# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Understanding the Impact of Universal Credit on the Council Tax Reduction Scheme and Rent Arrears in Wales – Final Report** |
| **DATE** | **29 July 2020** |
| **BY** | **Rebecca Evans MS, Minister for Finance and Trefnydd** |

Today, a final report by Policy in Practice, *Understanding the Impact of Universal Credit on the Council Tax Reduction Scheme and Rent Arrears in Wales*, has been published on the Welsh Government’s website. The report was commissioned as part of a suite of research relating to local taxation in Wales. An interim report was published in January 2020.

<https://gov.wales/universal-credit-council-tax-reduction-scheme-and-rent-arrears-wales-final-report>

In January 2019, I commissioned research by Policy in Practice to shed light on the impact of Universal Credit on our national Council Tax Reduction Scheme, council tax debt and rent arrears in Wales. This in-depth and longitudinal research sought to track the circumstances of households in Wales over time using data from all areas of Wales. It is supplemented by new qualitative research into the experiences of Universal Credit claimants, advice services, local authorities, housing associations and private landlords.

The Final Report confirms the emerging patterns seen in the interim report, showing that Universal Credit can have a detrimental impact on household circumstances, whether this be in relation to council tax reductions, council tax debt or rent arrears. The report provides more detail about some of the options for future changes to the Council Tax Reduction Scheme. In addition, the experiences of Universal Credit claimants captured by survey data highlight how some households are struggling to cope with and understand some of the elements of the Universal Credit system. This is why we continue to call on the UK Government to reduce the five-week wait for the first payment of Universal Credit.

The Welsh Government is committed to taking a cross government approach to tackling poverty and mitigating the impact of welfare reform. Due to the timing of this report it does not take into account emerging economic and societal effects of the coronavirus pandemic. Nevertheless, the findings will allow us to consider policy levers which could help to improve the circumstances of those who are negatively affected by Universal Credit. The findings will also be useful for local authorities, advice services and other third sector organisations.

This research is one strand of work within our broader programme examining potential options for reforms to local taxation and the wider local government finance system. I published a progress update on this work programme on 5 November 2019. This can be accessed via the following link:

<https://gov.wales/reforming-local-government-finance-annual-updates>

This statement is being issued during recess in order to keep members informed of the findings of the research. Should members wish me to make a further statement or to answer questions on this when the Senedd returns, I would be happy to do so.