

Somerset Welfare Reform Impact Monitoring – 2014/15

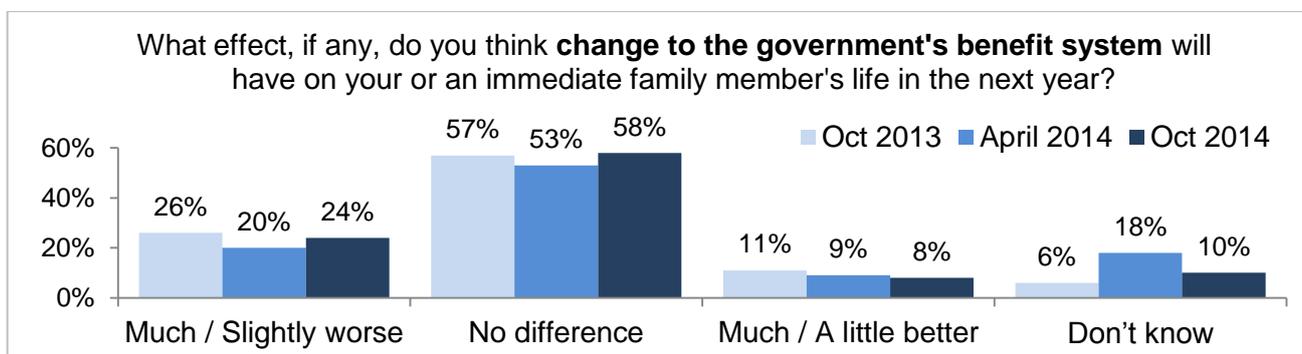
The Welfare Reform Act 2012 introduced a wide range of changes to the benefits system, implementation of which began in April 2013 (see Appendix A for background and timeline of changes). This report considers the on-going local impact, following a similar exercise undertaken in 2013/14. It is based on a range of indicators, supplemented by local case studies and findings from external research.

Information has been provided by Somerset County Council, District Councils, housing providers, advice services and food banks. The report has been compiled by the Somerset Intelligence team at Somerset County Council on behalf of the Somerset Intelligence Partnership (SIP).

It is for collective use while also serving as a basis for further discussion and investigation.

1. Public Opinion: Somerset County Council 'Tracking Study'

- One in four Somerset residents thinks that life will be worse as a result of changes to the benefits system. Around one in ten residents think that life will be better. These proportions have remained consistent over the last year.

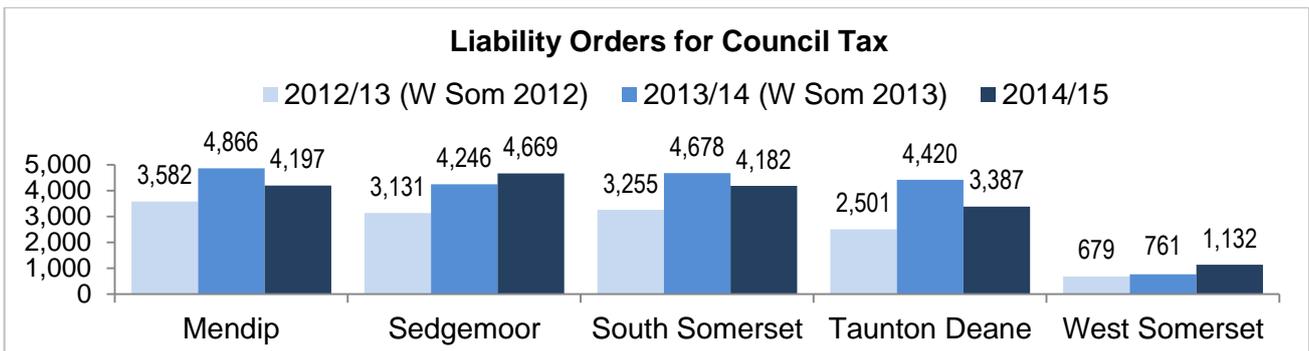
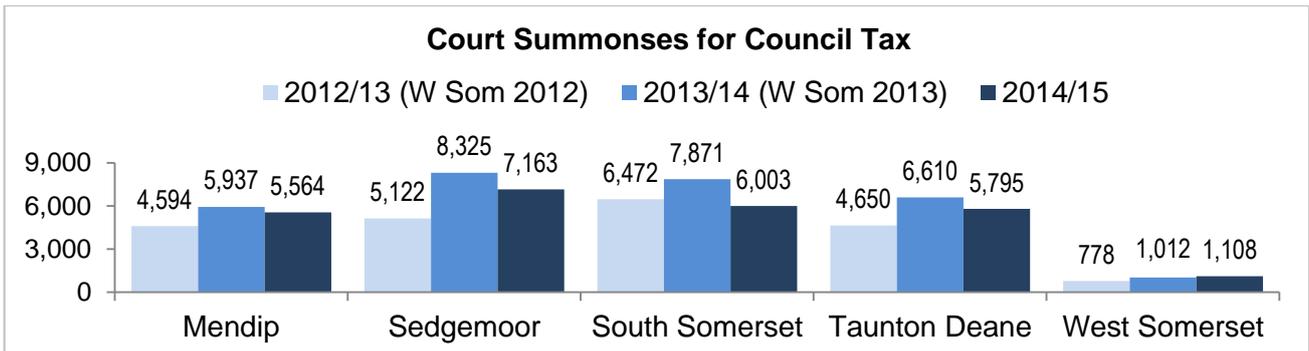
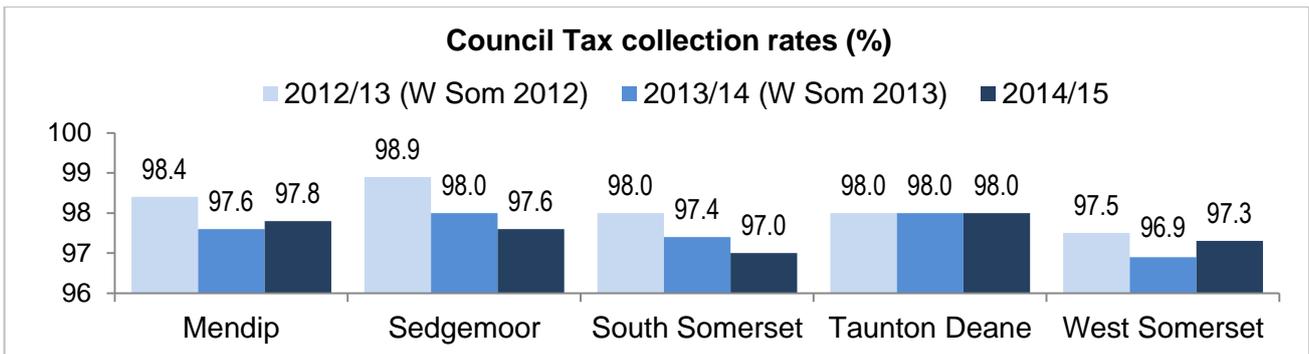


Source: Somerset County Council

- Notably, in the latest survey, nearly half (42%) of people with a disability said that benefit changes would make things worse (compared with 24% of the total sample).

2. Council Tax collection

- In the last year, council tax collection rates have increased in some districts but fallen in others. With the exception of Taunton Deane (where rates have remained constant), collection rates are below those seen in 2012/13.
- Overall numbers of court summonses and liability orders for council tax have declined in the last year (by around 16% and 7% respectively) but remain above 2012/13 levels.



Source: Mendip District Council (MDC), Sedgemoor District Council (SDC), South Somerset District Council (SSDC), Taunton Deane Borough Council (TDBC) & West Somerset Council (WSC)

Council Tax Benefit was replaced by localised council tax support schemes in April 2013 (for working age claimants only).

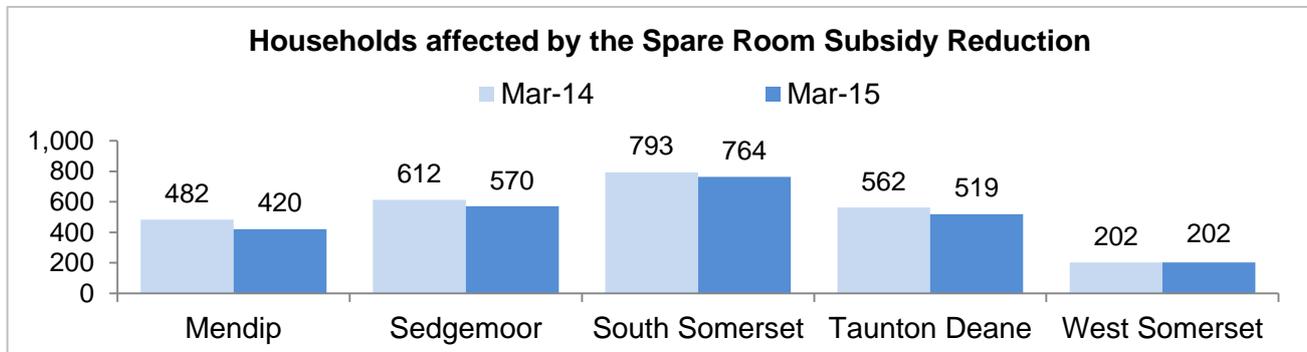
3. Housing Affordability and Supply

3.1 Local Housing Allowance (LHA)

- As at March 2015, a total of 9,701 private tenants in Somerset were receiving Local Housing Allowance (the housing benefit awarded to private tenants). Available data suggests this figure is marginally lower than a year earlier. Since 2013, LHA has not been up-rated in line with market rents, but with the consumer price index (CPI).

3.2 Spare Room Subsidy Reduction

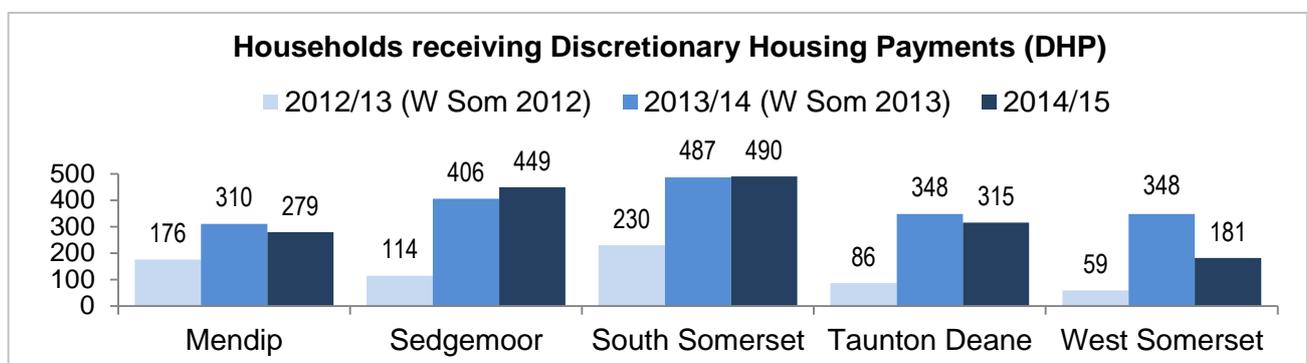
- Numbers of social housing tenants receiving reduced housing benefit as a result of the Spare Room Subsidy Reduction (also referred to as the 'bedroom tax') have declined in most districts, linked to tenants down-sizing to smaller properties.



Source: MDC, SDC, SSSDC, TDBC & WSC

3.3 Discretionary Housing Payments

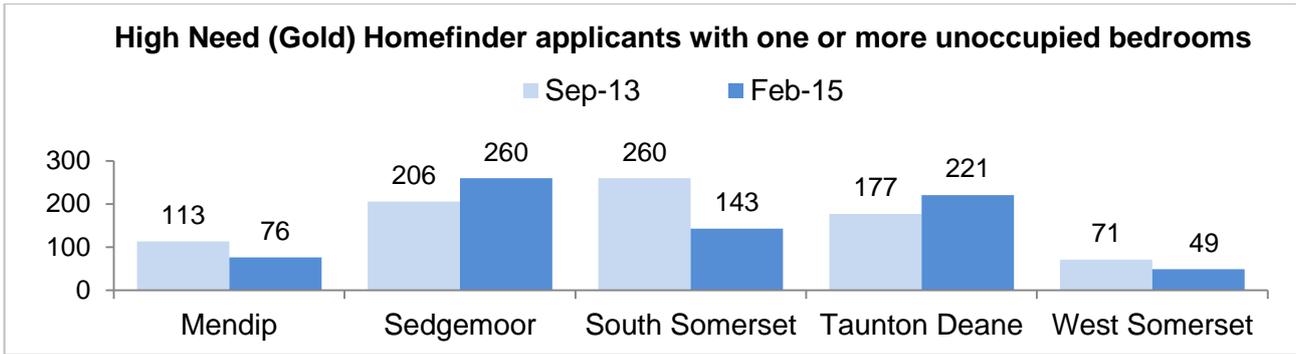
- Numbers of households receiving extra help with housing costs through Discretionary Housing Payments (DHPs) fell by around 10% overall in 2014/15, albeit with some district-level variations. Nevertheless, overall numbers of DHPs are still more than double the levels seen in 2012/13.



Source: MDC, SDC, SSSDC, TDBC & WSC

3.4 Homefinder social housing waiting list

- Greatest demand for social housing is for one and two bedroom properties, due in part to people who wish to downsize.
- As at February 2015, there were 749 Gold band (high need) applicants on the Homefinder waiting list 'under-occupying' their home, representing more than half of all high need applicants. Overall numbers appear to be falling, although there are some district-level variations.

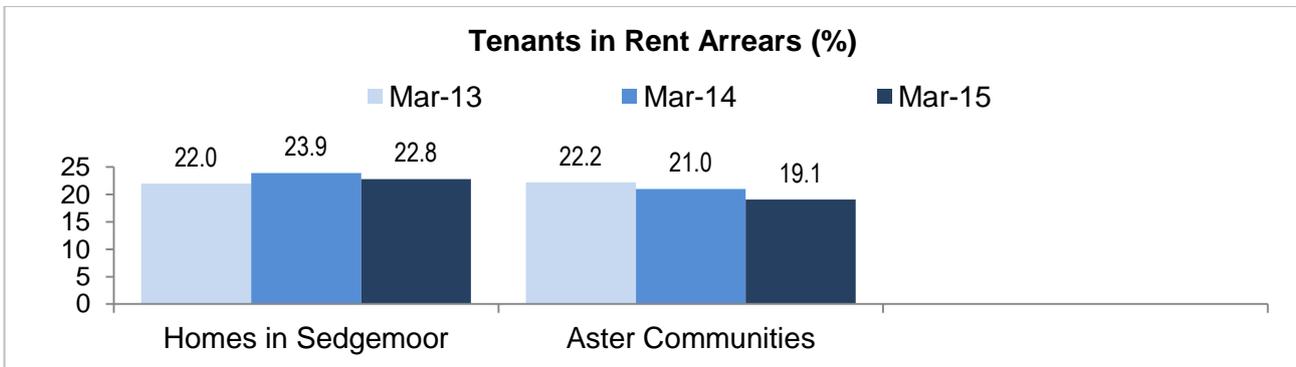


Source: Homefinder Somerset data snapshots

- The needs of Gold Band (high need) applicants for one and two-bedroom properties can generally be met by Homefinder through ‘churn’ (natural turnaround). However, there aren’t sufficient properties to fulfil the needs of Silver (medium need) and Bronze (low need) applicants.

3.5 Rent Arrears

- Management of rent arrears continues to be good according to available data from housing providers, despite the challenges of welfare reform.



Source: Homes in Sedgemoor, Aster Communities

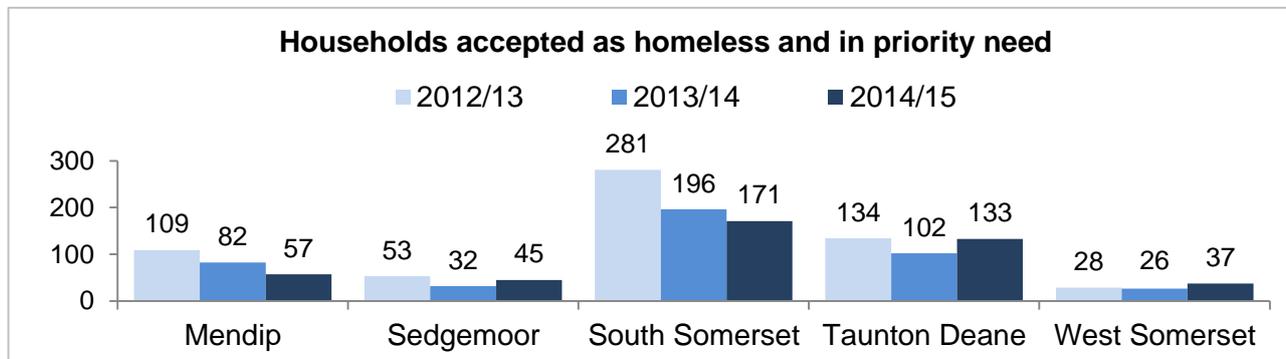
- Homes in Sedgemoor report a decline in average tenant debt between 2013/14 and 2014/15. Aster Communities report an increase in average debt over the period.

3.6 Possession Claims

- Since the economic recession, possession claims issued by mortgage lenders in Somerset have fallen steadily, while possession claims for landlords have continued to rise. In the 18-month period from April 2013, there were 1,314 possession claims issued by landlords and 469 possession claims issued by mortgage lenders.

3.7 Homelessness

- Levels of homelessness in the county have remained broadly static year-on-year, with 443 households accepted as homeless and in priority need in 2014/15, compared to 438 households in 2013/14.

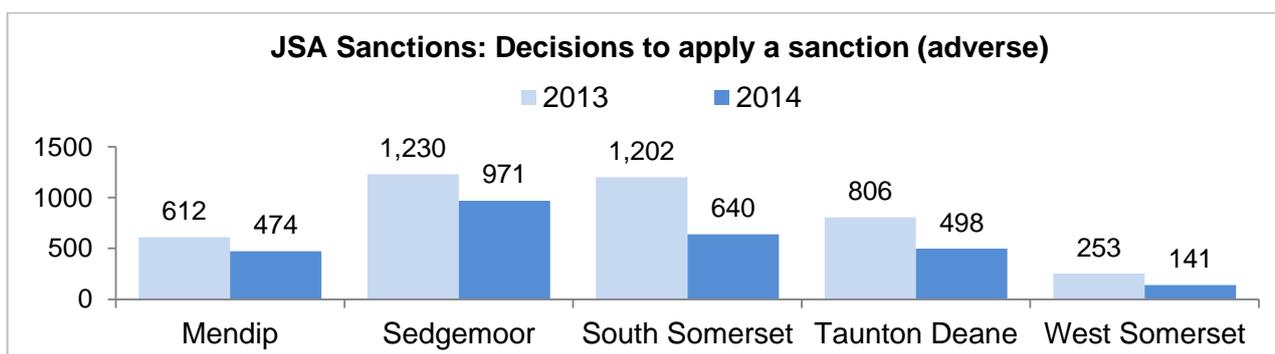


Source: Department for Communities and Local Government (DCLG)

4. Benefit Sanctions and Administration

4.1 Jobcentre Sanction Decisions

- Numbers of sanction decisions made against Jobseekers Allowance (JSA) claimants in Somerset have fallen by around a third in the last year, from a total of 4,103 in 2013 to 2,724 in 2014. Common reasons cited for benefits being temporarily stopped or reduced in this way are: not turning up to a meeting at a Jobcentre; not doing enough to look for work; or not taking part in an employment or training scheme.
- Falls in numbers of sanction decisions have been broadly in line with falls in JSA claimant numbers overall.



Source: Department for Work and Pensions (DWP)

- Numbers of Employment and Support Allowance (ESA) sanction decisions appear to be broadly static. Although detailed local data is not available, within the Devon, Cornwall and Somerset Jobcentre Plus district there were 419 adverse sanctions between December 2012 and December 2013, and 391 sanctions during 2014. ESA sanctions are relatively new and evidence suggests that people with mental ill-health (MIH) overall are sanctioned more frequently.

4.2 Personal Independence Payments (PIP)

- Personal Independence Payments (PIP) began replacing Disability Living Allowance (DLA) in 2013. As at January 2015, 1,993 working-age people in Somerset were in receipt of PIP. There remain around 15,000 DLA claimants aged 16-64 in Somerset, who will potentially need to reclaim for PIP.

4.3 SCC Local Assistance Scheme (LAS)

- Somerset CAB has helped 'many 100s' of people facing acute crisis through Localised Social Welfare (in the form of SCC's Local Assistance Scheme). These have been related to, for example, having no access to money, food or fuel. Many are reported to be being tipped into crisis due to poor administration within the benefits service. In the case of Mendip CAB, 'benefit delays' was the reason given in nearly one third (32%) of all the LAS crisis cases dealt with in the last year.

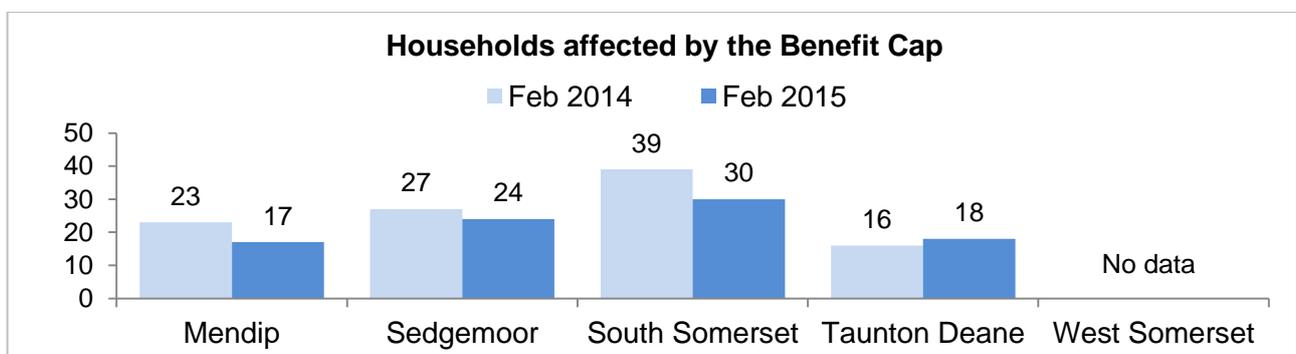
5. Cumulative Financial Impact

5.1 Local Government Association (LGA) model

- The LGA's impact modelling tool estimates that working-age benefit-claiming households in Somerset will lose an average of £1,580 in 2015/16 as a result of welfare reform. This is based on a figure of 66,460 claimant households and a total net impact loss of £105.1million within the county. See: www.local.gov.uk/finance/-/journal_content/56/10180/4104978/ARTICLE

5.2 Benefit Cap

- The number of households affected by the Benefit Cap (the total amount of benefit working-age households can receive) remains relatively low and has fallen in most districts. Capped households are typically those containing four or more children.

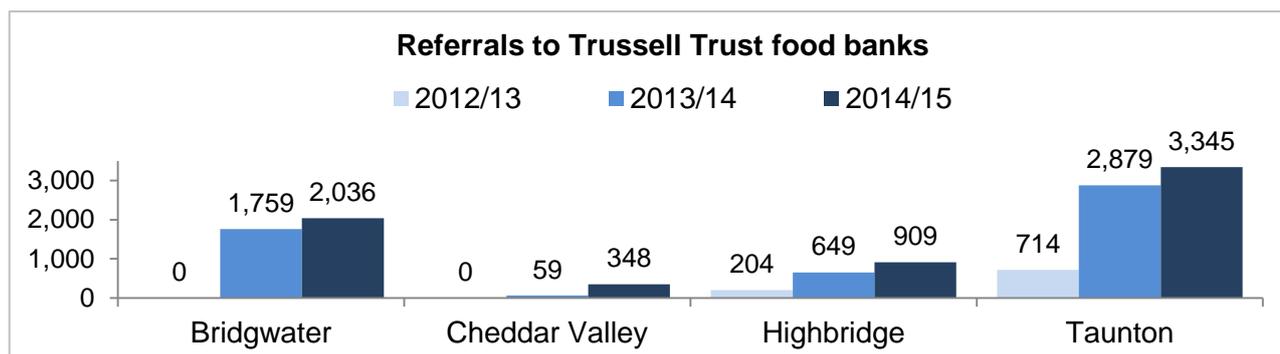


Source: Department for Work and Pensions (DWP)

6. Demands on Services and Organisations

6.1 Food Banks

- The Trussell Trust have seen a 24% increase in referrals to food banks in Somerset in the last year. A total of 6,638 referrals were made during 2014/15.
- It has been estimated nationally that around half of foodbank users require one foodbank voucher per year, and that 15% needed help more than three times in a year. The most common referral reasons were 'benefit delays' (30% of primary referrals), 'low income' (22%) and 'benefit changes' (14%).



Source: Trussell Trust

- The West Somerset Food Cupboard report a 31% increase in numbers of food parcels distributed in 2014 compared to 2013. A total of 1,504 parcels were distributed during 2014; 1,149 parcels during 2013; and 563 parcels during 2012. Just over half of parcels distributed have related to children and families.
- Wells Storehouse Foodbank report increasing numbers of food parcels distributed: 42 food parcels in 2012; 93 food parcels in 2013; and 113 food parcels in 2014. Demand also continues for the Storehouse's recycled furniture project, with 20 deliveries to clients so far in the early part of 2015 (January to May).

6.2 Citizen's Advice services

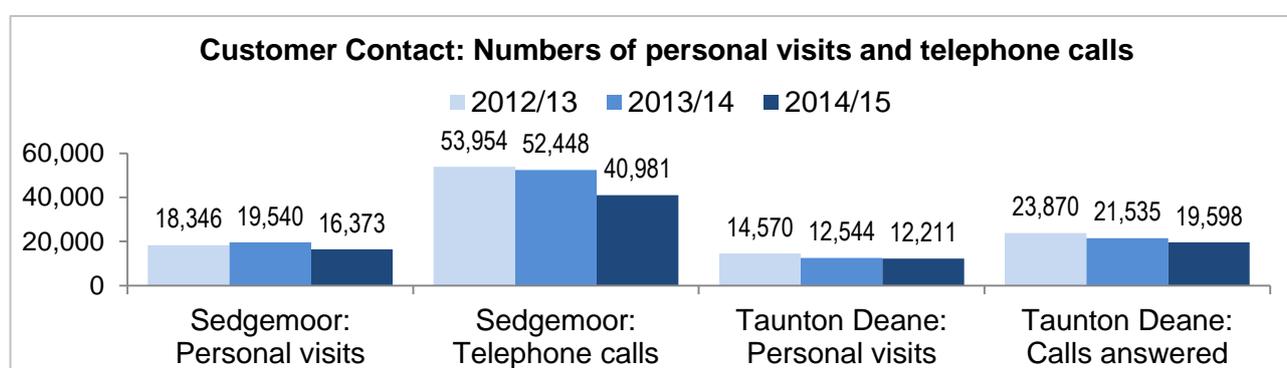
- A total of 8,929 individual clients were helped with welfare benefit and tax credit issues during 2014/15 by the four CAB services (Mendip, Sedgemoor, South Somerset and Taunton Deane) and the West Somerset Advice Bureau. This represents around 1 in 50 of the adult population. These clients presented a total of 23,519 individual issues.
- Demands for these CAB services were at almost exactly the same level as in the previous year.
- Welfare reform accounted for seven of the 'top ten' topic areas for which CAB clients were helped: Employment and Support Allowance (ESA), Personal Independence Payments (PIP), Tax Credits, Localised Social Welfare, Council Tax reductions, and Jobseekers Allowance (JSA).
- Notable increases in demand for CAB services were in relation to PIP and Localised Social Welfare (Local Assistance Scheme).

A full detailed report from Somerset CAB is available here:

www.somersetintelligence.org.uk/impact-of-welfare-reform-cab-services-in-somerset-2014-15.pdf

6.3 Revenues and Benefits services

- Declines have been seen in overall customer contact with Revenues and Benefits services, in terms of both personal visits and telephone calls. New working procedures are seen as a key driver in the reductions.
- Sedgemoor DC had a 20% reduction in overall (telephone and face-to-face) contact in 2014/15 compared to the previous year. Taunton Deane BC experienced a 6% reduction.



Source: SDC, TDBC

- Mendip DC have reported a gradual decline to their contact centre, customer access points, and for incoming post generally.
- South Somerset DC have increased resources in their Revenues Team by 4 FTE. Only part of this increase is attributed to an increase in work associated with the impact of welfare reform on collecting council tax.

7. Roll out of Universal Credit

- April 2015 saw the first claimants in Somerset of Universal Credit (UC) - a major element of welfare reform - with 50 claimants recorded in the first month.
- The LGA has estimated that around 66,000 households in Somerset will be impacted. UC will replace six working-age benefits: income-based Jobseeker's Allowance (JSA), income-based Employment and Support Allowance (ESA), Income Support, Working Tax Credit, Child Tax Credit, and Housing Benefit.
- UC will bring new challenges in terms of lump sum payments being made directly to claimants (as opposed existing arrangements with landlords, for example) and with 'digital by default' (the expectation that claims will be administered online).
- Roll out of UC will initially be slow, with claims only taken from single people who would otherwise be eligible for a new claim to income-related JSA (and even then there are a large number of exceptions).

8. 'Is Welfare Reform Working?': South West HAILO report

In March 2015, the South West Housing Associations Influence and Leadership Organisation (HAILO) published the second part of a report into the impact of welfare reform on the work status and day-to-day lives of social housing tenants. An initial report focussed on interviews with 200 social housing tenants in the spring of 2013, while this latest report repeated the process one year on. Findings have been summarised as follows:

- During the first round of interviews, the overwhelming majority of residents expressed high anxiety about benefit changes, and their direct impact on tenants' ability to manage. Many were struggling to adjust to reduced benefits and higher costs due to changes in their benefit receipts, rent payments, Council Tax, fuel bills and other essential costs.
- All tenants continued to juggle their finances and enlist a variety of coping strategies, including cutting back on basic household purchases, "to make ends meet". However, tenants now said they were more able to manage on less income compared to a year ago, and were finding it less of a struggle to cope. Many tenants had grown more accustomed to a new status quo after the disruptions caused by early welfare reform. Nevertheless many continued to feel vulnerable, were unable to save, and felt insecure about the future.
- While the majority of tenants continued to be unemployed, one in six households had either gained jobs or increased the hours they worked – this is comparable with the wider regional picture.
- In contrast, about one in twenty households had seen reductions in income from earnings either because a working household member (adult child or partner) left, due to poorer health, or because fewer hours were available.

The full report is available at: <http://sticerd.lse.ac.uk/dps/case/cr/casereport90.pdf>

9. Local Case Studies

The following highlight some individual cases of Somerset people who have been impacted by welfare reform, grouped within broad subject areas.

9.1 Administration of benefits

From CAB Somerset:

- A single mother presented at a CAB when it was closed had been sent away from Job Centre Plus due to a lost a letter and was left without any money for food, fuel and nappies for her two small children.
- A Taunton client undergoing cancer treatment had their ESA cancelled due to a missing sick note
- A 59 year old man threatened with eviction because he could no longer afford the bus fares to sign on for JSA and secure his housing benefit.

From Sedgemoor CAB:

A male claimant has complex physical and mental health needs, so claims ESA (IR couple award). He is unsuccessful but does not realise how important attending a tribunal would be and so asks for the case to be heard on papers; the DWP decision is upheld. He has no choice but to claim JSA to get any income in. The case is referred to me at this point and I advise my client (the claimant's partner) that the claimant can re-apply for ESA on a worsening condition. She does this with her partner but the claim is refused out of hand as the tribunal decision is cited as still being relevant, despite the argument being made that the condition has worsened since then. I advise submitting a Mandatory Reconsideration (MR) which she submits for her partner.

In the meantime, the couple have tried calling to make a claim for JSA but due to digital by default policies are referred to make the application online. They attempt to do this but due to the recent roll out of Universal Credit in the area are instructed online to claim UC instead. However, as UC can only deal with single claimants without complications at this time their application is unsuccessful and they are told they have to claim JSA, but they cannot do it online now that UC has rolled out.

Exasperated, the couple attend the Job Centre Plus (JC+) where their application is processed. However, the adviser at the JC+ states that the claimant should not be on JSA and should call ESA and ask to be moved back pending appeal. The client phones me after trying this and I explain that during MR this cannot be done. I talk to the JC+ adviser explaining that the claimant is only at MR stage not appeal and the adviser states again that the claimant will not cope with JSA and suggests that maybe the partner – my client – should get signed off work with stress so that she could be the lead claimant of ESA. When she fails the medical (which she probably would do) the claimant can then re-claim under a worsening condition as more time would have passed by.

My client is not happy to do this as she does not consider herself sick, she decides instead, on my advice, to wait for her partner's case to fail the MR (as commonly happens) and then appeal the decision with my assistance as then her partner can move to ESA pending a date. However she then discovers that that the MR has got lost somewhere between the post handling site in Wolverhampton and the benefit centre in Chippenham (as again is common), so has to attend the JC+ again and get them to fax the MR to the relevant department.

Meanwhile, due to the number of obstacles placed in the couple's way, they were without income for themselves for nearly two months and having to survive on their Child Benefit and Child Tax Credit (the Housing Benefit was also stopped during this time). They have had to apply for JSA to be backdated but this is also still in the hands of a decision maker.

From West Somerset Advice Bureau:

Mr P had been receiving Incapacity Benefit, having previously been transferred from Invalidity Benefit, since 1997. He was transferred to Contributory ESA in July 2012. He should have had transitional protection, but instead, his ESA was reduced because he was receiving an occupational pension, so he was receiving around £100 per week less than he should have been, as, to add insult to injury, the DWP claimed Mr P had been overpaid and therefore they were deducting extra money from his already reduced benefit.

He was also placed into the Work Related Activity Group, which was successfully appealed in June 2013. If this hadn't been successful, his ESA would have ended, as he had no entitlement to income-based ESA.

His occupational pension had been protected originally by transitional protection when he was transferred from Invalidity benefit to Incapacity benefit. It should have continued to be protected under the transitional protection when he was transferred from Incapacity Benefit to ESA, but it was not.

We appealed this and eventually in September 2013, the DWP reversed their decision that Mr P had been overpaid. He was finally reimbursed part of the money owed to him in January 2014, and the total amount owed was finally repaid to him in full by July 2014. The amount he was owed over the period was in excess of £5000.

The amount of stress this caused a mentally ill client is immeasurable over the 2 year period, and all as a result of changes to the benefit system.

9.2 Spare Room Subsidy Reduction

From West Somerset Advice Bureau:

Mr M had been living with his partner in social housing, when she decided to leave and move out of the area. He had been a social housing tenant for 9 years in North Somerset before she moved in with him the previous year, and they moved to the area. Housing benefit was fully covering the rent at his previous property, but the move to West Somerset meant a 2 bedroom property, so they had to make payments towards their rent, as they were 'under-occupying'. This was manageable, but when his partner left, his tenancy was ended and he had to move into private rented accommodation.

As he was under 35 he could only get £63 per week Housing benefit, which limited his choice of accommodation, so from having a small house on his own for a number of years, he is now reduced to living in a bed-sit.

10. Summary

Reform of the welfare benefits system has impacted on tens of thousands of Somerset residents and had a knock-on effect on organisations which support some of our most vulnerable people. Welfare reform is a key area of concern for Somerset's wider population, with one in four thinking that changes will make life worse.

Overall, the latest annual data presents a mixed picture for residents and organisations, with improvements in some areas set against increasing concern in others. There are geographical variations too, with some district areas bucking general countywide trends.

Since localised council tax support schemes replaced Council Tax Benefit there has been a decline in collection rates in most areas. Numbers of Court Summonses and Liability Orders for council tax have reduced in the last year but remain higher than pre-April 2013 levels.

Fewer households in social housing are now subject to the Spare Room Subsidy Reduction ('bedroom tax'), but a lack of available one and two-bedroom properties mean that not all 'down-sizing' needs can be met. Proportions of social housing residents in rent arrears remain largely static, as housing providers successfully manage change.

In the private housing sector, numbers of Local Housing Allowance claimants appear to be falling. Nevertheless there are nearly 10,000 Somerset households for which payments are now not being uprated in line with local market rents. Overall, numbers of Discretionary Housing Payments made by local authorities to mitigate shortfalls in people's housing costs have fallen.

It appears that delays in administration of benefits, as opposed to the benefit changes themselves, are having the greater impact in terms putting people in crisis. Demand for citizen's advice services have remained high, with a significant proportion of enquiries relating to welfare reform. The use of food banks has increased dramatically, with around a third of referrals likely to be attributed to benefit delays.

The roll out of Universal Credit in Somerset will bring welfare changes to tens of thousands of additional households and is set to pose further administrative challenges in the form of lump-sum direct payments and 'digital by default'. Details of further changes and cuts within the benefits system over the coming years are yet to be confirmed.

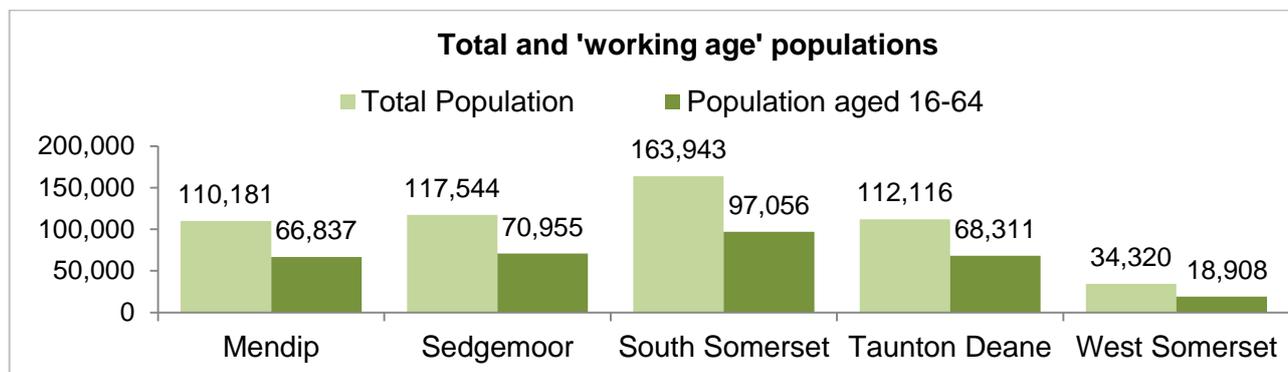
Appendix A – Welfare Reform timeline

Date	Benefit involved	What's the change?
April 2013	Council Tax Benefit	Up to April 2013 the award of Council Tax Benefit was based on a national scheme. From April 2013 each council was required to introduce a localised Council Tax Support Scheme but only for working age claimants, with pensioners remaining on the national scheme. The central government budget was reduced by 10%.
April 2013	Local Housing Allowance	Local Housing Allowance (LHA) up-rated in line with the Consumer Price Index (CPI) not average market rents. LHA is the Housing Benefit paid to most tenants who rent from private landlords. Housing Benefit is no longer based on what rent actually costs.
April 2013	Social Fund – Crisis Loans and Community Care Grants	Crisis loans and community care grants, previously administered by DWP, were abolished and the budget passed to local authorities to administer. For Somerset the money was given to SCC. SCC have developed the Local Assistance Scheme on the following basis: <ul style="list-style-type: none"> • Where there is an emergency that means that a person has no way of getting basic essentials. The scheme is administered by local CAB's on behalf of SCC
April 2013	Under Occupation – Spare Room Subsidy ('Bedroom Tax')	For social housing tenants of working age who have extra or spare bedrooms, the eligible rent part of Housing Benefit payments could be reduced by: <ul style="list-style-type: none"> • 14% for 1 spare bedroom • 25% for 2 or more bedrooms Exemptions were introduced in March 2013 relating to foster carers, armed forces personnel and severely disabled children.
April 2013	Disability Living Allowance	Personal Independence Payment (PIP) is a benefit for people aged 16 to 64 with a long-term health condition or disability. It is gradually replacing Disability Living Allowance (DLA), except for children under 16.
July 2013	Benefit Cap	The benefit cap will be a limit put on the total amount of benefit that most working age people can get. The benefit cap from July 2013 is: <ul style="list-style-type: none"> • £500 a week for a lone parent whose children live with them • £500 a week for couples (with or without children) • £350 a week for single people without children The cap will be calculated per household, i.e. claimant, partner and any children.
March 2015	Universal Credit	Universal Credit will be a new single payment for people who are looking for work or on a low income. It will bring together a range of working age benefits into a single streamlined payment.

Appendix B – Context: Overall population and household estimates

1. Population

The latest population estimate for Somerset from the Office for National Statistics (ONS) is 538,104, of which 322,067 are of 'working age' (aged 16-64)



Source: ONS mid-2013 population estimates

Taunton Deane has the highest proportion residents who are working-age (60.9%), followed by Mendip (60.7%), Sedgemoor (60.4%), South Somerset (59.2%) and West Somerset (55.1%)

2. Households and Tenure

At the time of the last census, there were an estimated 226,989 households in Somerset.

Around 70% of Somerset households were owner-occupied, 14% social rented and 15% privately rented.

Tenure	Mendip	Sedgemoor	South Somerset	Taunton Deane	West Somerset
All households	46,157	48,801	69,501	46,907	15,623
Owned	32,438	34,802	48,855	31,393	10,421
Shared ownership	349	273	542	251	72
Social rented	5,473	5,951	9,697	7,321	2,288
Private rented	7,136	7,113	9,272	7,227	2,510
Living rent free	761	662	1,135	715	332

Source: Census 2011