a very harsh step”. They indicated that the issues with the regime has been that some decisions have been “unfair and harsh and with very limited scope for appeal”.²¹⁹

206. We heard that in Scotland their priority is treating people with dignity and respect. The Scottish Government told us that the research has shown that sanctioning does not work.

Our view

207. Sanctioning can have a significant impact on households, often driving them into debt and crisis. While we are not coming to a view on the use of sanctions per se, we believe that devolution could lead to decisions made closer to the people of Wales, and take better account of Welsh needs and citizens.

208. We note that in Northern Ireland, the sanctioning regime is different. The maximum length of sanctioning was reduced from 3 years to 18 months, which shows that the sanctioning regime can be operated differently in the devolved nations.

Recommendation 13. We recommend that the Welsh Government seeks devolution over the rules and regulations that govern sanctions within the benefits system.

²¹⁶ BW 12 Welfare Rights Advisers Cymru, paragraph 12

²¹⁷ BW15 The Trussell Trust, paragraph 5

²¹⁸ BW 19 Chwarae Teg, paragraph 3.4

²¹⁹ ELGC Committee, 19 June 2019, RoP [240]

7. Creation of new benefits and powers to top up benefits

Wales does not currently have powers to create new benefits or top up non-devolved benefits. We believe both these powers would provide greater flexibility to respond to Welsh needs.

7.1. Create a new benefit to tackle a specific issue

209. The Scottish Parliament now has the power to create new benefits, other than pensions. New benefits that have or, are in the process of being created, include the Young Carers Grant, Scottish Child Payment and short term assistance for people during the period in which they appeal a reduction to their benefits.

Scottish Child Payment

The Scottish Government are introducing this payment for low-income families with children under 6 from 2021. By the end of 2022 the eligibility will be broadened to include low-income families with children under 6. It will be a weekly payment of £10 per week, for each child in a family in receipt of certain benefits. The payment is an effort to reach Scotland's legally binding child poverty targets by reducing relative child poverty by 3 percentage points.

The Scottish Government are “prioritising this age group because we know from evidence that almost 60% of children live in a family with a child of six and under”.²²⁰

210. The Bevan Foundation thought that the powers to create or top up benefits were “really important”. But they expressed caution saying it’s difficult if the Welsh Government does not have full responsibility for the relevant policy area. It also risks an incoherent system.²²¹

211. Swansea Council highlighted the importance of ensuring any new benefits created did not have an impact on eligibility or the value of other, non-devolved benefits.²²²

²²⁰ [Scottish Government website, Scottish Child Payment \[accessed 4 October 2019\]](#)v

²²¹ ELGC Committee, 19 June 2019, RoP [206]

²²² [BW08 Swansea Council, paragraph 3.3.3](#)

212. WRAC said there were “few needs specific to Wales” which would necessitate a specific benefit.²²³

Our view

213. We think having additional flexibility to create new benefits in Wales would be a useful tool. It would mean we could address Welsh needs with Welsh solutions. Clearly the expectation would be that any new Welsh benefits would have to be funded from the Welsh Treasury. We believe this additional flexibility, which would come at no cost to the UK Government, would be worth it.

214. We acknowledge the concerns raised by stakeholders about potential unintended consequences, but do not believe this means Wales should not have these powers. It would be incumbent on the Welsh Government to ensure that any new benefits did not result in adverse unintended consequences.

Recommendation 14. We recommend that the Welsh Government seeks powers to create new benefits.

7. 2. Top up an existing benefit

215. The Scottish Parliament has the powers to top-up reserved benefits. Any costs arising from these top-ups must be met by the Scottish Government. They have already introduced the Carer’s Allowance Supplement, which is an additional twice yearly payment of £221 for people who receive Carer’s Allowance.

216. There are also similar flexibilities in Northern Ireland, where “Welfare Supplementary Payments” give additional support for people whose benefits have been reduced as a result of the welfare reforms. This is provided as a top up payment in addition to their existing benefits.

217. Community Housing Cymru felt similar steps could be taken in Wales without the need for any devolution, but that it would “require significant investment” which may be difficult without “actions taken over income generation” as in Scotland.²²⁴ The Trussell Trust also supported the Scottish approach which they said “will go some way to reduce the financial hardship of groups on the lowest incomes”.²²⁵ They said there was the opportunity to “design and develop a system of top-up payments....particularly those people who are at

²²³ [BW.12 Welfare Rights Advisers Cymru, paragraph 22](#)

²²⁴ [BW.10 Community Housing Cymru, paragraph 29](#)

²²⁵ [BW.15 The Trussell Trust, paragraph 9](#)

risk of falling into severe food insecurity”. They felt the DHP could be used “more flexibly” to address this.²²⁶

218. CIH Cymru believed there was a “compelling case” for a top-up model. They said the top up model would “maximise the tax transfer payments from Westminster, while maintaining an ability to protect citizens in Wales from the impact of any future cuts”.²²⁷ They also said it was the “safest way to proceed, because it’s maximum benefit for minimum risk to the Welsh Treasury”.²²⁸

219. As part of the powers to top up benefits, we considered the specific power to top up existing rents. CIH Cymru estimated that restoring the LHA rate to the thirtieth percentile and fully funding the bedroom tax would cost approximately £22 million to cover the bedroom tax, and £7 million to restore LHA rates. They said that top ups would enable the Welsh Government to “specifically target certain areas where you know there’s an evidence base that will reduce homelessness or reduce poverty”.²²⁹

220. Community Housing Cymru believe DHP should be used to “partially mitigate” some elements of welfare reform, including “the lack of funding under UC for the 53rd rent week in 2019/20”.²³⁰

221. The Deputy Minister said that at this stage, the Welsh Government does not have powers to top up any reserved benefits. She said the Government’s approach has been to “support the social wage approach”, which can “leave more money in the pocket of Welsh citizens” such as through free prescriptions or transport. However, she envisaged top-ups would form part of the WCPP work.²³¹

222. The Director of Communities and Tackling Poverty acknowledged the issues raised by stakeholders, and was “mindful” of the “interplay” between any Welsh benefits, and the wider benefits systems. They said it would be “unfortunate” if there was no “net gain” from any new Welsh benefits.²³²

²²⁶ ELGC Committee, 27 June 2019, RoP [39]

²²⁷ [BW.04 Chartered Institute of Housing Cymru, paragraphs 4.1 - 4.2](#)

²²⁸ ELGC Committee, 27 June 2019, RoP [88]

²²⁹ ELGC Committee, 27 June 2019, RoP [397-99]

²³⁰ [BW.10 Community Housing Cymru, paragraph 27](#)

²³¹ ELGC Committee, 3 July 2019, RoP [94]

²³² ELGC Committee, 3 July 2019, RoP [96]

Our view

223. As with the power to create new benefits, we believe that powers to top-up existing, reserved benefits would provide greater flexibility for the Welsh Government to address Welsh needs. In particular, we believe it would provide the Welsh Government with the opportunity to bolster funding to address priority areas such as homelessness or poverty reduction or to support financial interventions which have been proven to work. We were sympathetic to the arguments we heard that this would present the least risky approach to devolution.

224. It makes sense that the Welsh Government has the power to top up eligible rents, to ensure that people in Wales are receiving financial support which reflects their needs and the Welsh housing market.

Recommendation 15. We recommend that the Welsh Government seeks powers to top-up reserved benefits. This should specifically include the power to top up eligible rents.

7.3. Devolving Discretionary Housing Payments

225. Discretionary Housing Payments are administered by local authorities, but the rules and regulations governing them are set by the UK Government. There is a considerable amount of flexibility as to how local authorities administer them, including the power to top them up to no more than 2.5 times the original allocation. Powers over the cap were transferred to the Scottish Government in 2014, before full devolution followed in 2017. These flexibilities enabled the Scottish Government to fully mitigate the Housing Benefit social size criteria (the so-called “bedroom tax”).

226. CIH Cymru highlighted the concerns raised by CIH Scotland about the “longer-term sustainability” of using DHPs to offset the impact of the bedroom tax.²³³ In 2019/20 the forecast spend on this is £52.3million. They said that using DHPs does not “provide an effective means of certainty to households in terms of meeting their housing costs in the future”.²³⁴

²³³ [BW 04 Chartered Institute of Housing Cymru, paragraph 3.3](#)

²³⁴ [BW 04 Chartered Institute of Housing Cymru, paragraph 5.2](#)

227. WRAC said that DHPs “compensate, to a very small extent, for the enormous cuts in housing support”. They called for additional funding for DHPs, saying there is “insufficient resource” currently, never mind for additional support.²³⁵

228. Community Housing Cymru said that DHP and DAF could be merged and “used as a general housing top-up”.²³⁶

Our view

229. In line with our earlier comments, we believe there is a clear link between benefits that help with housing costs and devolved policies. DHPs are administered locally, and we believe that decisions about the rules and regulations which govern them should be decided in Wales.

Recommendation 16. We recommend that the Welsh Government seeks full devolution of the discretionary housing payments scheme.

²³⁵ ELGC Committee, 27 June 2019, RoP [47]

²³⁶ ELGC Committee, 27 June 2019, RoP [107]

8. Devolve specific benefits

We looked at the devolution of specific benefits. We found there was less of an appetite for some of these suggestions.

230. We also looked at the devolution of:

- Winter fuel and cold weather payments;
- Attendance Allowance;
- Payments for maternity expenses; and
- Payments for funeral expenses.

231. We received less detailed evidence on these benefits. During our visit to Scotland, we heard about their experience of devolution of the maternity and funeral benefits.

232. In relation to the winter fuel and cold weather payments, the Wales Governance Centre highlighted the volatility of cold weather payments, with no payments made in 2015-16 and 2016-17, but £21.5 million of spending in 2017-18.²³⁷

233. The Bevan Foundation suggested that the winter fuel allocation could be a benefit ripe for devolution, with “the potential to use winter fuel allowance in a different way that links with home energy efficiency[...]and then, in turn links with the quality of housing for older people”.²³⁸

234. Attendance Allowance is currently claimed by around 100,000 people in Wales, costing approximately £400 million a year. It has been devolved in Scotland.

235. In 2015, the UK Government announced it was considering devolving AA to Wales.²³⁹ This was met by opposition by the Welsh Government due to fears that

²³⁷ [BW 7a Wales Governance Centre, section 3.4](#)

²³⁸ [ELGC Committee, 19 June 2019, RoP \[228\]](#)

²³⁹ [UK Government, Department for Communities and Local Government, Provisional Local Government Finance Settlement 2016-17 and an offer to councils for future years, Consultation, December 2015, paragraph 1.4](#)

devolution would not be accompanied by the full levels of funding. In 2017, the UK Government decided not to devolve the benefit.²⁴⁰

236. The Wales Governance Centre forecast that the caseload in Wales is likely to increase by 7.2% between 2017 and 2030, whereas in England, it will increase by 14.2%. This will reverse historic trends where there have been higher claimant rates in Wales than England. The WGC note that this reversal could be down to claimant rates “declining relatively faster in Wales” and “projections that the over 65 population will grow more quickly in England than in Wales...”.²⁴¹

Our view

237. These are all reasonably small benefits, which could be manageable if devolved. We also note that there are some specific issues related to these benefits and the Welsh context. For example the link between the cold weather payments and housing stock, and levels of rurality.

238. As a result, we believe the Welsh Government should explore the feasibility of devolving all four of these benefits.

Recommendation 17. We recommend that the Welsh Government undertake exploratory work to consider the practicalities of devolving:

- Winter Fuel and cold weather payments;
- Attendance Allowance;
- Payments for maternity expenses; and
- Payments for funeral expenses.

²⁴⁰ UK Government, Supporting Local Government speech, January 2017

²⁴¹ BW 7a Wales Governance Centre, paragraph 3.2.1

Annex A: Written evidence

The following responses were submitted and are [published on the website](#).

Reference	Organisation
BW 01	Motor Neurone Disease Association
BW 02	The Wallich
BW 03	Psychologists for Social Change South Wales
BW 04	Chartered Institute of Housing (CIH)
BW 05	Oxfam
BW 06	Shaw Trust
BW 07	Governance Centre
BW 07a	Wales Governance Centre
BW 08	Swansea Council
BW 09	Torfaen County Borough Council
BW 10	Community Housing Cymru
BW 11	Children's Commissioner for Wales
BW 12	Welfare Rights Advisers Cymru
BW 13	Mind Cymru
BW 14	Dr David Beck, Dr Sara Closs-Davies, Dr Hefin Gwilym (Bangor University)
BW 15	The Trussell Trust
BW 16	Older Peoples Commissioner
BW 17	Bevan Foundation
BW 18	Residential Landlords Association
BW 19	Chwarae Teg

Annex B: Oral evidence

The following witnesses provided oral evidence to the Committee on the dates noted below. [Transcripts](#) of all oral evidence sessions are available.

Date	Name and organisation
19 June 2019	Guto Ifan, Wales Governance Centre Cian Sion, Wales Governance Centre Victoria Winckler, Bevan Foundation
27 June 2019	Gareth Morgan, Welfare Rights Advisers Cymru Susan Lloyd-Selby, Trussell Trust Matthew Kennedy, Chartered Institute of Housing Cymru Sam Lister, Chartered Institute of Housing Cymru Will Atkinson, Community Housing Cymru Rachel Cable, Oxfam Cymru Samia Mohamed
3 July 2019	Hannah Blythyn AM, Deputy Minister for Housing and Local Government Jo-Anne Daniels, Welsh Government Linda Davis, Welsh Government

Annex C: Visit to Scotland

The Committee met with representatives from the following organisations during its visit to Edinburgh on 13 June 2019:

- Joseph Rowntree Foundation;
- Scottish Government;
- Social Security Scotland;
- Social Security Committee, Scottish Parliament; and
- The Cabinet Secretary for Social Security and Older People.