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Welfare Benefits Reform Update

Summary

1. This paper sets out the latest position concerning Welfare Benefits Reform, in particular, Universal Credit (UC) and Personal Independence Payment (PIP) and the impact on the 2017-18 Local Government Settlement.
2. This paper also shows the exemplification of the 2017-18 Pension Credit (PC) and Housing Benefits (HB) data on the 2016-17 SSA.

Views Sought

3. DSG are asked to discuss the potential inclusion of Universal Credit data (“total” or “not in employment”), to the existing indicator of Income Support (IS), Income-based Job Seeker’s Allowance (JSA) and Pension Credit (PC) for the 2017-18 Settlement.
4. DSG are asked to discuss the potential inclusion of Personal Independence Payment (PIP) data to the existing indicator of Disability Living Allowance (DLA) and Severe Disablement Allowance (SDA) for the 2017-18 Settlement.
5. DSG are asked to note the exemplification of the 2017-18 Pension Credit (aged 65 and over) and Housing Benefits data on the 2016-17 SSA.

Background

6. Previously papers have outlined the potential implications of the UK Government’s Welfare Reforms for the benefits data used in the preparation of the Settlement.

Universal Credit

Background and latest updates

7. The Department for Work and Pensions (DWP) has been introducing the Universal Credit (UC) Live Service across Wales on a phased basis since April 2014 with the first roll out to new single jobseeker claimants in Shotton, Flintshire. Since then the DWP have expanded UC to new claims from couples and families in Shotton only. DWP have now expanded the UC live service to all new single jobseeker claimants across Wales. DWP are rolling out the UC full service on a phased basis to all new claimant groups starting in England and with no further expansion anticipated within Wales until the earliest April 2017, based on DWP current planning assumptions.

DWP announced in July 2016 that:

- Until November 2018, new claims from families with 2+ children will be eligible for tax credits rather than UC. After that date, new claims from families with 2+ children will attract UC.
- Families already on UC who have a third child after April 2017 will continue to get UC.

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- Families already in receipt of benefits, won't be migrated onto UC before July 2019 – the migration is due to take place from July 2019 – March 2022.

There are three measures. **Claims** made counts the number of applications submitted for Universal Credit. Some of these people will go on to **Start** receiving Universal Credit. **People on Universal Credit (or claimants)** include all those who have started and are still on Universal Credit at the count date (second Thursday of the month). Some people will have their claim terminated either at the request of the individual or if their entitlement to Universal Credit ends.

8. The number of Universal Credit claimants includes those who have started Universal Credit (completed the Universal Credit claim process and accepted their Claimant Commitment) and have not had a termination recorded for this spell, up to the 'count date' (second Thursday in each month). A termination would be recorded either at the request of the individual or if their entitlement to Universal Credit ends. For example, if they no longer satisfy the financial conditions to receive Universal Credit as they have capital over £16,000, or if increased earnings reduced their award to zero for six consecutive months.

Data Quality – Universal Credit

9. The latest Official Statistics for people on Universal Credit produced by the Department for Work and Pensions were released according to the arrangements approved by the UK Statistics Authority. As new Official Statistics undergoing evaluation they have accordingly been badged as Experimental Official Statistics.
10. Figures for the latest month are provisional and will be finalised in the next publication (the expectation is that the provisional figure will be within four per cent of the final figure). The figures include a breakdown on whether the claimant is in employment or not in employment, which is also subject to revision; although the expectation is that this will be within five per cent of the final figure. An individual on Universal Credit at the count date will be recorded as in employment if they have employment earnings within the Universal Credit assessment period which spans the count date. They may not be in employment precisely on the count date.
11. Statistical disclosure control has been applied with Stat-Xplore, which guards against the identification of an individual claimant.
12. As a result, due to small numbers and rounding, there are occurrences, where the number of people on Universal Credit, aged 18 to 64 is greater than all ages. Similarly, there are occurrences, where the number of people on Universal Credit, not in employment, is greater than the total. This is illustrated in Table 1 where at the Wales level there were 11,227 people on Universal Credit for all ages compared with 11,229 people, aged 18-64 for February 2016. The same can be seen at the local authority level.
13. Table 1 shows the total number of people on Universal Credit as of 11 February 2016 and the average up to February 2016, aged 18-64, by local authority. The average was calculated as the quarterly total number of people on Universal Credit from May 2013 to February 2016, divided by 12 (3 years times 4 quarters).
14. In the Settlement calculation for 2017-18, we will be using benefits data from May 2013 to February 2016. As of **11 February 2016**, there were **11,229** people, aged 18-64, on Universal Credit in **Wales**. Of these, 62 per cent (6,966) were not in employment.

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Table 1: Number and average of People on Universal Credit (total), aged 18-64, by Local Authority ¹

People on Universal Credit	Feb 2016 (18-64)	Feb 2016 (All ages)	Average up to Feb 2016 (18-64) ²	Average up to Feb 2016 (All ages) ²	Rolled-out	Time of launch
Isle of Anglesey	289	291	35	35	Tranche 3	Summer 2015
Gwynedd	362	360	34	35	Tranche 3	Summer 2015
Conwy	656	650	115	115	Tranche 2	Spring/Summer 2015
Denbighshire	516	519	78	78	Tranche 2	Spring/Summer 2015
Flintshire	991	994	309	308	Tranche 1	Winter/Spring 2015
Wrexham	728	734	159	160	Tranche 1	Winter/Spring 2015
Powys	199	199	20	20	Tranche 3	Summer 2015
Ceredigion	110	106	10	10	Tranche 3	Summer 2015
Pembrokeshire	257	257	22	22	Tranche 3	Summer 2015
Carmarthenshire	398	397	38	38	Tranche 3	Summer 2015
Swansea	1,047	1,052	151	151	Tranche 2	Spring/Summer 2015
Neath Port Talbot	971	972	184	184	Tranche 1	Winter/Spring 2015
Bridgend	674	674	111	111	Tranche 2	Spring/Summer 2015
The Vale of Glamorgan	5	5	1	1	Tranche 4	Winter 2016
Rhondda Cynon Taf	8	5	1	1	Tranche 4	Winter 2016
Merthyr Tydfil	205	208	23	24	Tranche 3	Summer 2015
Caerphilly	1,147	1,150	206	207	Tranche 2	Spring/Summer 2015
Blaenau Gwent	322	324	31	31	Tranche 3	Summer 2015
Torfaen	739	742	148	148	Tranche 1	Winter/Spring 2015
Monmouthshire	195	198	23	23	Tranche 3	Summer 2015
Newport	882	880	146	146	Tranche 2	Spring/Summer 2015
Cardiff	501	505	44	44	Tranche 3	Summer 2015
Wales	11,229	11,227	1,895	1,894		

¹ Due to small numbers and rounding, there are occurrences, where the number of people on Universal Credit, aged 18 to 64 is greater than all ages. An example of this can be seen at the Wales level for February 2016 where there were 11,227 people on Universal Credit for all ages compared with 11, 229 people, aged 18-64. The same can be seen at the local authority level.

² The average was calculated by the sum of the quarterly number of people on Universal Credit from May 2013 to February 2016, divided by 12 (3 years times 4 quarters).

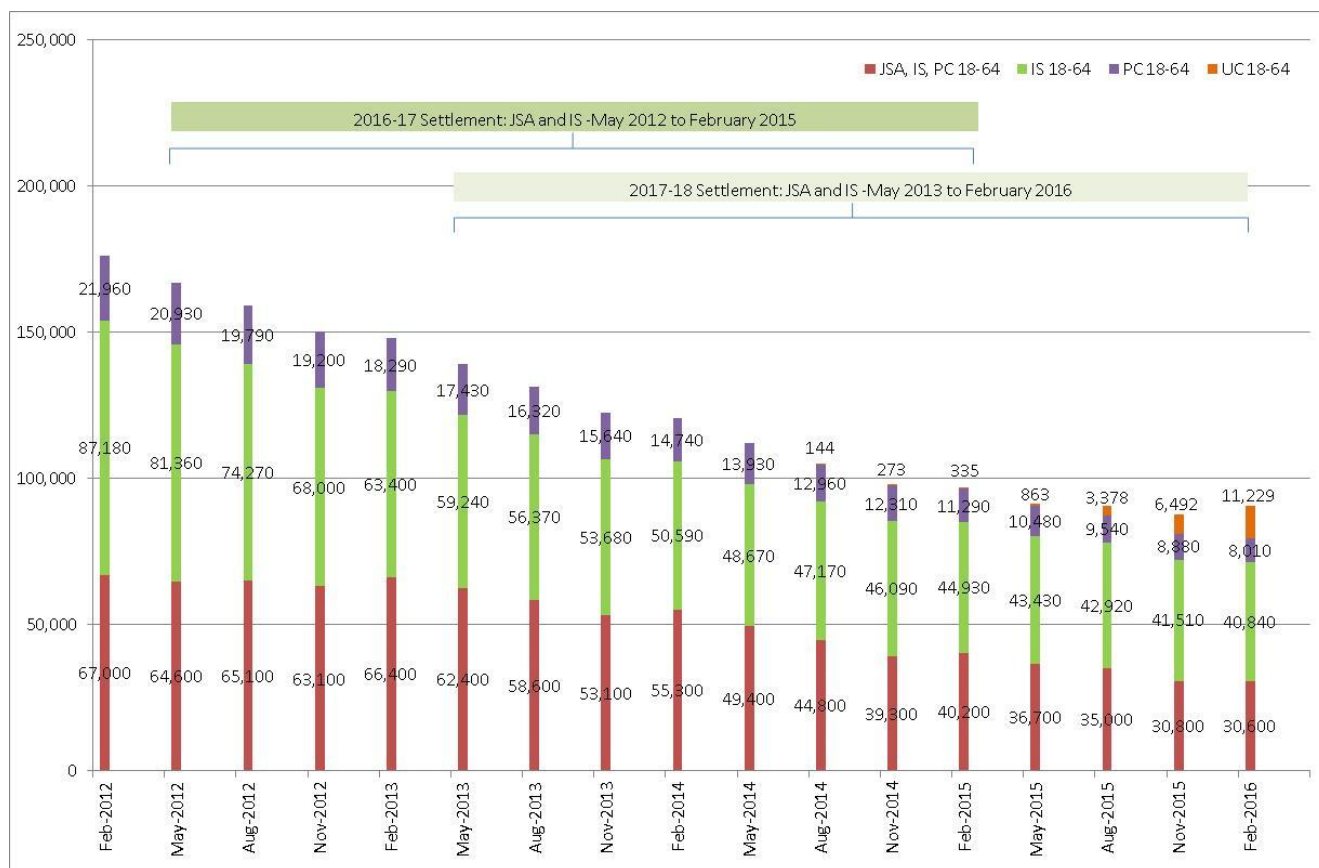
Impact on the Standard Spending Assessment

15. The existing benefits data used directly as indicators in the Settlement are: Income Support, Income-based JSA, Housing Benefit. UC replaces these benefits, along with income-related Employment and Support Allowance (ESA), Working Tax Credit and Child Tax Credit. Therefore, it is worth noting that it is not the case that every UC claimant would have otherwise been claiming JSA. UC is an in and out-of-work benefit.
16. The SSA unit cost for the two IBAs used in the 2016-17 Settlement were:
 - i. IS, JSA and PC aged 18-64 = £152.75
 - ii. IS, JSA and PC all ages = £111.08
17. Charts 1 and 2 show the effect of the inclusion of UC (total caseload) data to the existing indicators used in the Settlement. By sight it seems the impact, in both charts, is relatively small.
18. Table 2 shows the numbers and share percentages, of those aged 18 to 64, for i) the existing indicator of JSA, IS and PC; ii) existing indicator with universal credit (total in and out of employment); and iii) existing indicator with universal credit (not in employment) for the forthcoming 2017-18 Settlement. As you can see from the last two columns the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.23 percentage points and by +/- 0.13 percentage points with the inclusion of universal credit (total and universal credit (not in employment) respectively.

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19. Table 3 is a replica of Table 2 but for all ages. Again, as you can see from the last two columns the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.10 percentage points and by +/- 0.06 percentage points with the inclusion of universal credit (total) and universal credit (not in employment) respectively.
20. Table 4 and 5 present the impact of the inclusion of universal credit on the 2016-17 SSA, aged 18 to 64 and all ages respectively.
21. In Table 4, if universal credit (18-64 total in and out of employment) was implemented for the 2017-18 Settlement then Cardiff funding would decrease by £37,212 whilst Flintshire funding would increase by £44,463 based on the 2016-17 SSA. Likewise, if universal credit (not in employment) was implemented, then Cardiff would have the largest decrease of £23,923 and Flintshire the largest increase of £26,512.
22. In Table 5, if universal credit (all ages total in and out of employment) was implemented for the 2017-18 Settlement then Rhondda Cynon Taf funding would decrease by £20,802 whilst Flintshire funding would increase by £29,029 based on the 2016-17 SSA. Likewise, if universal credit (not in employment) was implemented, then Rhondda Cynon Taf would have the largest decrease of £13,276 and Flintshire the largest increase of £17,206.

Chart 1: Inclusion of Universal Credit (total) data by quarters, aged 18-64



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Chart 2: Inclusion of Universal Credit (total) data by quarters, all ages



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Table 2: Universal Credit Caseload (total and not in employment), compared and combined against the existing indicator of JSA, IS and PC, aged 18 to 64, by Local Authority for the 2017-18 Local Government Settlement

	3-year average: May 2013 to Feb 2016				3-year average: May 2013 to Feb 2016							
	18 - 64				18 - 64							
	UC: Total	Share %	UC: Not in Employment	Share %	JSA, IS and PC	Share % (1)	JSA, IS, PC and UC total	Share % (2)	JSA, IS, PC and UC Not in Employment	Share % (3)	Diff (% point) (2-1)	Diff (% point) (3-1)
Isle of Anglesey	35	1.8%	28	2.3%	2,378	2.3%	2,412	2.3%	2,405	2.3%	-0.01%	0.00%
Gwynedd	34	1.8%	27	2.3%	2,787	2.6%	2,821	2.6%	2,814	2.6%	-0.01%	0.00%
Conwy	115	6.1%	77	6.4%	3,527	3.4%	3,642	3.4%	3,604	3.4%	0.05%	0.03%
Denbighshire	78	4.1%	52	4.4%	3,528	3.4%	3,606	3.4%	3,581	3.4%	0.01%	0.01%
Flintshire	309	16.4%	186	15.5%	3,774	3.6%	4,084	3.8%	3,960	3.7%	0.23%	0.13%
Wrexham	159	8.4%	97	8.1%	4,939	4.7%	5,099	4.8%	5,036	4.7%	0.07%	0.04%
Powys	20	1.0%	15	1.2%	2,350	2.2%	2,370	2.2%	2,365	2.2%	-0.02%	-0.01%
Ceredigion	10	0.5%	6	0.5%	1,335	1.3%	1,345	1.3%	1,341	1.3%	-0.01%	-0.01%
Pembrokeshire	22	1.2%	15	1.2%	3,492	3.3%	3,514	3.3%	3,507	3.3%	-0.04%	-0.02%
Cardiganshire	38	2.0%	27	2.3%	5,163	4.9%	5,201	4.9%	5,191	4.9%	-0.05%	-0.03%
Swansea	151	8.0%	99	8.3%	8,081	7.7%	8,232	7.7%	8,180	7.7%	0.01%	0.01%
Neath Port Talbot	184	9.8%	110	9.2%	5,465	5.2%	5,649	5.3%	5,575	5.2%	0.08%	0.05%
Bridgend	111	5.9%	68	5.7%	5,049	4.8%	5,160	4.8%	5,117	4.8%	0.02%	0.01%
The Vale of Glamorgan	1	0.1%	0	0.0%	3,603	3.4%	3,605	3.4%	3,603	3.4%	-0.06%	-0.04%
Rhondda Cynon Taf	1	0.1%	1	0.0%	9,676	9.2%	9,677	9.0%	9,676	9.1%	-0.16%	-0.10%
Merthyr Tydfil	23	1.2%	17	1.4%	2,899	2.8%	2,922	2.7%	2,916	2.7%	-0.03%	-0.02%
Caerphilly	206	10.9%	128	10.7%	7,715	7.3%	7,921	7.4%	7,843	7.4%	0.06%	0.04%
Blaenau Gwent	31	1.6%	21	1.7%	3,868	3.7%	3,898	3.6%	3,888	3.7%	-0.04%	-0.02%
Torfaen	148	7.8%	93	7.8%	3,628	3.4%	3,776	3.5%	3,721	3.5%	0.08%	0.05%
Monmouthshire	23	1.2%	15	1.3%	1,639	1.6%	1,662	1.6%	1,654	1.6%	-0.01%	0.00%
Newport	146	7.7%	89	7.4%	6,664	6.3%	6,810	6.4%	6,753	6.3%	0.02%	0.01%
Cardiff	44	2.3%	27	2.2%	13,703	13.0%	13,747	12.8%	13,730	12.9%	-0.19%	-0.12%
Wales	1,895	100.0%	1,204	100.0%	105,263	100.0%	107,159	100.0%	106,468	100.0%		

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Table 3: Universal Credit Caseload (total and not in employment), compared and combined against the existing indicator of JSA, IS and PC, all ages, by Local Authority for the 2017-18 Local Government Settlement

	3-year average: May 2013 to Feb 2016				3-year average: May 2013 to Feb 2016							
	All ages				All ages							
	UC: Total	Share %	UC: Not in Employment	Share %	JSA, IS and PC	Share % (1)	JSA, IS, PC and UC total	Share % (2)	JSA, IS, PC and UC Not in Employment	Share % (3)	Diff (% point) (2-1)	Diff (% point) (3-1)
Isle of Anglesey	35	1.8%	28	2.3%	5,489	2.4%	5,524	2.4%	5,517	2.4%	0.00%	0.00%
Gwynedd	35	1.8%	27	2.3%	8,055	3.5%	8,090	3.5%	8,082	3.5%	-0.01%	-0.01%
Conwy	115	6.1%	78	6.4%	9,057	4.0%	9,172	4.0%	9,135	4.0%	0.02%	0.01%
Denbighshire	78	4.1%	53	4.4%	8,277	3.6%	8,354	3.6%	8,330	3.6%	0.00%	0.00%
Flintshire	308	16.4%	187	15.5%	9,148	4.0%	9,455	4.1%	9,334	4.1%	0.10%	0.06%
Wrexham	160	8.4%	98	8.1%	10,138	4.5%	10,297	4.5%	10,235	4.5%	0.03%	0.02%
Powys	20	1.0%	16	1.2%	7,276	3.2%	7,295	3.2%	7,291	3.2%	-0.02%	-0.01%
Ceredigion	10	0.5%	6	0.5%	3,938	1.7%	3,948	1.7%	3,944	1.7%	-0.01%	-0.01%
Pembrokeshire	22	1.2%	15	1.2%	8,533	3.7%	8,555	3.7%	8,549	3.7%	-0.02%	-0.01%
Carmarthenshire	38	2.0%	27	2.3%	12,832	5.6%	12,870	5.6%	12,859	5.6%	-0.03%	-0.02%
Swansea	151	8.0%	100	8.3%	17,705	7.8%	17,856	7.8%	17,805	7.8%	0.00%	0.00%
Neath Port Talbot	184	9.8%	111	9.2%	12,137	5.3%	12,321	5.4%	12,248	5.4%	0.04%	0.02%
Bridgend	111	5.9%	68	5.7%	10,316	4.5%	10,427	4.5%	10,384	4.5%	0.01%	0.01%
The Vale of Glamorgan	1	0.1%	0	0.0%	7,654	3.4%	7,655	3.3%	7,654	3.3%	-0.03%	-0.02%
Rhondda Cynon Taf	1	0.1%	1	0.0%	20,330	8.9%	20,331	8.9%	20,331	8.9%	-0.07%	-0.05%
Merthyr Tydfil	24	1.2%	17	1.4%	5,400	2.4%	5,424	2.4%	5,417	2.4%	-0.01%	-0.01%
Caerphilly	207	10.9%	128	10.7%	15,283	6.7%	15,489	6.8%	15,411	6.7%	0.03%	0.02%
Blaenau Gwent	31	1.6%	21	1.7%	7,356	3.2%	7,387	3.2%	7,377	3.2%	-0.01%	-0.01%
Torfaen	148	7.8%	93	7.8%	7,370	3.2%	7,518	3.3%	7,463	3.3%	0.04%	0.02%
Monmouthshire	23	1.2%	15	1.3%	4,368	1.9%	4,391	1.9%	4,383	1.9%	-0.01%	0.00%
Newport	146	7.7%	90	7.4%	12,200	5.4%	12,346	5.4%	12,290	5.4%	0.02%	0.01%
Cardiff	44	2.3%	27	2.2%	24,717	10.9%	24,761	10.8%	24,744	10.8%	-0.07%	-0.05%
Wales	1,894	100.0%	1,205	100.0%	227,576	100.00%	229,472	100.0%	228,782	100.0%		

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Table 4: Exemplification to show the impact of the inclusion of Universal Credit on the 2016-17 SSA, aged 18 to 64, by local authority

	JSA, IS and PC (1)	JSA, IS, PC and UC total (2)	JSA, IS, PC and UC Not in Employment (3)	Diff (£) (2-1)	Diff (£) (3-1)	Diff (%) (2/1)	Diff (%) (3/1)
Isle of Anglesey	445,295	443,813	445,411	-1,482	116	-0.33%	0.03%
Gwynedd	521,930	519,068	521,061	-2,862	-869	-0.55%	-0.17%
Conwy	660,529	670,036	667,391	9,508	6,863	1.44%	1.04%
Denbighshire	660,841	663,489	663,116	2,648	2,276	0.40%	0.34%
Flintshire	706,884	751,347	733,396	44,463	26,512	6.29%	3.75%
Wrexham	925,083	938,103	932,690	13,019	7,607	1.41%	0.82%
Powys	440,144	435,978	437,880	-4,166	-2,264	-0.95%	-0.51%
Ceredigion	250,039	247,444	248,370	-2,596	-1,670	-1.04%	-0.67%
Pembrokeshire	653,973	646,469	649,366	-7,504	-4,607	-1.15%	-0.70%
Carmarthenshire	967,069	956,963	961,240	-10,106	-5,829	-1.05%	-0.60%
Swansea	1,513,503	1,514,562	1,514,833	1,059	1,329	0.07%	0.09%
Neath Port Talbot	1,023,570	1,039,439	1,032,492	15,869	8,922	1.55%	0.87%
Bridgend	945,686	949,480	947,613	3,794	1,928	0.40%	0.20%
The Vale of Glamorgan	674,888	663,228	667,299	-11,660	-7,589	-1.73%	-1.12%
Rhondda Cynon Taf	1,812,240	1,780,559	1,791,953	-31,681	-20,287	-1.75%	-1.12%
Merthyr Tydfil	543,001	537,697	539,950	-5,303	-3,051	-0.98%	-0.56%
Caerphilly	1,444,984	1,457,477	1,452,393	12,493	7,409	0.86%	0.51%
Blaenau Gwent	724,365	717,277	720,093	-7,088	-4,272	-0.98%	-0.59%
Torfaen	679,414	694,676	689,012	15,262	9,598	2.25%	1.41%
Monmouthshire	307,008	305,755	306,365	-1,253	-644	-0.41%	-0.21%
Newport	1,248,168	1,252,966	1,250,614	4,798	2,446	0.38%	0.20%
Cardiff	2,566,572	2,529,361	2,542,649	-37,212	-23,923	-1.45%	-0.93%
Wales	19,715,188	19,715,188	19,715,188	0	0		

Table 5: Exemplification to show the impact of the inclusion of Universal Credit on the 2016-17 SSA, all ages, by local authority

	JSA, IS and PC (1)	JSA, IS, PC and UC total (2)	JSA, IS, PC and UC Not in Employment (3)	Diff (£) (2-1)	Diff (£) (3-1)	Diff (%) (2/1)	Diff (%) (3/1)
Isle of Anglesey	688,197	686,836	688,046	-1,361	-151	-0.20%	-0.02%
Gwynedd	1,009,885	1,005,856	1,007,967	-4,028	-1,917	-0.40%	-0.19%
Conwy	1,135,467	1,140,415	1,139,149	4,948	3,682	0.44%	0.32%
Denbighshire	1,037,676	1,038,797	1,038,783	1,121	1,107	0.11%	0.11%
Flintshire	1,146,855	1,175,884	1,164,062	29,029	17,206	2.53%	1.50%
Wrexham	1,270,975	1,280,331	1,276,453	9,356	5,478	0.74%	0.43%
Powys	912,198	907,118	909,233	-5,079	-2,965	-0.56%	-0.33%
Ceredigion	493,763	490,924	491,948	-2,839	-1,815	-0.58%	-0.37%
Pembrokeshire	1,069,855	1,063,769	1,066,106	-6,086	-3,749	-0.57%	-0.35%
Carmarthenshire	1,608,753	1,600,202	1,603,733	-8,551	-5,020	-0.53%	-0.31%
Swansea	2,219,740	2,220,214	2,220,482	474	742	0.02%	0.03%
Neath Port Talbot	1,521,618	1,532,011	1,527,416	10,393	5,798	0.68%	0.38%
Bridgend	1,293,333	1,296,517	1,295,025	3,183	1,692	0.25%	0.13%
The Vale of Glamorgan	959,631	951,892	954,609	-7,739	-5,022	-0.81%	-0.52%
Rhondda Cynon Taf	2,548,846	2,528,044	2,535,570	-20,802	-13,276	-0.82%	-0.52%
Merthyr Tydfil	677,018	674,329	675,533	-2,689	-1,485	-0.40%	-0.22%
Caerphilly	1,916,023	1,925,906	1,921,929	9,884	5,906	0.52%	0.31%
Blaenau Gwent	922,228	918,475	920,010	-3,753	-2,217	-0.41%	-0.24%
Torfaen	924,004	934,805	930,777	10,801	6,774	1.17%	0.73%
Monmouthshire	547,569	545,873	546,595	-1,696	-974	-0.31%	-0.18%
Newport	1,529,558	1,535,078	1,532,654	5,519	3,096	0.36%	0.20%
Cardiff	3,098,818	3,078,735	3,085,928	-20,083	-12,890	-0.65%	-0.42%
Wales	28,532,009	28,532,009	28,532,009	0	0		

Personal Independence Payment (PIP)

Background and latest updates

23. On 8th April 2013, Personal Independence Payment (PIP) was introduced as a controlled start, for **new claims** from people living in a limited area in the North West and part of the North East of England. From 10 June 2013, this was extended to all remaining areas of Great Britain, including Wales. From this date, DWP no longer accepted new claims to DLA from people aged 16 to 64.

24. **Natural Reassessment:** Although all areas are live for Natural Reassessment, individual cases will only be selected and invited to claim Personal Independence Payment when their specific circumstances demand it i.e.

- Children approaching age 16
- A DLA claimant reports a change of circumstances
- A DLA claimant has a fixed term award that comes to an end.

So although Wales is covered by Natural Reassessment, not all cases will have been invited to claim Personal Independence Payment yet, e.g. If a child in Wales does not reach age 16 until the end of 2017, they will not be invited to claim Personal Independence Payment until 2017. Similarly, if a claimant has a short term award of Disability Living Allowance that expires in 2017, they will not be invited to claim Personal Independence Payment until then. Natural Reassessment rolled out the individual postcode areas not the individual Disability Living Allowance cases.

If an adult Disability Living Allowance claimant reports a change of circumstance, they will be put on the reassessment journey at that point so that could be 2015, 2016, 2017 or 2018 etc., whenever their Change of Circumstance occurs.

25. **Full Personal Independence Payment Rollout:** With regard to Full Personal Independence Payment Rollout, this refers to cases where the claimant has either an indefinite award of Disability Living Allowance (sometimes called life awards) or they have a short term award that expires after September 2018. Full Personal Independence Payment Rollout went live nationally in October 2015 (including Wales).

Selection of Full Personal Independence Payment Rollout cases is made randomly by the DWP system each month at overarching postcode level e.g. SA, LL etc. so there is no way of knowing when a specific case will be selected. However, all Full Personal Independence Payment Rollout cases will have been invited to claim Personal Independence Payment by September 2018. Full Personal Independence Payment Rollout selection is not connected to Local Authority areas; it is based purely on overarching postcode areas.

Most Welsh postcode areas included to date, straddle the Welsh - English border to some degree, so when a case is selected in postcode SY for example, the actual case selected could be in Wales or England, depending on the lower level postcode details of the case chosen.

This random selection process means two claimants in the same postcode area may be selected for Personal Independence Payment at completely different times – one may already have been selected, the other may not be selected until 2018

26. The SSA unit cost for the SDA and DLA (aged 18-64) IBA, used in the 2016-17 Settlement was £618.21.

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Data Quality - Personal Independence Payment

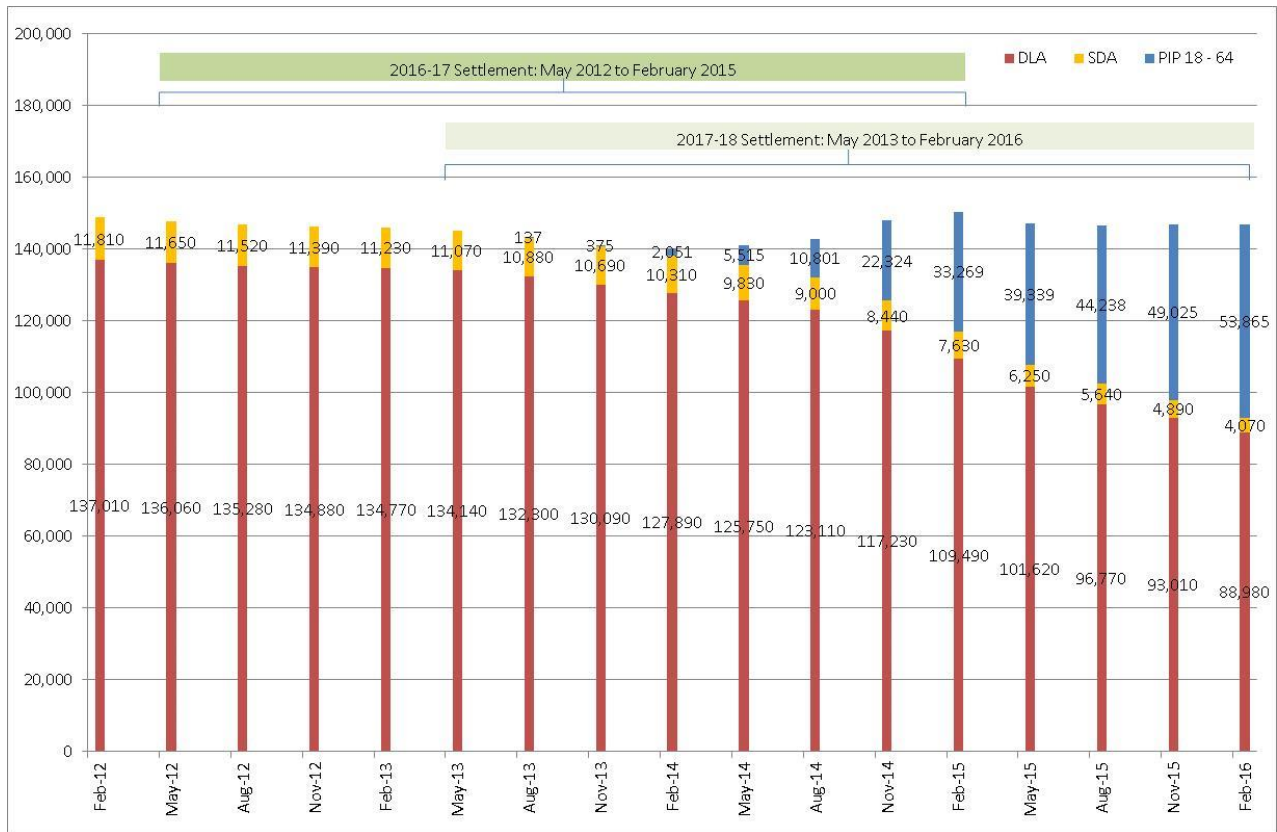
27. The Official Statistics on Personal Independence Payment claims in payment produced by the Department for Work and Pensions were released according to the arrangements approved by the UK Statistics Authority. As new Official Statistics undergoing evaluation they have accordingly been badged as Experimental Official Statistics.
28. PIP claimant statistics are derived from the Personal Independence Payment Computer System (PIPCS). This information is updated overnight into an Atomic Data Store (ADS) and this is made available to analysts. Recording and clerical errors can occur within PIP - for this reason, no reliance should be placed on very small numbers obtained through Stat-Xplore. PIP payment statistics exclude a small number of successful claims that are not in payment (because, for example, initial payment has been suspended for hospitalisation or other reasons), prior to any PIP payment - but will include a small number of cases where a payment has been made but subsequently been suspended temporarily.
29. The historic caseload time series are subject to minor changes due to retrospection within the source data - the impact on the overall caseload is expected to be negligible.
30. Statistical disclosure control has been applied with Stat-Xplore, which guards against the identification of an individual claimant.

Impact on Settlement data

31. The existing benefits data used directly as indicators in the Settlement are number of Severe Disablement Allowance (SDA) or Disability Living Allowance (DLA) Claimants aged 18 to 64.
32. Chart 5 shows the effect with the inclusion of PIP 18 – 64 data to the existing data. As seen, the sum is higher than might be expected (given the stricter eligibility criteria under PIP compared to DLA, and the aim of a smaller caseload compared to what would have otherwise been the case if DLA was not reformed). This is due to a large number of DLA claimants still needing to be assessed to see whether they are eligible for PIP, and also a higher than expected caseload under PIP.
33. Table 6 shows the count and the share percentage of 2017-18 Settlement data compared and combined against the existing indicator of DLA and SDA, aged 16-64. The last column presents the share percentage differences with the inclusion of the PIP 18 – 64 data. As you can see the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.14 percentage points.
34. Table 7 shows the monetary impact, if PIP was implemented for the 2017-18 Settlement, based on the 2016-17 SSA. As a result, Neath Port Talbot funding would decrease by £119,275 whilst Wrexham and Cardiff funding would see increases of £66,221 and £50,487 respectively.

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



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Table 6: Personal Independence Payment (PIP), compared and combined against the existing indicator of DLA and SDA, aged 18 to 64, by Local Authority for the 2017-18 Local Government Settlement

	Average: Aug 2013 to Feb 2016		3-year average - May 2013 to Feb 2016				
	PIP	Share %	DLA and SDA	Share %(1)	DLA, SDA and PIP	Share %(2)	Share % (2-1)
Isle of Anglesey	438	1.8%	2,272	1.8%	2,673	1.8%	0.00%
Gwynedd	609	2.6%	3,226	2.6%	3,784	2.6%	-0.01%
Conwy	892	3.8%	4,273	3.5%	5,091	3.5%	0.04%
Denbighshire	842	3.5%	4,225	3.4%	4,997	3.4%	0.02%
Flintshire	997	4.2%	4,928	4.0%	5,841	4.0%	0.03%
Wrexham	1,099	4.6%	5,077	4.1%	6,084	4.2%	0.08%
Powys	711	3.0%	3,903	3.2%	4,556	3.1%	-0.03%
Ceredigion	430	1.8%	2,335	1.9%	2,729	1.9%	-0.01%
Pembrokeshire	859	3.6%	4,283	3.5%	5,071	3.5%	0.02%
Carmarthenshire	1,431	6.0%	7,813	6.3%	9,124	6.3%	-0.05%
Swansea	1,951	8.2%	10,608	8.6%	12,396	8.5%	-0.06%
Neath Port Talbot	1,424	6.0%	8,543	6.9%	9,849	6.8%	-0.14%
Bridgend	1,252	5.3%	6,604	5.4%	7,752	5.3%	-0.01%
The Vale of Glamorgan	781	3.3%	4,006	3.2%	4,722	3.3%	0.01%
Rhondda Cynon Taf	2,169	9.1%	11,313	9.2%	13,301	9.2%	-0.01%
Merthyr Tydfil	593	2.5%	3,348	2.7%	3,891	2.7%	-0.03%
Caerphilly	1,745	7.4%	8,918	7.2%	10,517	7.3%	0.02%
Blaenau Gwent	701	3.0%	3,573	2.9%	4,215	2.9%	0.01%
Torfaen	833	3.5%	4,223	3.4%	4,987	3.4%	0.01%
Monmouthshire	507	2.1%	2,614	2.1%	3,079	2.1%	0.00%
Newport	1,110	4.7%	5,448	4.4%	6,465	4.5%	0.04%
Cardiff	2,350	9.9%	11,728	9.5%	13,882	9.6%	0.06%
Wales	23,724	100.0%	123,259	100.0%	145,006	100.0%	0.00%

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Table 7: Exemplification to show the impact of the inclusion of Personal Independence Payment on the 2016-17 SSA, aged 18 to 64, by local authority

	3-year average - May 2013 to February 2016			
	DLA and SDA (1)	DLA, SDA and PIP (2)	Diff (£) (2-1)	Diff (%) (2/1)
Isle of Anglesey	1,580,579	1,581,091	512	0.03%
Gwynedd	2,244,468	2,237,875	-6,593	-0.29%
Conwy	2,973,297	3,010,727	37,430	1.26%
Denbighshire	2,939,668	2,955,329	15,662	0.53%
Flintshire	3,428,453	3,454,694	26,241	0.77%
Wrexham	3,532,240	3,598,461	66,221	1.87%
Powys	2,715,859	2,694,262	-21,597	-0.80%
Ceredigion	1,624,645	1,614,063	-10,581	-0.65%
Pembrokeshire	2,980,255	2,999,046	18,791	0.63%
Carmarthenshire	5,435,776	5,396,213	-39,563	-0.73%
Swansea	7,381,059	7,331,620	-49,439	-0.67%
Neath Port Talbot	5,944,275	5,825,000	-119,275	-2.01%
Bridgend	4,595,043	4,584,721	-10,322	-0.22%
The Vale of Glamorgan	2,787,176	2,792,686	5,510	0.20%
Rhondda Cynon Taf	7,871,584	7,866,717	-4,867	-0.06%
Merthyr Tydfil	2,329,121	2,301,503	-27,618	-1.19%
Caerphilly	6,204,612	6,220,125	15,513	0.25%
Blaenau Gwent	2,485,672	2,492,781	7,110	0.29%
Torfaen	2,938,508	2,949,366	10,858	0.37%
Monmouthshire	1,818,883	1,821,015	2,132	0.12%
Newport	3,790,258	3,823,648	33,390	0.88%
Cardiff	8,159,752	8,210,240	50,487	0.62%
Wales	85,761,182	85,761,182	0	

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Pension Credit (PC) aged 65 and over

35. The SSA unit cost for the Pension Credit (aged 65 and over) IBA, used in the 2016-17 Settlement was £638.21.
36. There will be some indirect changes to Pension Credit when Housing Benefit and Child Tax Credit are abolished. It is not clear when this change will happen but it is unlikely to be before October 2016 and thus will not affect the 2017-18 Settlement.
37. Table 8 shows the count and the share percentage of 2017-18 Settlement data compared with 2016-17 Settlement. As you can see, in the last column, the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.05 percentage points.
38. Table 9 shows the exemplification based on the 2016-17 SSA. Torfaen and Neath Port Talbot funding decrease by £28,732 and £22,726 respectively, whilst Cardiff funding increases by £44,226.

Table 8: Pension Credit, aged 65 and over, by Local Authority

	2016-17: 3-year average - May 2012 to February 2015	Share %	2017-18: 3-year average - May 2013 to February 2016	Share %	Difference in share % (Percentage point)
Isle of Anglesey	3,237	2.5%	3,097	2.5%	0.00%
Gwynedd	5,492	4.3%	5,253	4.3%	-0.01%
Conwy	5,759	4.5%	5,514	4.5%	0.00%
Denbighshire	4,910	3.9%	4,733	3.9%	0.02%
Flintshire	5,601	4.4%	5,357	4.4%	-0.01%
Wrexham	5,440	4.3%	5,183	4.3%	-0.02%
Powys	5,121	4.0%	4,908	4.0%	0.00%
Ceredigion	2,685	2.1%	2,593	2.1%	0.02%
Pembrokeshire	5,248	4.1%	5,024	4.1%	0.00%
Carmarthenshire	7,990	6.3%	7,624	6.3%	-0.02%
Swansea	10,003	7.9%	9,583	7.9%	0.00%
Neath Port Talbot	6,967	5.5%	6,638	5.5%	-0.03%
Bridgend	5,466	4.3%	5,227	4.3%	-0.01%
The Vale of Glamorgan	4,175	3.3%	4,025	3.3%	0.02%
Rhondda Cynon Taf	11,076	8.7%	10,611	8.7%	0.00%
Merthyr Tydfil	2,583	2.0%	2,493	2.0%	0.02%
Caerphilly	7,854	6.2%	7,533	6.2%	0.01%
Blaenau Gwent	3,643	2.9%	3,476	2.9%	-0.01%
Torfaen	3,932	3.1%	3,723	3.1%	-0.04%
Monmouthshire	2,848	2.2%	2,718	2.2%	-0.01%
Newport	5,746	4.5%	5,505	4.5%	0.00%
Cardiff	11,358	8.9%	10,945	9.0%	0.05%
Wales	127,130	100.0%	121,761	100.0%	

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Table 9: Exemplification to show the impact of updated pension credit data on the 2016-17 SSA, aged 65 and over, by local authority

	2016-17 (1)	2017-18 (2)	Diff (£) (2-1)	Diff (%) (2/1)
Isle of Anglesey	2,065,673	2,063,472	-2,201	-0.1%
Gwynedd	3,504,837	3,500,017	-4,820	-0.1%
Conwy	3,675,558	3,674,379	-1,179	0.0%
Denbighshire	3,133,611	3,153,513	19,902	0.6%
Flintshire	3,574,508	3,569,428	-5,080	-0.1%
Wrexham	3,471,862	3,453,372	-18,491	-0.5%
Powys	3,268,167	3,270,680	2,513	0.1%
Ceredigion	1,713,594	1,728,074	14,480	0.8%
Pembrokeshire	3,349,007	3,347,866	-1,141	0.0%
Carmarthenshire	5,099,298	5,080,383	-18,915	-0.4%
Swansea	6,383,696	6,385,323	1,627	0.0%
Neath Port Talbot	4,446,196	4,423,470	-22,726	-0.5%
Bridgend	3,488,349	3,482,802	-5,547	-0.2%
The Vale of Glamorgan	2,664,527	2,682,069	17,542	0.7%
Rhondda Cynon Taf	7,068,708	7,070,555	1,848	0.0%
Merthyr Tydfil	1,648,177	1,661,439	13,262	0.8%
Caerphilly	5,012,608	5,019,856	7,248	0.1%
Blaenau Gwent	2,324,680	2,316,130	-8,550	-0.4%
Torfaen	2,509,229	2,480,497	-28,732	-1.1%
Monmouthshire	1,817,303	1,810,813	-6,490	-0.4%
Newport	3,667,048	3,668,271	1,222	0.0%
Cardiff	7,249,002	7,293,228	44,226	0.6%
Wales	81,135,637	81,135,637	0	

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Housing Benefit (HB)

39. The SSA unit cost for the Housing Benefit IBA, used in the 2016-17 Settlement was £21.43.
40. Housing Benefit is currently being amalgamated with other benefits to form Universal Credit. It is being replaced with a housing element under Universal Credit. At this stage, as the tables below show, this has not affected the 2017-18 Settlement greatly.
41. Table 10 shows the count and the share percentage of 2017-18 Settlement data compared with 2016-17 Settlement. As you can see, in the last column, the differences in the share percentages for each Local Authority does not vary by greater than +/- 0.05 percentage points.
42. Table 11 shows the exemplification based on the 2016-17 SSA. Rhondda Cynon Taf funding decreases by £2,234, whilst Neath Port Talbot funding increases by £2,741.

Table 10: Housing Benefit, by Local Authority

	2016-17: 2-year average - June 2013 to May 2015	Share %	2017-18: 2-year average - June 2014 to May 2016	Share %	Difference in Share % (Percentage point)
Isle of Anglesey	5,103	2.0%	4,988	2.0%	-0.01%
Gwynedd	7,968	3.2%	7,870	3.2%	0.01%
Conwy	8,997	3.6%	8,784	3.6%	-0.03%
Denbighshire	8,212	3.3%	8,176	3.3%	0.04%
Flintshire	9,610	3.9%	9,397	3.8%	-0.02%
Wrexham	11,310	4.5%	11,074	4.5%	-0.02%
Powys	7,735	3.1%	7,650	3.1%	0.02%
Ceredigion	4,284	1.7%	4,261	1.7%	0.02%
Pembrokeshire	8,979	3.6%	8,924	3.6%	0.04%
Carmarthenshire	13,199	5.3%	12,985	5.3%	0.00%
Swansea	21,545	8.6%	21,124	8.6%	-0.03%
Neath Port Talbot	13,735	5.5%	13,636	5.6%	0.05%
Bridgend	11,591	4.7%	11,429	4.7%	0.01%
The Vale of Glamorgan	8,724	3.5%	8,568	3.5%	-0.01%
Rhondda Cynon Taf	20,226	8.1%	19,792	8.1%	-0.04%
Merthyr Tydfil	5,832	2.3%	5,680	2.3%	-0.02%
Caerphilly	15,341	6.2%	15,145	6.2%	0.02%
Blaenau Gwent	7,871	3.2%	7,644	3.1%	-0.04%
Torfaen	8,893	3.6%	8,739	3.6%	0.00%
Monmouthshire	5,113	2.1%	5,008	2.0%	-0.01%
Newport	13,908	5.6%	13,666	5.6%	-0.01%
Cardiff	31,075	12.5%	30,631	12.5%	0.03%
Wales	249,251	100.0%	245,170	100.0%	

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Table 11: Exemplification to show the impact of updated housing benefits data on the 2016-17 SSA, by local authority

	2016-17 (1)	2017-18 (2)	Diff (£) (2-1)	Diff (%) (2/1)
Isle of Anglesey	109,355	108,673	-681	-0.6%
Gwynedd	170,763	171,456	692	0.4%
Conwy	192,800	191,365	-1,435	-0.7%
Denbighshire	175,984	178,127	2,143	1.2%
Flintshire	205,943	204,729	-1,214	-0.6%
Wrexham	242,369	241,273	-1,096	-0.5%
Powys	165,753	166,668	915	0.6%
Ceredigion	91,812	92,840	1,027	1.1%
Pembrokeshire	192,422	194,415	1,993	1.0%
Carmarthenshire	282,858	282,906	48	0.0%
Swansea	461,709	460,224	-1,485	-0.3%
Neath Port Talbot	294,337	297,077	2,741	0.9%
Bridgend	248,392	248,996	604	0.2%
The Vale of Glamorgan	186,945	186,677	-268	-0.1%
Rhondda Cynon Taf	433,443	431,209	-2,234	-0.5%
Merthyr Tydfil	124,985	123,753	-1,233	-1.0%
Caerphilly	328,759	329,954	1,194	0.4%
Blaenau Gwent	168,678	166,548	-2,130	-1.3%
Torfaen	190,584	190,398	-186	-0.1%
Monmouthshire	109,567	109,099	-468	-0.4%
Newport	298,054	297,729	-325	-0.1%
Cardiff	665,944	667,340	1,396	0.2%
Wales	5,341,457	5,341,457	0	

Conclusion

43. DSG members are asked to discuss the potential impact of the inclusion of Universal Credit (“total” or “not in employment”) data, to the existing indicator of Income Support (IS), Income-based Job Seeker’s Allowance (JSA) and Pension Credit (PC) for the 2017-18 Settlement.
44. DSG are asked to discuss the potential inclusion of Personal Independence Payment (PIP) data to the existing indicator of Disability Living Allowance (DLA) and Severe Disablement Allowance (SDA) for the 2017-18 Settlement.

**Local Government Finance Policy
Welsh Government**

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Related papers:

DSG (2016) Paper 11: Welfare Reform Update – Information Paper

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

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

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

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

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

Welsh Government's programme of research to assess the impact of the UK Government's welfare reforms in Wales
<http://gov.wales/topics/people-and-communities/welfare-reform-in-wales/analysing-reforms/?lang=en>