
Report to COUNCIL

Welfare Reform – Impact on Vulnerable People

Portfolio Holder: Councillor Abdul Jabbar, Cabinet Member for Corporate Support, Finance and Human Resources

Officer Contact: Emma Alexander, Executive Director, Corporate and Commercial Services

Report Authors: René Guenther, Intelligence Hub Manager, Ext. 1328; Suzanne Heywood, Head of Customer and Business Support Services, Ext: 4905.

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Purpose of the Report

This report is the first quarterly welfare reform research ‘deep dive’ – a follow-up to the latest annual ‘Impact of Welfare Reform in Oldham’ briefing presented to Members in October 2014.

Requirements from Full Council

1. Note the content of the report and accompanying dashboard.

Executive Summary

- 1.1 This report provides a high-level analysis of the impact of welfare reform on vulnerable groups in Oldham.
- 1.2 It identifies common demographic characteristics of people and groups disproportionately affected by the key provisions of welfare reform and of those residents using local services to mitigate its impact.
- 1.3 The analysis includes client information from DWP (Benefit Sanctions, Personal Independence Payments, Benefit Cap, Bedroom Tax, Universal Credit) and local services (Discretionary Housing Payment, Local Welfare Provision, Council Tax Reduction, Welfare Rights and Oldham Foodbank).

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- 1.4 Bearing in mind limited client-level data has been available in most areas, the report also highlights groups, which are likely to be affected by more than one aspect of welfare reform.
 - 1.5 Key findings are (see par 2.2, table 6 and appendix 3):
 - 1.6 Single people appear to be the 'hardest hit' in terms of disproportionate and multiple effects of welfare reform:
 - Single males are the biggest group affected by benefit sanctions and Universal Credit.
 - Single parents (with 4 or 5 children) are heavily affected by the benefit cap.
 - Single people generally are disproportionately impacted by the 'bedroom tax', and consequently receive more Discretionary Housing Payments. They also use foodbanks much more than other groups.
 - 1.7 Younger people are the primary group affected by benefit sanctions and Universal Credit. They also receive more local welfare provision support.
 - 1.8 Older people and those with a disability are, naturally, disproportionately affected by changes to disability benefits and require more welfare rights support than others to deal with these issues. Notably, disabled people are also more affected by the 'bedroom tax' than others.
 - 1.9 People who rent their properties are affected by the benefit cap and the 'bedroom tax', which many people cannot avoid due to a lack of alternative, smaller properties. This also means tenants require more Discretionary Housing Payment support.
 - 1.10 The benefit cap exclusively affects families with four or more children.
 - 1.11 White British residents make higher than average use of foodbanks and welfare rights support.
 - 1.12 Delays in DWP benefits administration still appear to be an issue locally. There is still a significant waiting list for Personal Independence Payments. 35% of food-bank vouchers are for residents awaiting a decision on their benefits.
 - 1.13 Key recommendations are to consider further strengthening existing Council support to focus on the groups highlighted as vulnerable and to share the findings with partners for cooperative action.

Welfare Reform – Impact on Vulnerable People

1 Introduction, background and context

- 1.1 This report is a follow-up to the latest annual ‘impact of welfare reform in Oldham’ report, presented to Members in late 2014. Amongst other things, this highlighted, based on research undertaken by Sheffield Hallam University, an annual estimated loss of £90.1m to the Oldham Economy as a result of welfare reform changes.
- 1.2 As a result of that report, Members have asked to receive:
- Annual welfare reform impact reports.
 - Quarterly thematic ‘deep dives’.
 - Quarterly welfare reform dashboards (see appendix 4).
- 1.3 Leadership and Cabinet asked to bring forward ‘the impact on vulnerable people’ as the first, thematic deep dive research topic:

Amended ‘deep dive’ research timetable	When
The impact on vulnerable people	Jan 15
Effectiveness of our current interventions	Apr 15
Benefit sanctions	Jul 15
Food-bank usage	Oct 15
Debt and finances	Jan 16

- 1.4 To identify patterns of vulnerability, this report looks at a wide range of local and national data available on Oldham residents affected by welfare reform. It also draws on national research where appropriate.
- 1.5 As only limited data has been available for most of the areas investigated, this report focuses on a high-level impact analysis.
- 1.6 Information analysed includes DWP data in the public domain (supplemented by local information where possible) on:
- Benefit (JSA) sanctions
 - Personal Independence Payments (PIP) / Disability Living Allowance (DLA)
 - Universal Credit (UC)
 - Benefit Cap
 - Size Criteria (‘Bedroom Tax’)

It also draws on locally held data on services users and recipients of:

- Discretionary Housing Payments (DHP)
- Local Welfare Provision (LWP)
- Council Tax Reduction (CTR)
- Welfare Rights
- Foodbank vouchers

1.7 For each of the key areas above, the report identifies groups (using demographic characteristics such as age, disability, ethnicity, housing tenure and family status), which are disproportionately affected by welfare reform (see table 6 and chapter 2.2).

1.8 It also points to groups, which are likely to be affected by more than one area of welfare reform, and provides an indicative ward map (appendix 3) showing their likely geographical concentration.

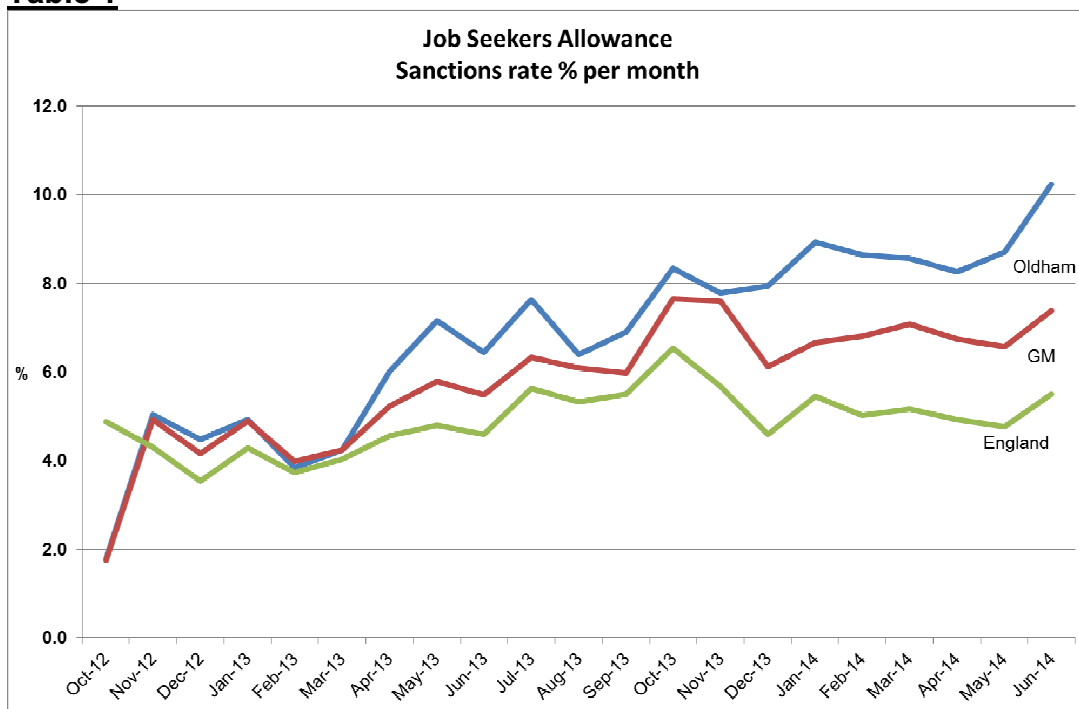
2 Current Position

2.1 Key findings

2.1.1 Benefit (JSA) Sanctions

- Following the introduction of welfare reform (October 2012), there has been a trend towards greater use of sanctions (see appendix 1 for sanction levels) in the management of benefit claimants.
- Residents of Oldham have been disproportionately impacted by sanctions, compared to other parts of the country. Currently, the JSA sanction rate of 10.2% is the highest rate across Greater Manchester, and is nearly twice the England rate of 5.5% (see table 1).

Table 1



(Source: DWP 2014)

- In June 2014, there were 3885 JSA claimants in Oldham, of which 399 were sanctioned (latest available figures).
- It is evident that younger people have been more adversely impacted. More than half (56%) of those sanctioned were aged between 18 and 34 (a larger proportion than the 45% of JSA claimants in that age band).
- The most common reasons for JSA claimants in Oldham to receive a

sanction were: not actively seeking work (36%), refusal to take part in the Work Programme (30%) and failure to attend advisor interview (18%).

National research undertaken for a Parliamentary Select Committee Inquiry into benefit sanctions moreover suggests that only a fifth of people ceasing to claim JSNA following benefits sanctions are known to have subsequently found work.

<http://www.theguardian.com/society/2015/jan/20/jobs-revival-benefits-work-jobseekers-allowance>

2.1.2 Personal Independence Payments (PIP)

- Personal independence payments were brought into place in April 2013 to replace Disability Living Allowance (DLA) for people aged 16-64.
- Payments are worth between £21 and £138 a week and support people with long-term ill health or disability.
- There have been large delays in implementing this reform; however the numbers of PIP claimants is increasing month by month, as shown below. There are currently 884 PIP claimants across Oldham (see table 2).

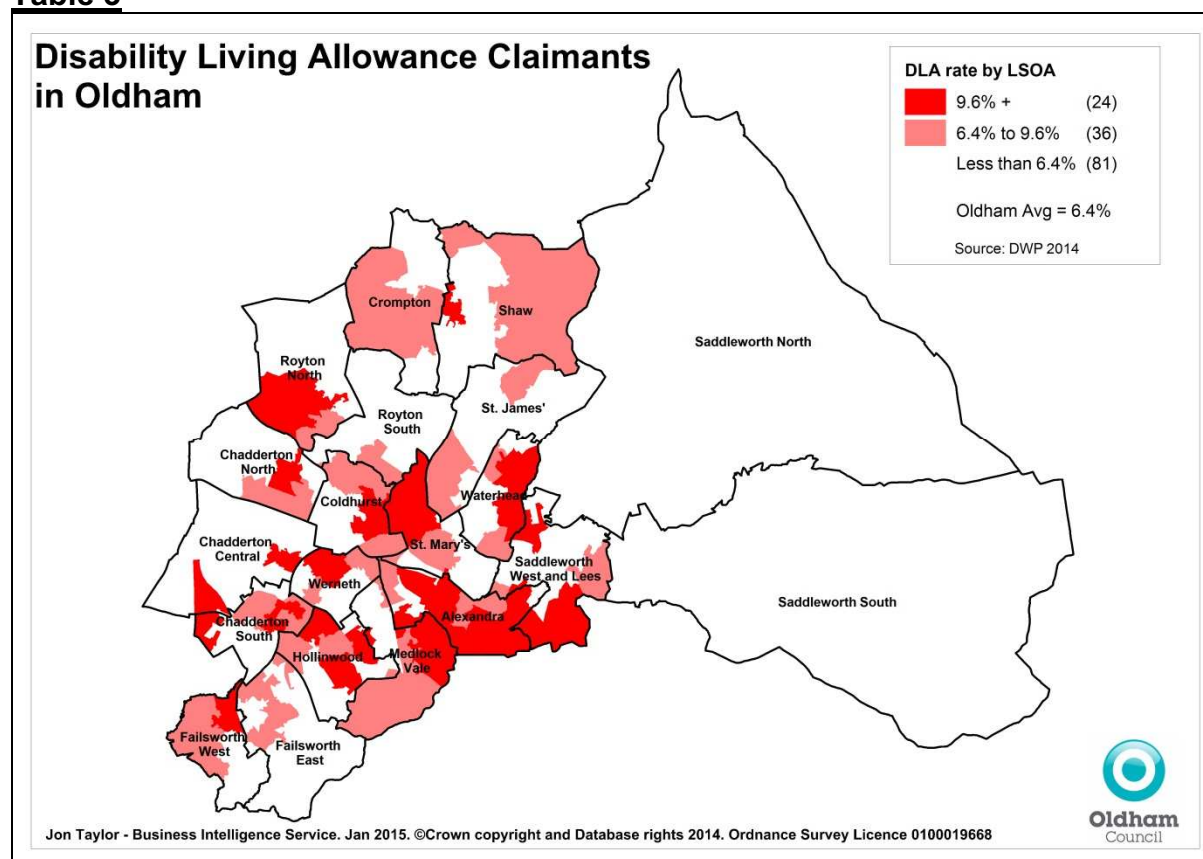
Table 2

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Number Receiving PIP	105	163	137	195	243	299	421	583	699	884

(Source: DWP 2014)

- The most common conditions that PIP claimants were associated with included Musculoskeletal (34%), Psychiatric (29%), and Malignant Diseases (16%).
- It is worth noting that there are still 14,500 residents in Oldham claiming DLA (see table 3), therefore it's difficult to assess which groups in receipt of PIP have been impacted most greatly.

Table 3



2.1.3 Benefit Cap

- The Benefit Cap limits household income from benefits to £350 per week for single claimants and £500 per week for couples and lone parents.
- The household benefit cap impacts on relatively few households within Oldham, however the average financial loss for each of these households is relatively large.
- Since the introduction of the benefit cap, there has been a cumulative total of 172 capped households. In August 2014 (latest available figures) 95 households were subject to a cap.
- All of these households have large number of dependent children:
 - 47 are single parents, all with 4 or more children (39 households have 5 or more dependent children).
 - 45 households were couples with 4 or more children (26 households have 5 or more dependent children).(Source: DWP 2014).
- All households, who are being capped live in either social or private rented accommodation (35% - compared to 28% of all rented properties), with the majority living in socially rented (65% - compared to 72% of all rented properties).

2.1.4 Size Criteria or 'Bedroom Tax'

- Since April 2013, the size criteria has been applied to all working-age households claiming Housing Benefit in the social rented sector, where their property is deemed to have more bedrooms than needed for the size of the family.

- Housing Benefit is reduced by 14% for one additional bedroom and by 25% for two or more additional bedrooms.
- As of December 2014, there are 1724 households in total under-occupying in Oldham. 1457 of those are under occupying by 1 room, whilst the remaining 267 are under occupying by 2 or more rooms (source: Oldham Council 2014).
- The main groups impacted by the bedroom tax are single people and people with disabilities.
- A lack of 1 bedroom houses in Oldham means a lot of people have no choice but to pay because there is nowhere for them to move out of their current occupancies.

National research moreover shows that:

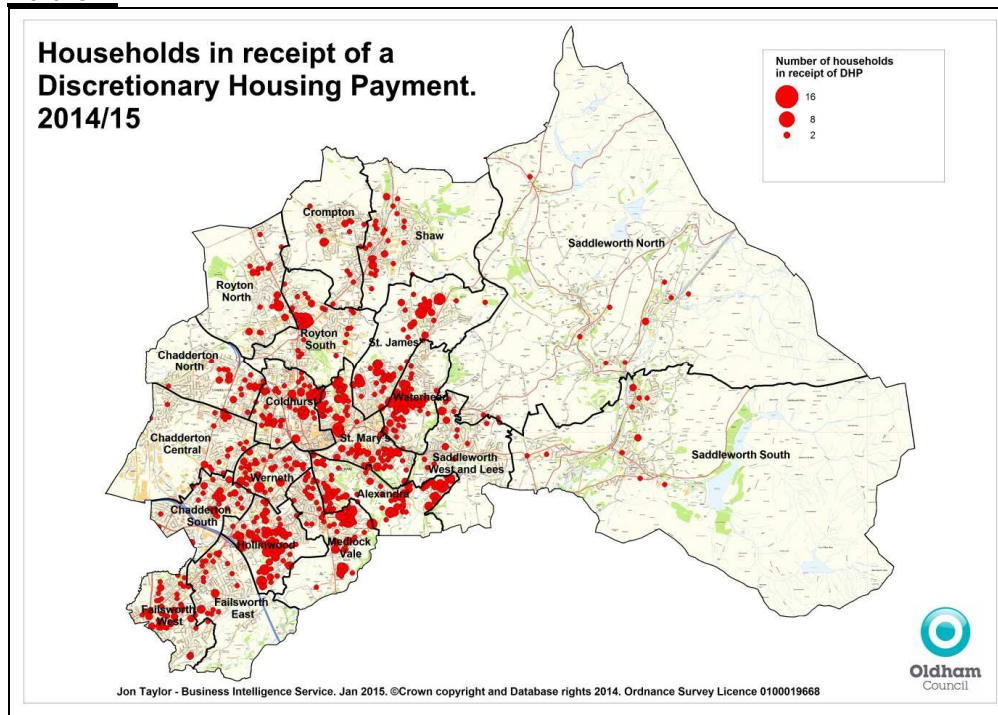
- While the overall number of tenants in arrears because of the bedroom tax has fallen, the situation for those who are in arrears has got worse.
- The average arrears amount for all tenants has increased since autumn 2013, with housing associations reporting that 64% of affected tenants in arrears are in that situation because of failing to pay the bedroom tax.

<http://www.housing.org.uk/publications/browse/welfare-reform-impact-assessment-final-report/>

2.1.5 Discretionary Housing Payment (DHP)

- DHP allows residents affected by changes, such as the size criteria and the benefit cap, to apply for additional assistance through government funding to local authorities.
- Oldham's funding has increased from £173k in 2012/13, to 498k in 2013/14 and £500k in 2014/15. However, for 2015/16, funding will reduce by 25% to £377k. This will require all current DHP awards to be reviewed.
- This financial year, a total of 1499 DHPs have awarded a total of £453,000 - the majority of which supported households affected by the bedroom tax.
- The typical family type who are in receipt of a DHP payment are single people of working age, who account for 61% of all DHP's this financial year (compared to 33% of single people aged 16-64 in Oldham overall) (source: Oldham Council 2014)
- Areas with typically the highest levels of deprivation and subsequently the highest proportion of social rented properties have seen the highest number payments awarded (see table 4 below).

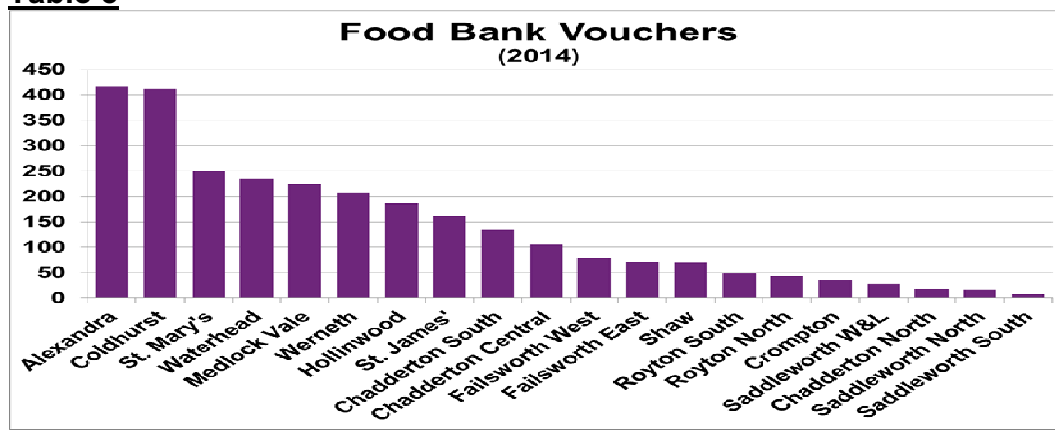
Table 4



2.1.6 Foodbanks

- For the year 2014, 2755 vouchers were used in Oldham. These covered 3489 adults and 1539 children.
 - Vouchers were issued predominantly for residents to cope with delays in benefits (35%), changes to benefit provision (23%) or low income (18%).
 - Oldham Foodbank have kindly provided two case studies on the impact of delays in benefit administration (see appendix 2).
 - 64% of all vouchers were handed out to single people.
 - Most of the people (85%) using the foodbank were White British.
- (Source: Oldham Foodbank)

Table 5



National research moreover suggests that:

- Food banks are predominantly a last-resort, short-term measure, prompted by an 'acute income crisis' – something which had happened to completely stop or dramatically reduce someone's income.
- 19-28% of users for whom additional data was collected had recently had household benefits stopped or reduced because of a sanction. 28-34%

were waiting for a benefit claim, which had not been decided.

- Many foodbank users faced multiple challenges, including ill-health, relationship breakdown, mental health problems or substantial caring responsibilities. Many were unable to work or had recently lost their job. The frequency of bereavement among food bank users was also a striking feature of this research.

<http://www.trusselltrust.org/foodbank-report>

2.1.7 Local Welfare Provision

- Local Welfare Provision (LWP) replaced Community Care Grants and Crisis Loans for living expenses. Local Welfare Provision meets short term emergency/immediate support needs of vulnerable people.
- There was a budget of £1,022,449 for the 14/15 year. Around 32% of the budget has been spent. This includes total yearly costs of £73,060 for administration and £80,000 for 2 Welfare Rights Officers and £171,000 spent on disbursements from 1st April to 16th January.
- There were a total of 1345 applications, which covered 6692 items. The majority of requests (825) were for white goods.
- Most of the applicants were under the age of 35 (56% - much higher than the 38.7% of Oldham residents aged 16-34)

(Source: Oldham Council 2014)

2.1.8 Universal Credit (UC)

- Universal credit is a new singular payment which is replacing the following:
 - Income-based Jobseeker's Allowance
 - Income-related Employment and Support Allowance
 - Income Support
 - Child Tax Credit
 - Working Tax Credit
 - Housing Benefit
- Universal Credit (UC) was piloted in Oldham, Tameside and Wigan before being rolled out across the rest of the country. Oldham currently has the highest caseload of UC claimants, totaling 2,710 (Source DWP, November 2014).
- Many UC claimants are aged under 25 (66% - much higher than the 18.7% of Oldham residents aged 16-24) and are typically single males.
- This group was targeted first as their cases are less complex.

National research suggests the following impact of UC on families with children:

- Many families have limited incentive to move from part-time to full-time work, especially if they require childcare.
- Disposable income 'plateaus' at as little as 10 hours a week, as UC reduces sharply with additional earnings.
- For lone parents and second earners on the minimum wage, working 30 or more hours a week will reduce disposable income compared with working fewer hours.
- Above this level, working extra hours triggers higher childcare bills and

reduces UC payments, and brings income into taxation.

<http://www.channel4.com/news/universal-credit-joseph-rowntree-foundation>

2.1.9 Council Tax Reduction

- The Council Tax Reduction (CTR) scheme was introduced in April 2013 to replace the national Council Tax Benefit scheme.
- There are currently 15,333 (Jan 15) working age CTR claimants (pensioners are not affected by the changes), many of whom pay by direct debit or have set up Credit Union accounts.
- The CTR collection rate as of Jan 2015 was 61%, below the overall Council Tax collection rate of 86%.
- Given that CTR is means tested, those who are more impacted by this are those of working age on low income.

(Source: Oldham Council 2014).

2.1.10 Welfare Rights

- 2094 residents have either been in contact or signposted to the Council's welfare rights team since April 2014.
- Over half (55%) have requested support on either PIP, DLA or Employment Support Allowance (ESA).
- 1071(51.1%) of the residents in contact were in the 45-64 age band (significantly higher than the 32% of Oldham residents aged 16 and above in that band), with 80% of those being White British residents.
- The figures suggest that the most common use of the welfare rights team is supporting older people regarding benefits advice (on either PIP,ESA or DLA).
- During 2013/14, the welfare rights team secured an additional £3m of benefits. The amount to date this year is £1.9m (with a smaller team).

2.2 **Summary and conclusions**

2.2.1 Welfare reform continues to have a significant impact on Oldham's population. Our analysis suggests that some groups are more vulnerable to its effects than others.

2.2.2 Whilst data is limited for many of the types of provision and support services we looked at, our analysis suggests some clear patterns of vulnerability – both in terms of disproportionate as well as multiple impact on certain groups (see table 6 below):

- Younger people in particular are disproportionately affected by benefit sanctions and Universal Credit and also seek more local welfare provision support than the rest of the local population.
- Unsurprisingly, older people and those with a disability are disproportionately affected by changes to disability benefits and require more welfare rights support than others for this.
- Disabled people are disproportionately impacted by the 'bedroom tax'.
- People who rent their properties are affected by the benefit cap and, naturally, by the bedroom tax, leading to a subsequent higher rate of DHP

- claims amongst that group.
- The benefit cap exclusively affects families with four or more children.
 - White British residents generally make more use of foodbanks and welfare rights support than the rest of the Oldham population.
 - Single people appear to be the ‘hardest hit’ in terms of disproportionate and multiple impact – by sanctions (mainly males), the benefit cap (single parents), the bedroom tax (and subsequent DHP), foodbank use and Universal Credit (males).
 - Appendix 3 maps those areas of the Borough with a greater concentration of people in this ‘hardest hit’ single household group:
 - Pink areas (most likely to be affected) - young single people living in rented accommodation.
 - Blue areas (highly likely to be affected) – all single people living in rented accommodation.
 - Brown areas (very likely to be affected) – all young single people.

2.2.3 Additional issues worth highlighting are:

- Delays in DWP benefits administration still have an impact locally – with a backlog for Personal Independence Payments and more than a third of food-bank vouchers issued to residents waiting for their benefits.
- Many people cannot avoid the bedroom tax (e.g. by ‘downsizing’) due to a lack of alternative accommodation.

Table 6 - ‘Vulnerability matrix’: groups disproportionately affected by welfare reform

	Age		Disability	Ethnicity	Tenure	Family status	
	Younger people	Older People	People with a disability	White British	Rented properties	Large families	Single people
JSA Sanctions	X (18-34)						
PIP		X (50-64)	X				
Benefit cap					X	X	X (single parents)
‘Bedroom Tax’			X		X (social rented)		X
DHP					X		X
Foodbanks				X			X
Universal Credit	X (under 25)						X (single males)
Local Welfare Provision	X (under 35)						
Welfare Rights		X (45-64)	X	X			X (single males)

3 Requirements from Full Council

1. Note the content of the report and accompanying dashboard.

APPENDIX 1

SANCTION LEVELS – NEW REGIME

Description

From 22nd October 2012, the vast majority of sanction referral reasons were classified into a level. These levels are Higher level, Intermediate level, and Lower level. The length of time that a sanction applies will depend partly on the level of the sanction (and also on the number of previous sanctions imposed at that level within the previous twelve months).

Classification

Sanction Level - New Regime is applicable for all sanction decisions made on referrals from 22nd October 2012.

1 - **Low Level:** Lower level failures will lead to claimants being sanctioned for a period of 4 weeks or 13 weeks.

2 - **Intermediate Level:** Intermediate level failures will lead to a claimants' award ending followed by a sanction. In total claimants will lose benefit for a period of 4 weeks or 13 weeks.

3 - **High Level:** Higher level failures will lead to claimants being sanctioned for a period of 13 weeks, 26 weeks or 156 weeks.

(Source: DWP)

APPENDIX 2

Oldham Food Bank Case Studies - Impact of delays in benefit decisions

David*

David was given an assessment appointment on 4/12/14 at his local Jobcentre, he attended as requested. He subsequently received a letter to tell him he had a telephone appointment on 22/12/14. When he received the call he was told that he only had 14 points and to qualify for ESA (Employment and Support Allowance) he would need 15 points. He was told his benefits had been stopped.

He was advised he could have a mandatory appeal and this would take 6 weeks but with Christmas it may take a bit longer. In the meantime he would not get any benefit, unless he signed on for Universal Credit JSA. This would take a month after signing on before he could get his benefit payment but he could apply for a Short-Term Benefit Advance. He was also advised that, because of his medical condition, he would not be required to do the normal JSA Claimant Commitment procedures. The client needs to take medications with food and was referred to us by NHS staff.

Mike*

Mike is a 44yr old male who had always been employed until the scrap metal company he worked for closed down at the end of 2013. Mike had no savings and lived in a flat with his daughter. At the end of 2013 Mike's daughter moved out and went to care for her mother who had cancer. Mike then became liable for the 'bedroom tax' on his now spare room and soon fell into arrears.

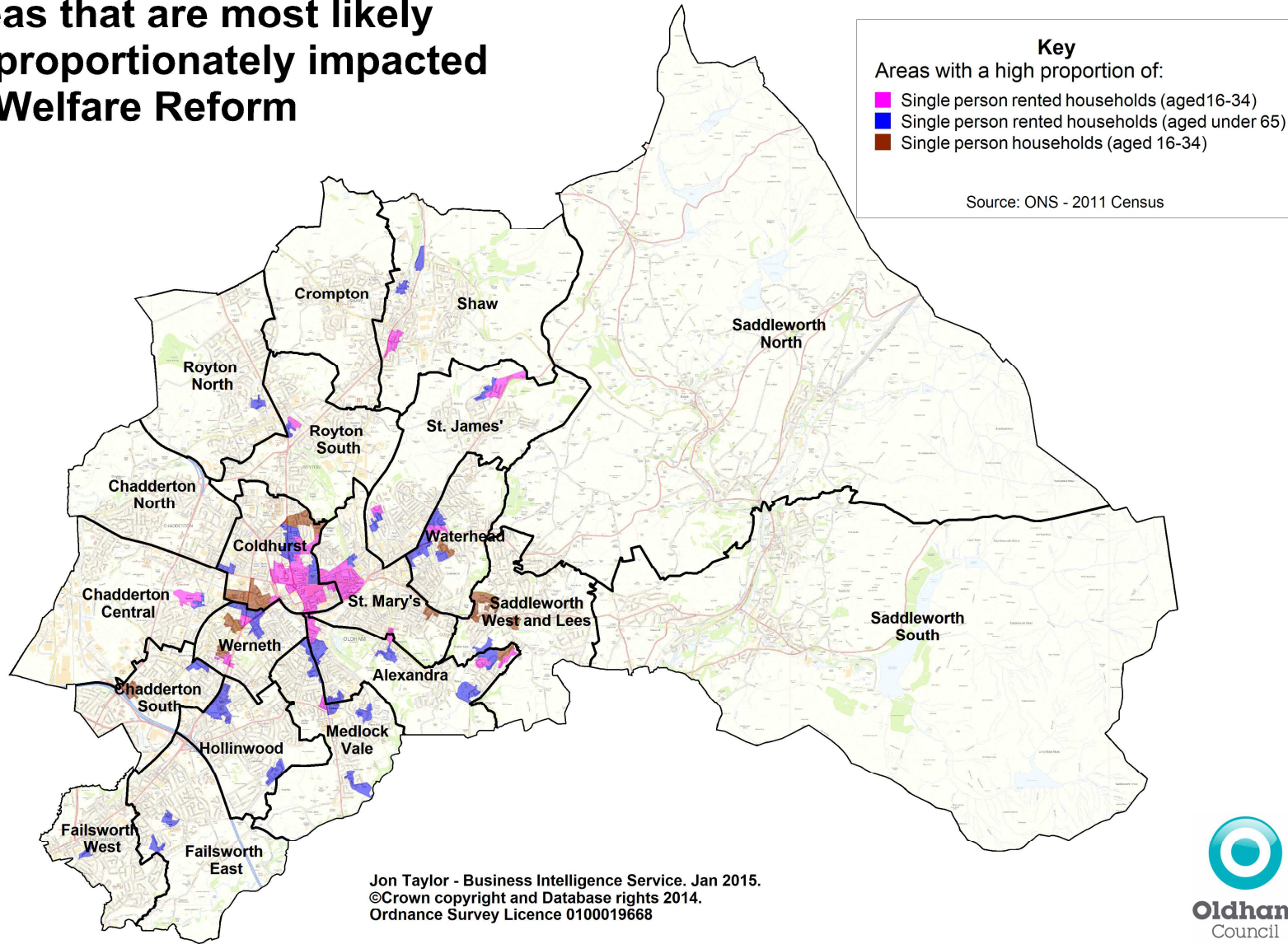
In mid-2014 Mike attended a computer course delivered through JCP. On completion of the course he went for an appointment at the Jobcentre and was told his job search was not good enough and that he was sanctioned for four weeks. While the sanction was in force his housing benefit stopped and he went further into arrears with FCHO, who took action to evict him. He was unaware that he needed to inform Housing Benefit that he was sanctioned and clearly did not understand the system.

Due to having no money, Mike stole from an open car to get something to sell for food. He was subsequently caught and pleaded guilty to the theft. He is now homeless, on probation (with a criminal record). Probation Service are currently assisting him to find accommodation.

(*names changed to protect the individuals)

APPENDIX 3

Areas that are most likely disproportionately impacted by Welfare Reform

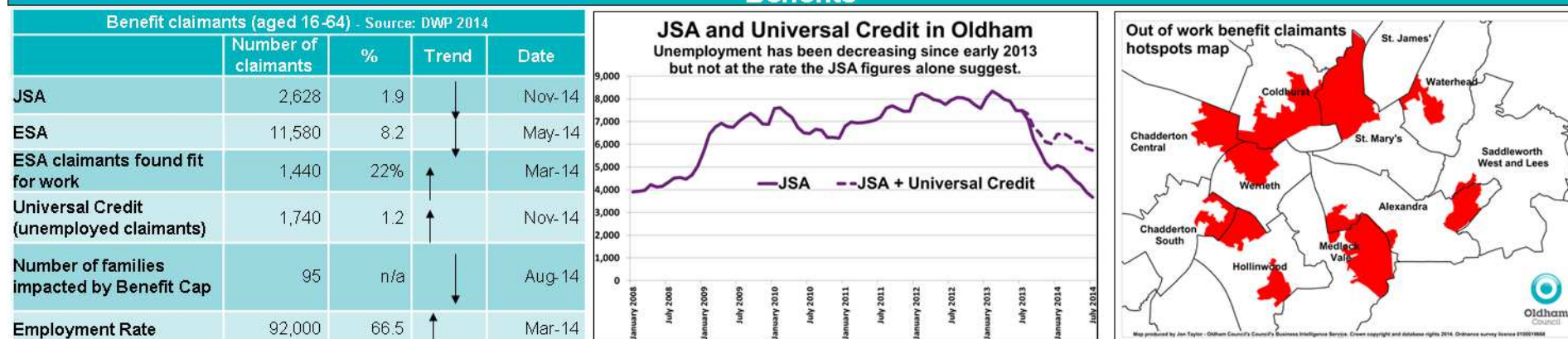


(see also main report par 2.2.2)

APPENDIX 4

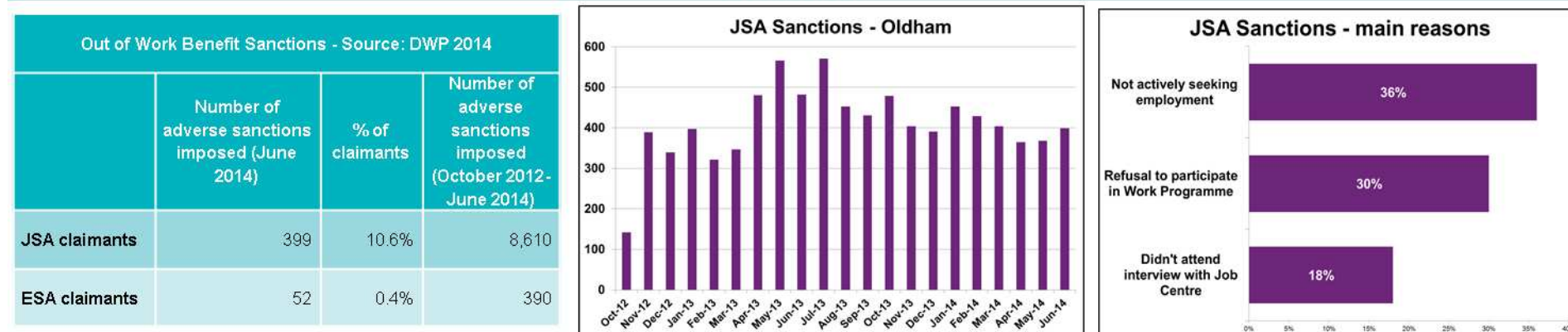
Oldham's Welfare Reform Dashboard January 2015

Benefits



The proportion of residents in receipt of out-of-work benefits has been reducing in Oldham since February 2013. This is likely to be a result of the improved conditions of the local economy, as well as the potential impact of tougher sanctions imposed on claimants and the introduction of Universal Credit, a new benefit that has started to replace six existing benefits and tax credits. Oldham has currently 95 families impacted by the benefit cap, most of those capped have large families with 4, 5 or more children.

Sanctions



The government has introduced tougher conditions and rules for the main social security benefits. JSA claimants have been more readily sanctioned and between Oct 2012 and Jun 2014 there have been 8610 JSA claimants in Oldham in receipt of a sanction. In June 2014, there were 3,885 JSA claimants in Oldham and of these 399 were sanctioned (10.6%). The main reasons for sanctions include refusal of claimants to participate in the DWP Work Programme, or that claimants have not been actively seeking employment (according to DWP guidelines).

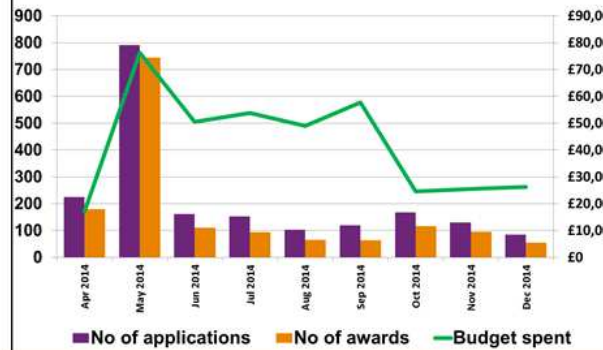
Access to advice and support

Welfare Rights

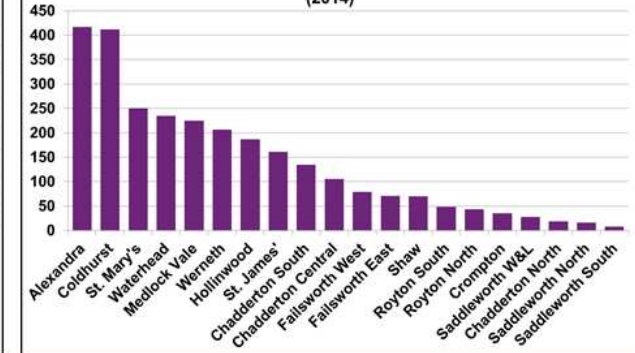
Welfare Rights referrals have been consistently high since the introduction of welfare reform.



DHP Applications and Awards



Food Bank Vouchers (2014)

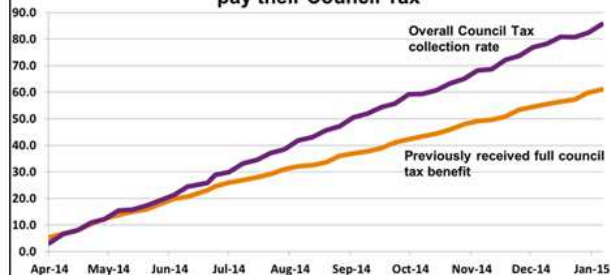


Since the introduction of Welfare Reform, the number of Oldham residents accessing advice or requiring financial support from the Council has increased. The welfare rights team has supported residents to maximise their income and brought in approx. £3m extra revenue into the local economy in 13/14. 91% (£453,000) of the budget set aside for DHP in 2014/15 has already been allocated, with the majority being used to subsidise the 'size criteria' ('bedroom tax'). This year, 32% of the LWP budget (£1,022m for 14/15) has been allocated, with 1345 items being awarded. Use of foodbanks varies greatly by ward. The wards that have higher levels of deprivation, particularly those that surround the Oldham Town Centre, have been allocated a higher number of vouchers.

Financial Impact for Council

Council Tax Collection Rates

Residents who were previously receiving full council tax benefit are finding it more difficult to pay their Council Tax

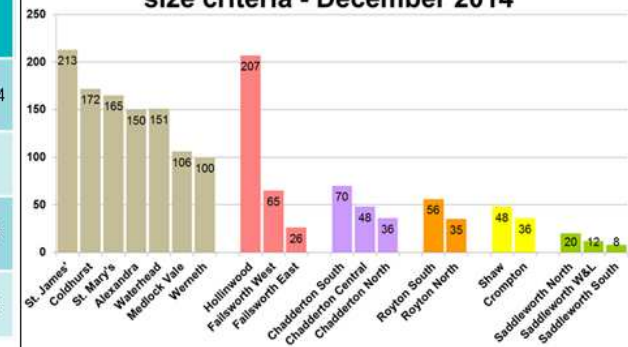


Residents who were previously receiving full Council Tax benefit are finding it more difficult to pay their Council Tax. The collection rate for these residents is however higher than originally predicted.

Housing

Housing Indicators	Number of households affected	Trend	Date
Size Criteria (Bedroom Tax)	1,724	↓	Dec-14
Families rehoused as result of size criteria	Awaiting data		
Number of terminations	656		Mar-14
Number of families in rent arrears	1,774	↓	Feb-14

Number of properties impacted by size criteria - December 2014



The number of properties impacted by 'size criteria' ('bedroom tax') has reduced from 2,334 in May 2013 to 1,724 in December 2014. There are currently 1,457 properties under occupying by one room and 267 by two or more. The number of families in rent arrears is reducing.