

Welfare Reforms: Monitoring the Impact on Somerset, 2016/17

The Welfare Reform Act 2012 introduced a wide range of changes to the benefits system, implementation of which began in April 2013. This is the fourth annual report produced by Somerset Intelligence looking at the ongoing local impact in the county.

With many reforms now embedded, this report presents a 'lighter touch' assessment than in previous years. It is based on a range of key indicators, sourced largely from national data releases.

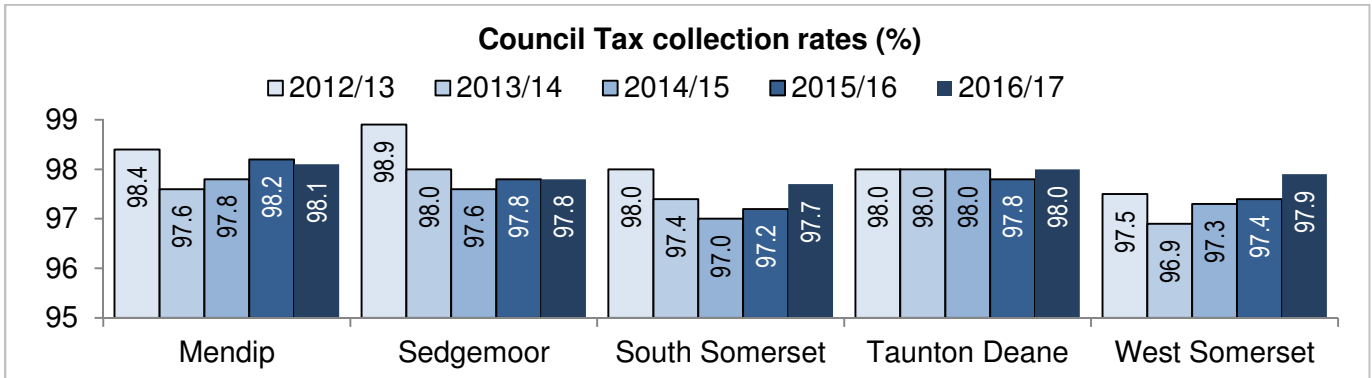
Summary of Findings

- Reform of the welfare benefits system continues to impact on thousands of Somerset residents. However, latest annual data indicates a reduction of negative impacts in many issues, offset by some areas of increasing concern.
- As last year, there remain some geographical variations, with some district areas bucking general countywide trends.
- Following dips in 2014 to 2015, Council Tax collection rates have largely returned to pre-welfare reform levels. Numbers of Council Tax Support claimants are in decline.
- Numbers of households subject to the Benefit Cap have increased significantly, following the introduction of lower benefit cap levels in November 2016.
- Numbers of households subject to the Spare Room Subsidy Reduction (SRSR) continue to decline. Nevertheless the SRSR accounts for the highest proportion of expenditure in terms of extra help for households through local authority Discretionary Housing Payments.
- Homelessness applications have increased in the last year, while estimated numbers of rough sleepers have declined.
- The overall size of the Homefinder social housing register remains broadly unchanged although numbers of households categorised as high need (Gold band) have declined.
- Universal Credit continues to roll-out in Somerset. Nationally, Citizens Advice report that delays of payments, of up to six weeks and longer, are continuing to cause people serious financial insecurity, with many being forced into debt.
- With Universal Credit requiring a broader span of claimants to look for work, the out-of-work Claimant Count is increasing.
- Numbers of sanction decisions made against Jobseekers Allowance (JSA) claimants in Somerset continue to fall sharply.
- Levels of demand for foodbanks run by the Trussell Trust in the South West have remained consistently high.

1. Council Tax Collection

1.1. Council Tax Collection rates

- Council Tax collection rates remained high in 2016/17, with rates in all districts above the national average of 97.2%.



Source: DCLG

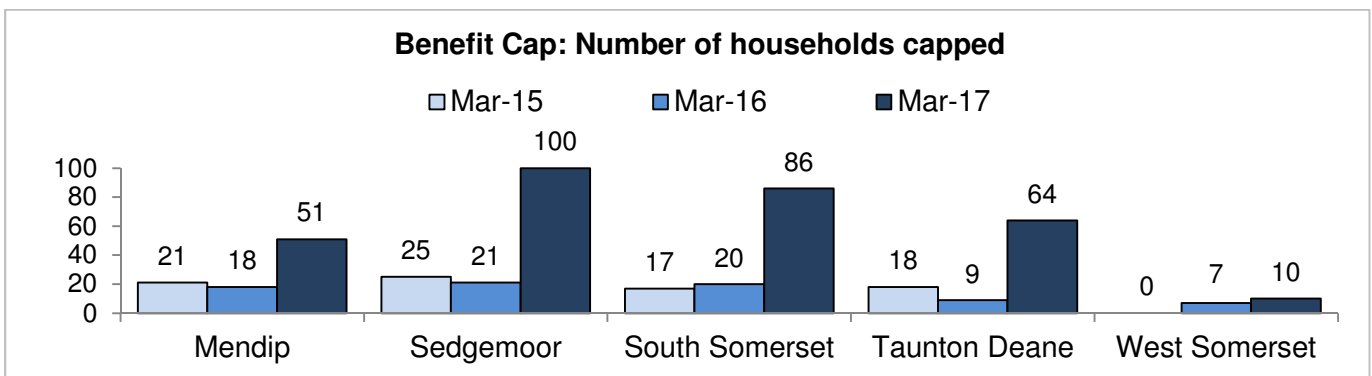
- Following dips in 2013/14 and 2014/15 in most districts, collection rates have now largely returned to 2012/13 (pre-welfare reform) levels.

1.2. Local Council Tax Support claimants

- At the end of 2016/17 (Q4), a total of 17,944 **working-age** people in Somerset received a reduction in their council tax bill due to being on a low income, a decline of 4% on the previous year. Falls ranged from 8% in Mendip and West Somerset to 1% in Sedgemoor.
- Numbers of **pensioners** receiving a reduction in their council tax bill declined by 6% over the same period (from 18,008 to 16,903), with falls ranging from 9% in Sedgemoor to 5% in all other districts

2. The Benefit Cap

- Following the introduction of lower benefit cap levels in November 2016, numbers of households subject to a cap increased markedly (in line with a national upward trend).



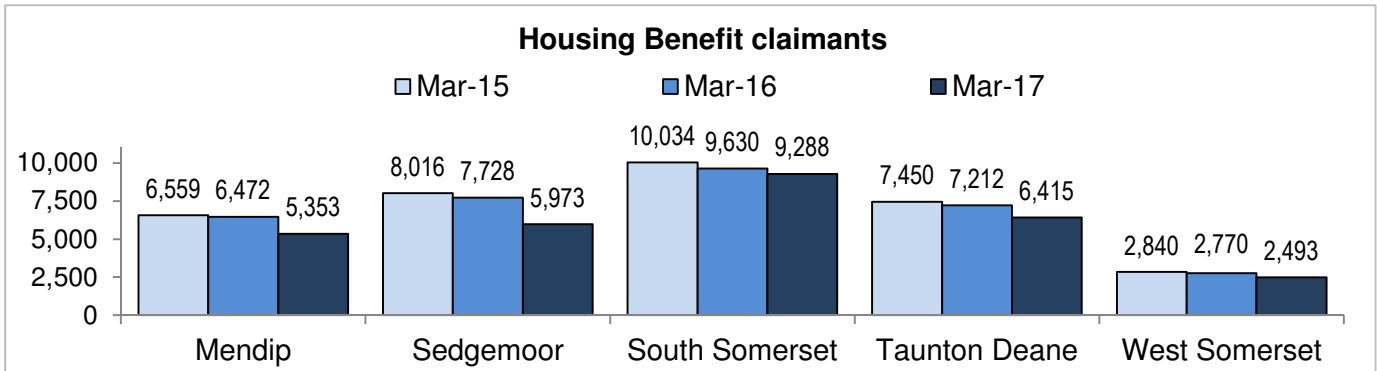
Source: DWP

- The total amount a family can claim has reduced from £500 per week to £385 per week. The total amount a single person can claim declined from £350 per week to £258 per week.

3. Housing Affordability and Supply

3.1. Housing Benefit

- Numbers of housing benefit claimants continue to decline in all Somerset districts, mirroring a national downward trend.



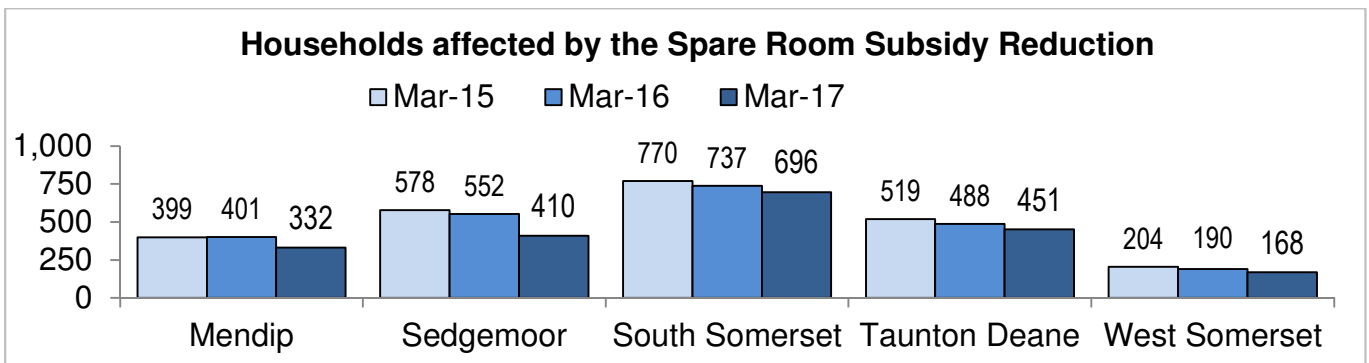
Source: DCLG

3.1.1. Local Housing Allowance (LHA)

- As at March 2017, a total of 7,707 Somerset tenants in the private sector received housing benefit based on Local Housing Allowance rates. Numbers have been declining in line with overall Housing Benefit claimant numbers. LHA rates have been frozen for four years between 2016 and 2020.

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') continue to decline in most districts, linked to downsizing, and to changes in eligibility criteria for new tenants.



Source: DWP

3.3. Discretionary Housing Payments

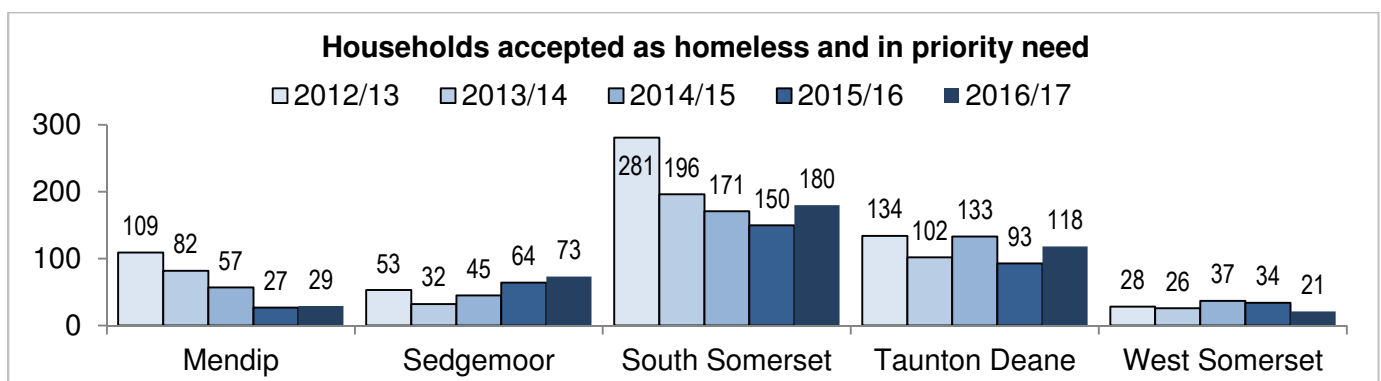
- During 2016/17, local authorities in Somerset distributed a total of £749,412 in extra help to households through Discretionary Housing Payments (DHP). Reasons for help were as follows:
 - Removal of the spare room subsidy (32% of total expenditure)
 - Local Housing Allowance reforms (18%)
 - The Benefit Cap (12%)
 - Combination of reforms (8%)
 - Non-welfare reform related (29%)

3.4. Possession Claims

- Possession claims issued by landlords in Somerset declined by 10% in 2016/17 compared to the previous year, while possession claims issued by mortgage lenders fell by 6%. During 2016/17 there were 713 claims submitted by landlords to repossess a property and 119 claims submitted by mortgage lenders.
- Since the economic recession, overall numbers of possession claims issued by mortgage lenders in Somerset have fallen steadily. Possession claims for landlords peaked in 2013/14, before declining.

3.5. Homelessness

- Overall numbers of households accepted as homeless (and in priority need) increased in 2016/17, following a period of general decline.



Source: DCLG

- A National Audit Office report on [Homelessness](#) (September 2017) concluded that a decrease in the affordability of properties in the private rented sector, such as the capping of Local Housing Allowance, has driven a national increase in homelessness.

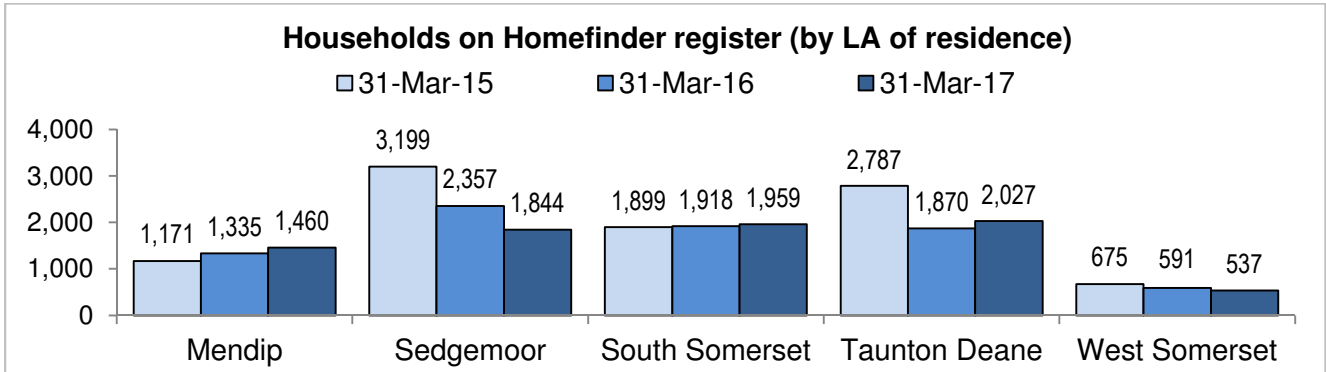
3.5.1. Rough Sleepers

- Local authorities in Somerset estimated the number of rough sleepers in 2016 to be 48 (as of autumn that year). This compared to 56 in 2015 and 50 in 2014. The highest numbers of rough

sleepers were in Mendip and Taunton Deane. Of the estimated 48 rough sleepers in 2016; four were female, one was aged under 25, and two were non-UK rough sleepers from EU countries.

3.6. Homefinder social housing register

- Numbers of Somerset households on the Somerset Homefinder choice-based letting system declined marginally in the year to 31 March 2017, to a total of 7,827.

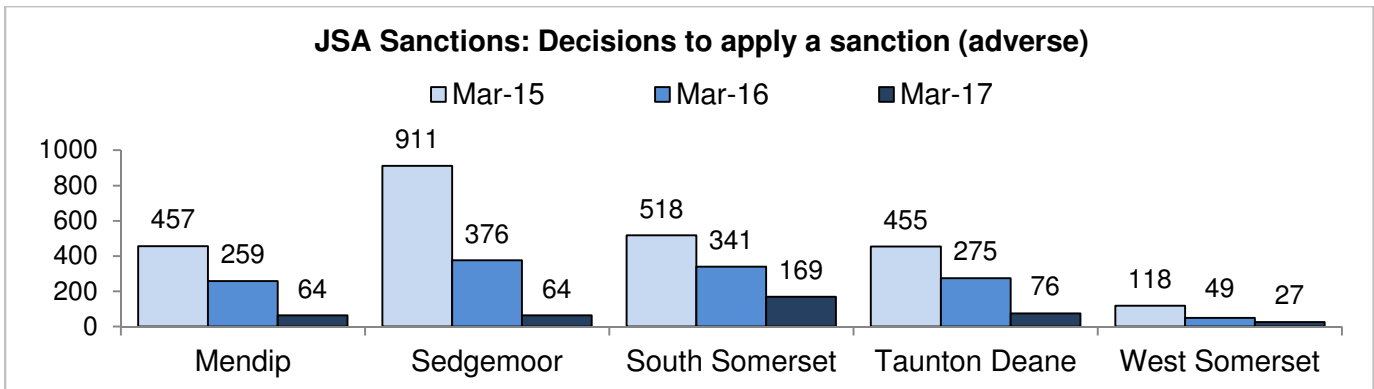


Source: Homefinder Somerset. Note that year-on-year declines (notably in Sedgemoor) may be the result of improved data maintenance rather than a sudden drop in demand for social housing.

- The number of households on the register in Gold Band ('high need') was 557 on 31 March 2017, a marked decline on the 1,022 households at the same point a year earlier. The large majority of Gold Band households continue to require a 1- or 2- bedroom property (79% of households in 2017).

4. Jobcentre Sanctions

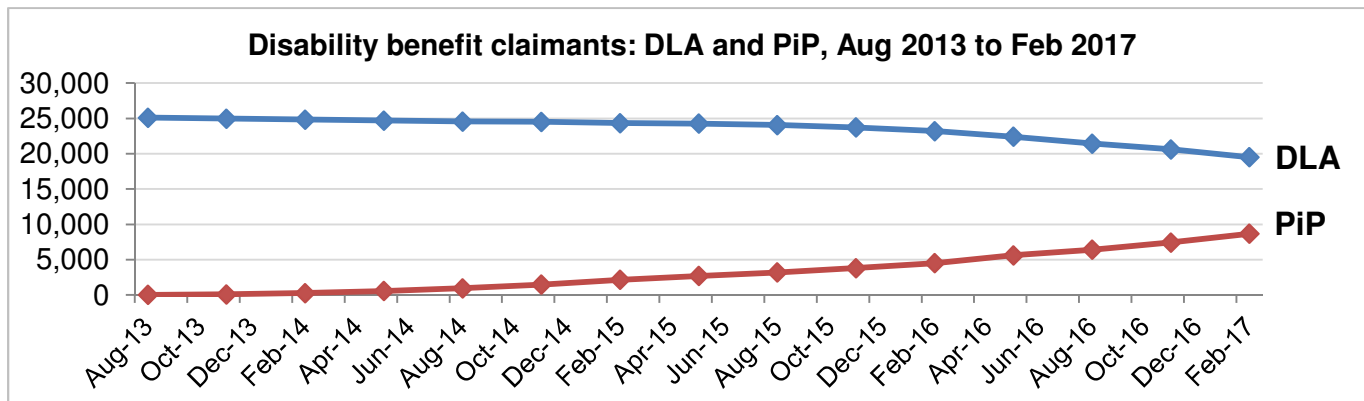
- Numbers of sanction decisions made against Jobseekers Allowance (JSA) claimants in Somerset continue to fall sharply, mirroring a national decline. This is partly reflected by overall falls in numbers of JSA claimants.
- Common reasons cited for benefits being temporarily stopped or reduced are: not turning up for a meeting at a Jobcentre; not doing enough to look for work; or not taking part in an employment or training scheme.



Source: DWP

5. Migration to Personal Independence Payments

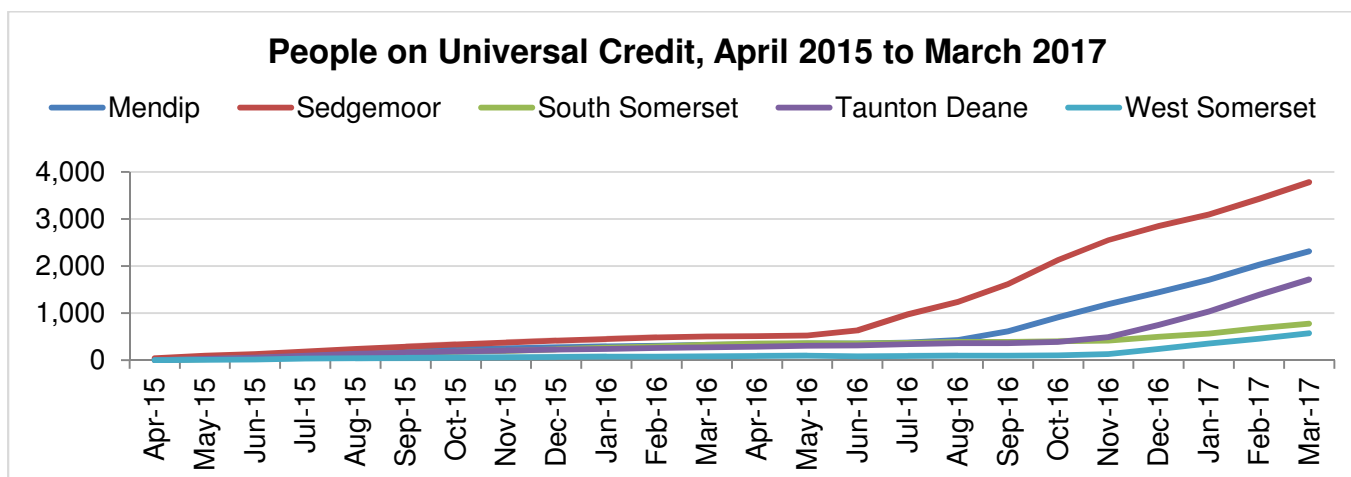
- By February 2017 the number of Personal Independence Payment (PiP) claimants in Somerset had risen to 8,678. PiP is gradually replacing Disability Living Allowance (DLA). At the same point there were 19,520 DLA claimants in the county.



- The Department for Work and Pensions expects that most people who are getting DLA should qualify for PiP. However, the two benefits have different qualifying conditions, so it's possible that individuals may be entitled to a higher or lower rate of payment, or have no entitlement.

6. Roll out of Universal Credit

- By March 2017 there were 9,168 claimants of Universal Credit in Somerset.
- 'Full' Service Universal Credit began rollout locally in 2016, beginning in Sedgemoor (May 2016), followed by Mendip (July 2016), Taunton Deane and West Somerset (October 2016) and South Somerset.



Source: DWP

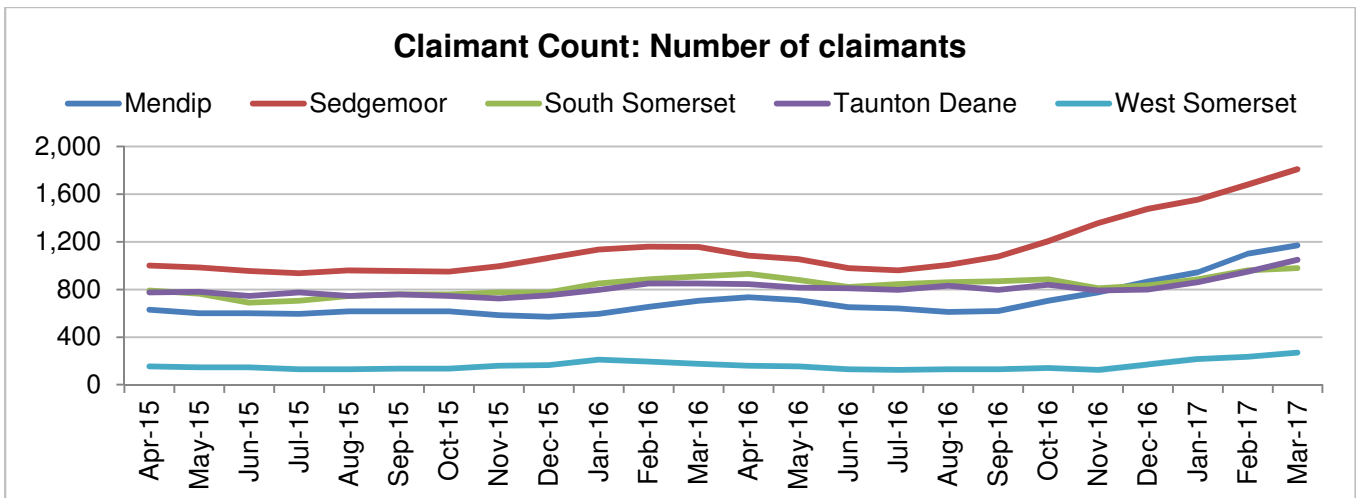
- Universal Credit is replacing six working-age benefits: Housing Benefit; Child Tax Credit; Working Tax Credit; Income-based Employment and Support Allowance (ESA); Income Support; and Income-based Jobseekers Allowance (JSA). Monthly payments are made in arrears.
- Joint claims are made for couples, but the payment of UC is paid to only one person, creating the potential for tensions over division of money in a household and control of funds.

- In its report [Delivering on Universal Credit](#) (published July 2017) the advisory charity Citizens Advice reported that delays of payments, of up to six weeks and longer, were causing people serious financial insecurity, with many being forced into debt.

7. The wider context

7.1. Out-of-work Claimant Count

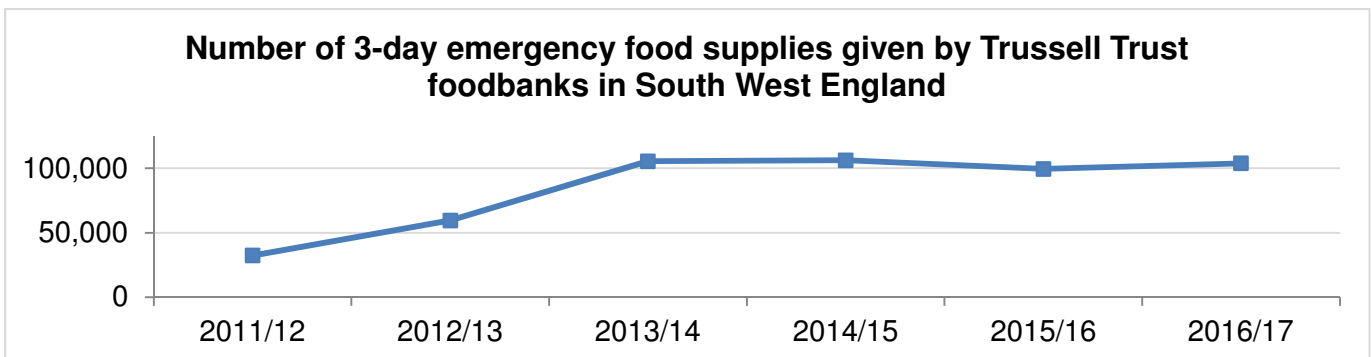
- Under Universal Credit a broader span of claimants are required to look for work (than under JSA). As Universal Credit Full Service is rolled out in particular areas, the numbers of people recorded as being on the Claimant Count has been expected to rise. This is borne out in the chart below.



Source: DWP

7.2. Use of foodbanks

- Demand for foodbanks run by the Trussell Trust in the South West has remained consistently high. The Trussell Trust operates four foodbanks within Somerset.



Source: Trussell Trust

- Primary reasons for referral to Trussell Trust foodbanks continue to be: **low income** (26.5% of referrals in 2016/17), **benefit delays** (26.0%) and **benefit changes** (16.7%).

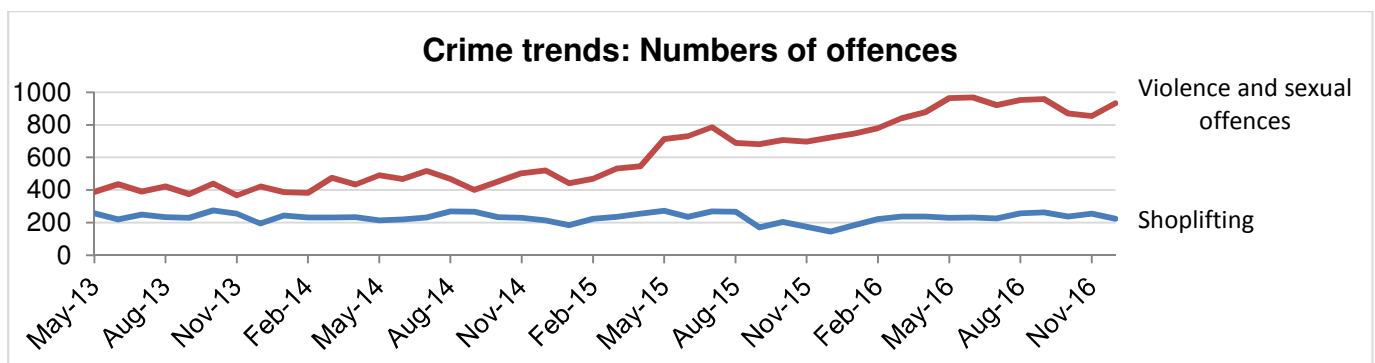
7.3. Fuel Poverty

- The proportion of Somerset households in fuel poverty has declined in latest annual estimates but remains above the national average.
- There remain over 27,000 Somerset households in fuel poverty (that is, they have above average fuel costs and if they were to spend that amount; they would be left with residual income below the official poverty line).

Source: Fuel Poverty 2015, Department for Business, Energy and Industrial Strategy

7.4. Crime

- Anecdotal evidence has suggested that a squeeze on household income and increasing household tensions would see rises in crime (particularly shoplifting of essential items) and in domestic violence.
- Violent offences have increased in Somerset in recent years, while levels of shoplifting have remained static.



Source: police.co.uk. It should be acknowledged that recorded crime can be influenced by a number of factors, including the willingness of victims to come forward and local police priorities and activities.