

## Somerset Welfare Reform Impact Monitoring 2018/19

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 sixth annual data snapshot produced by Somerset Intelligence with the aim of assessing the ongoing impact in the county. It is based on a range of indicators, sourced largely from government statistical releases.

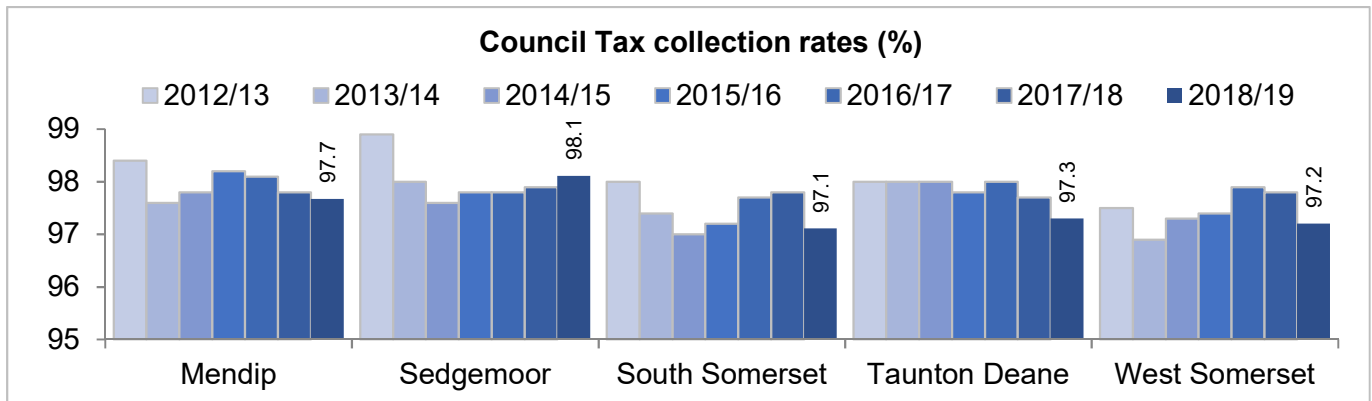
### Summary of Findings

- Reform of the welfare benefits system continues to impact on thousands of Somerset residents. 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.
- In 2018/19, Council Tax collection rates remained above the national average rate in all Somerset districts, although rates were generally below pre-welfare reform levels.
- Overall numbers of households subject to the Benefit Cap have continued to fall, following significant increases in 2017 (after the introduction of lower threshold levels).
- Numbers of households subject to the Spare Room Subsidy Reduction (SRSR) continue to decline. Nevertheless, the SRSR continues to account for the highest proportion of expenditure in terms of extra help for households through local authority Discretionary Housing Payments.
- Possession claims issued by landlords declined in 2018/19. Numbers of possession claims issued by mortgage lenders were generally static.
- Numbers of people sleeping rough are estimated to have declined.
- Numbers of individual insolvencies have increased.
- Universal Credit has continued to roll out, but issues of delays in payments remain.
- The out-of-work Claimant Count has stabilised following marked increases in 2016/17 and 2017/18 (linked to the roll-out of Universal Credit and a broader span of claimants being required to look for work).
- Personal Independence Payments (PIP) continue to replace Disability Living Allowance (DLA), with numbers of PIP claimants now exceeding DLA claimants.
- Levels of demand for foodbanks run by the Trussell Trust in the South West have remained consistently high.
- Low income, benefit delays and benefit changes are cited as the most common reasons for foodbank use.
- Benefits advice continues to be the most common issue presented to Citizens Advice services.

# 1. Council Tax

## 1.1. Council Tax Collection Rates

- Council Tax collection rates remained above the national average (of 97.0%) in all Somerset districts in 2018/19, although rates are still generally below pre-welfare reform levels.



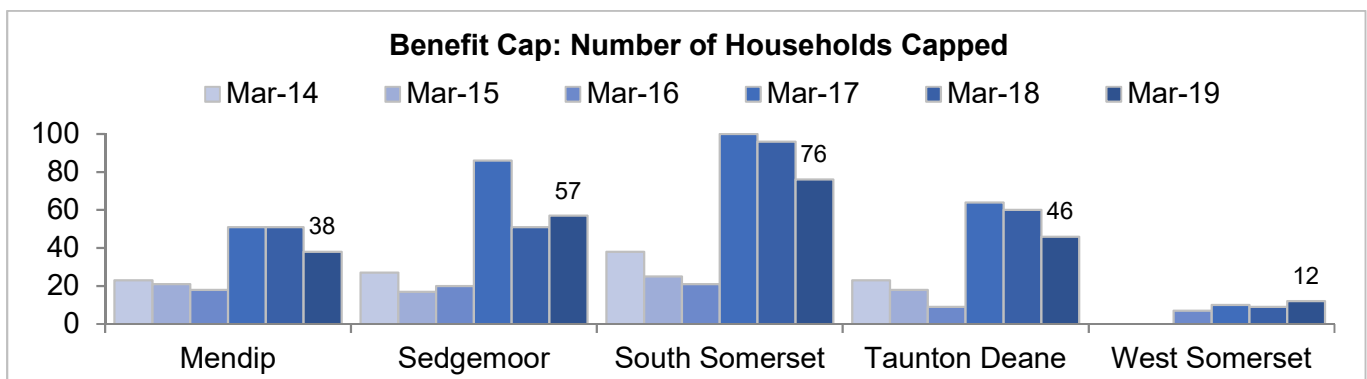
Source: MHCLG

## 1.2. Local Council Tax Support (LCTS) claimants

- At the end of 2018/19 (Q4), a total of 18,133 working-age people in Somerset were receiving help with their council tax due to being on a low income. This was broadly the same number as in the preceding year.
- Numbers of pensioners receiving LCTS continues to decline, from a total of 16,209 in 2017/18 to 15,281 in 2018/19.

## 2. The Benefit Cap

- The number of Somerset households subject to the benefit cap has fallen in most districts. This followed marked increases in numbers of capped households in 2017 (following the introduction of lower benefit cap thresholds).

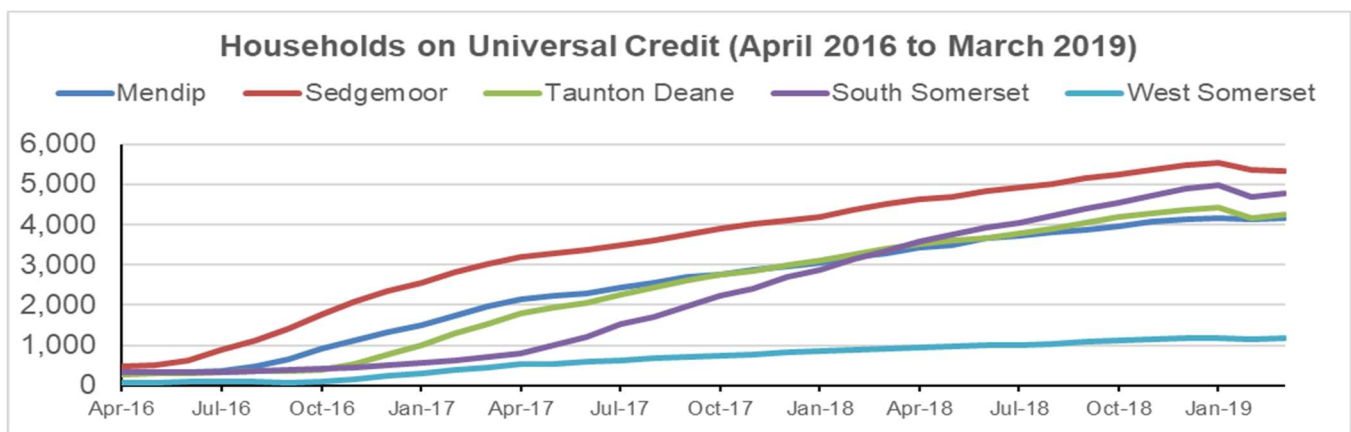


Source: DWP. In November 2016 the total amount a family could claim reduced from £500 per week to £385 per week. The total amount a single person could claim declined from £350 per week to £258 per week.

- In March 2019, 99% of capped households in Somerset contained at least one dependent child.
- Nationally, the number of capped households declined by 13% between March 2018 and March 2019.

### 3. Universal Credit (UC) roll out

- 'Full' Service Universal Credit (UC) commenced rollout in Somerset in 2016, beginning in Sedgemoor, followed by Mendip, Taunton Deane and West Somerset and South Somerset.
- Universal Credit replaces 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).
- Payment of UC is made monthly, in arrears, and usually to a single household member.
- By March 2019 there were 19,713 households on Universal Credit in Somerset, representing an increase of 4,257 household on the same point a year earlier.
- In terms of household types:
  - 46% were single person households with no dependent children,
  - 35% were single person households with dependent children,
  - 4% were couple households with no dependent children, and
  - 15% were couple households with dependent children.
- Sedgemoor continues to see the highest numbers of overall claimants.

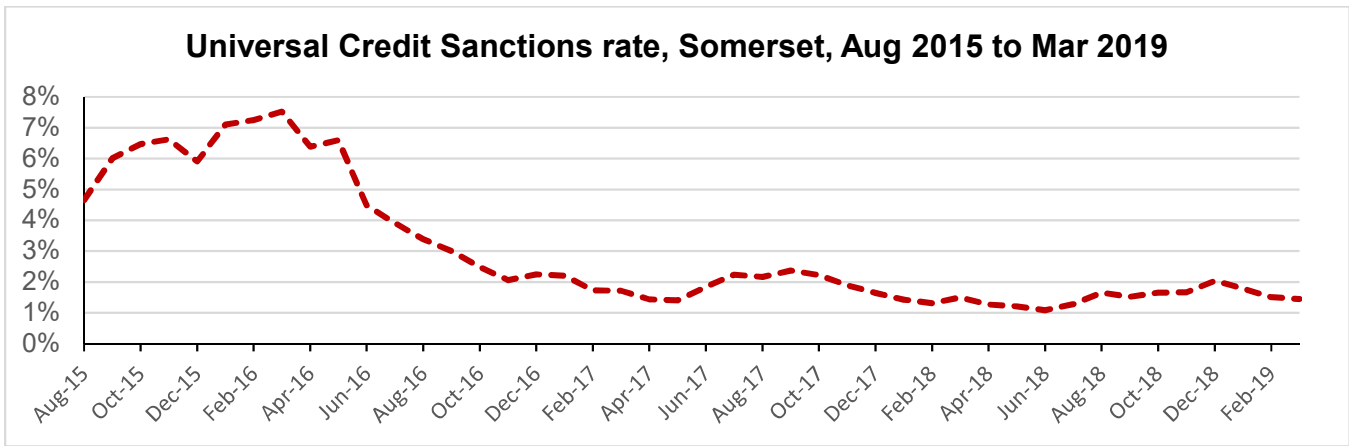


Source: DWP

- In its report *Delivering on Universal Credit (July 2017)*, Citizens Advice reported that delays in Universal Credit payments, of up to six weeks and longer, were causing people serious financial insecurity, with many being forced into debt.
- Provisional DWP statistics indicate that in April 2019, 79% of new claims to Universal Credit in Somerset were paid on time; 8% of households received some payment on time; and 13% (103 households) received no payment on time.
- By 2023, a 'managed migration' is due to see all existing 'legacy' benefit claimants moved on to UC.

#### 3.1. Universal Credit (UC) Sanctions

- In March 2019, 335 UC claimants in Somerset were subject to a sanction (a cut in benefit for failing to meet the claimant commitment). This represented 1.4% of all claimants, down from a peak of 7.5% of claimants in March 2016

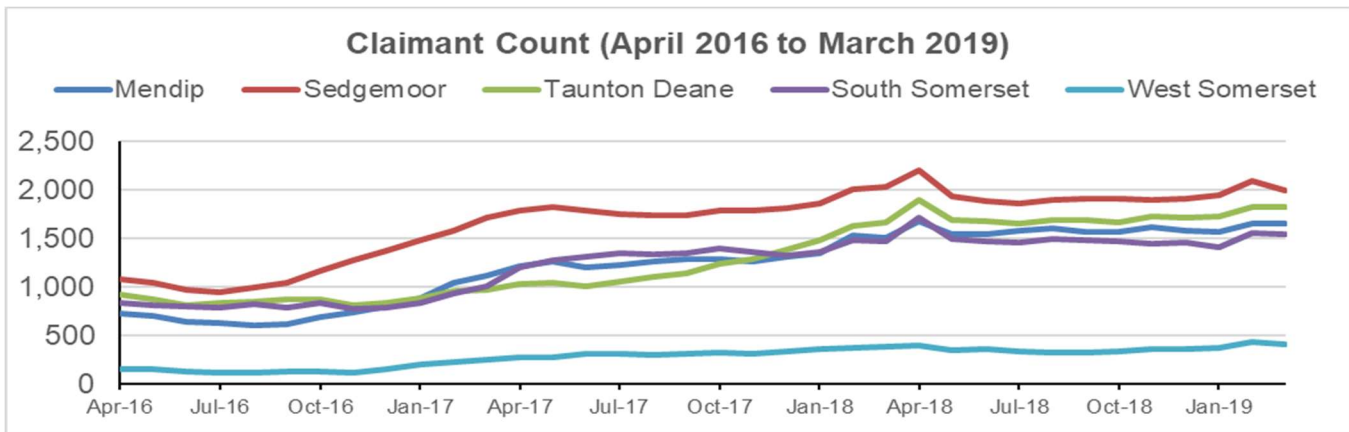


Source: DWP

- Nationally (England), the average UC sanction rate in March 2019 was 1.5%. Within Somerset, sanction rates ranged from 1.2% in South Somerset to 1.8% in West Somerset.

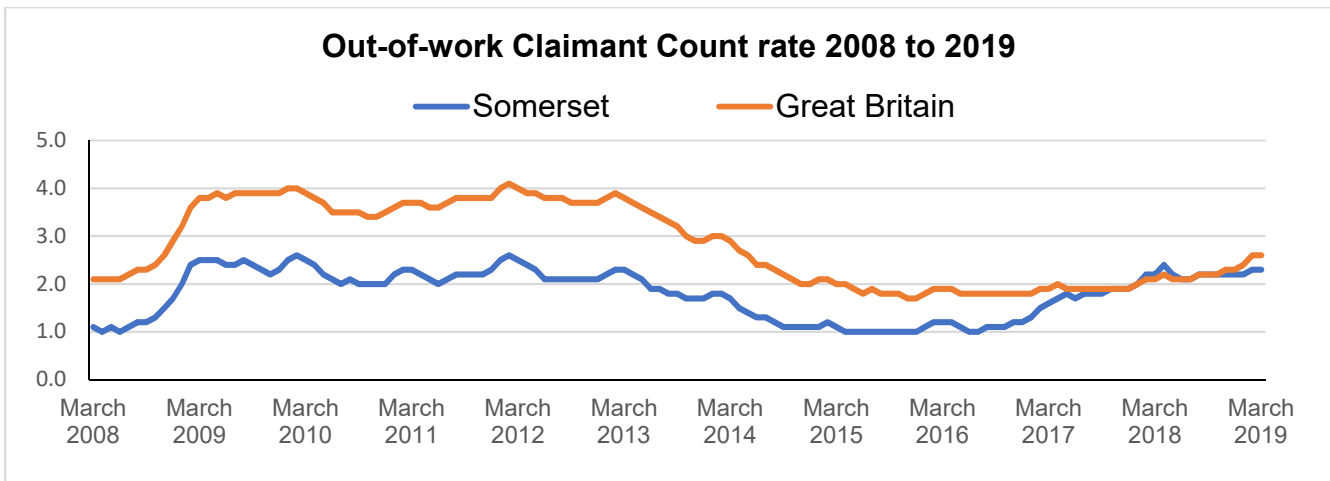
#### 4. Jobseekers Allowance (JSA) and the out-of-work Claimant Count

- Under Universal Credit a broader span of claimants are required to look for work than under existing Jobseeker's Allowance rules. As a consequence, the official DWP out-of-work 'Claimant Count' (comprising JSA and out-of-work UC claimants) began rising in all districts. In the last year, however, the Claimant Count appears to have stabilised.



Source: DWP

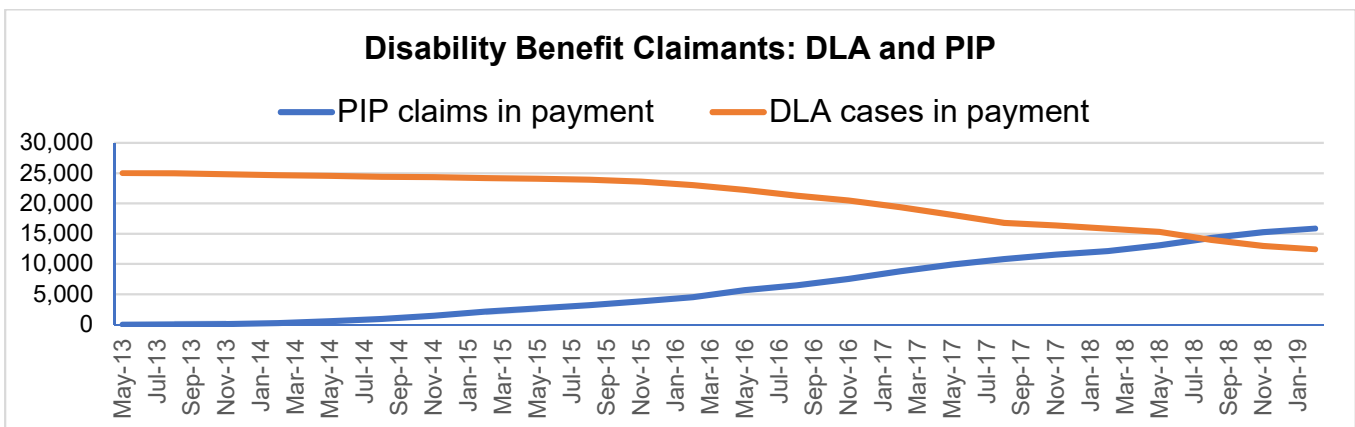
- A House of Commons briefing paper, *Universal Credit and the claimant count (April 2017)* reported "a marked increase in the Claimant Count over the last year in areas operating Universal Credit Full Service. The claimant count increased by 29.0% in the year to February 2017 in jobcentre areas operating Full Service, compared to a fall of 1.6% across the rest of the UK."
- As a likely consequence of the advanced rollout of Universal Credit in Somerset, the county's Claimant Count rate exceeded the national (Great Britain) average for the very first time in February 2018. Subsequently, the Claimant Count in Somerset has returned to below the national rate.



Source: DWP

## 5. Personal Independence Payment (PIP) migration

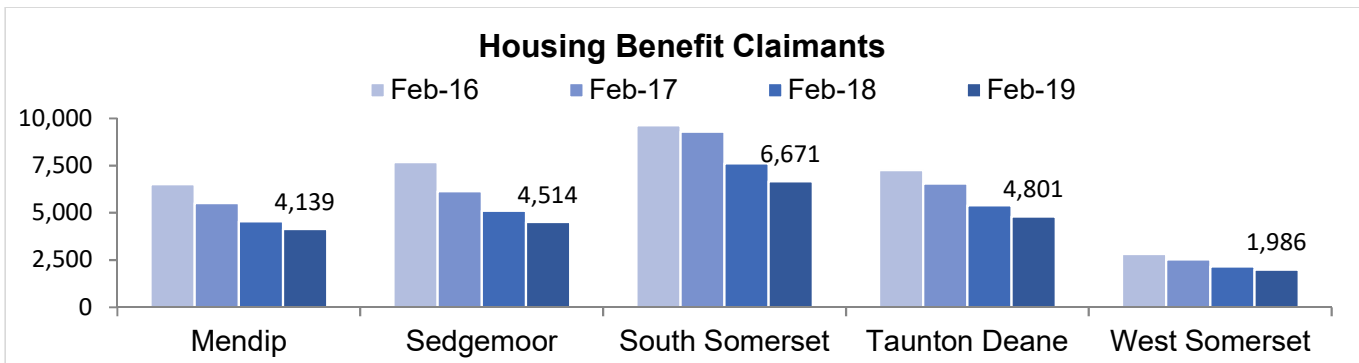
- Personal Independence Payment (PIP) continues to replace Disability Living Allowance (DLA), for people aged 16 to 64. By February 2019 the number of PIP claimants in Somerset had risen to 15,859. At the same point there were 12,420 DLA claimants in the county.
- The Department for Work and Pensions states 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. Housing Benefit

### 6.1. Housing Benefit Caseload

- Numbers of housing benefit claimants continue to decline in all Somerset districts, as Universal Credit is rolled out. As at February 2019 there were a total of 22,111 housing benefit claimants.



Source: DWP

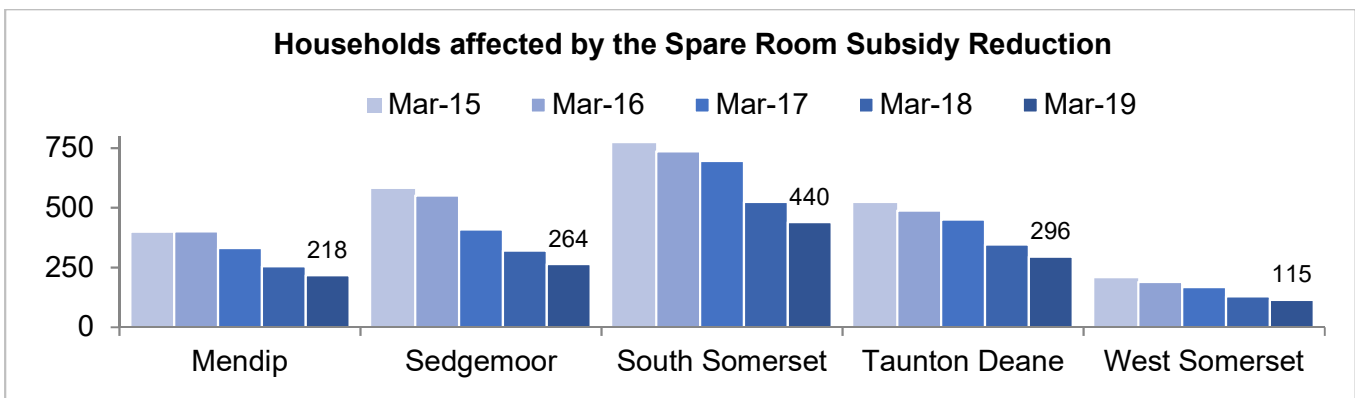
- A total of 16,068 claimants (73%) were in the social rented sector and 6,044 (27%) were in the private rented sector.

## 6.2. Local Housing Allowance (LHA)

- Local Housing Allowance rates (used to determine housing benefit payments for tenants renting in the private sector) remain frozen until 2020, leading to potential shortfalls between actual costs of rent and support available.
- Nationally, landlord survey evidence suggests an increase in the proportion of private landlords who are unwilling to let to housing benefit claimants, due in part to the introduction of the LHA, as reported in a House of Commons briefing paper, *Can private landlords refuse to let to Housing Benefit claimants?* (April 2018).

## 6.3. Spare Room Subsidy Reduction

- Numbers of social housing tenants receiving reduced housing benefit as a result of the Spare Room Subsidy Reduction (also known as the 'bedroom tax') continue to decline, linked to downsizing, changes in eligibility criteria for new tenants, and declines in overall numbers of Housing Benefit claimants.
- As at March 2019, there were a total of 1,329 Somerset households subject to a reduction, down from 1,576 households a year earlier, representing a fall of 16%.



Source: DWP

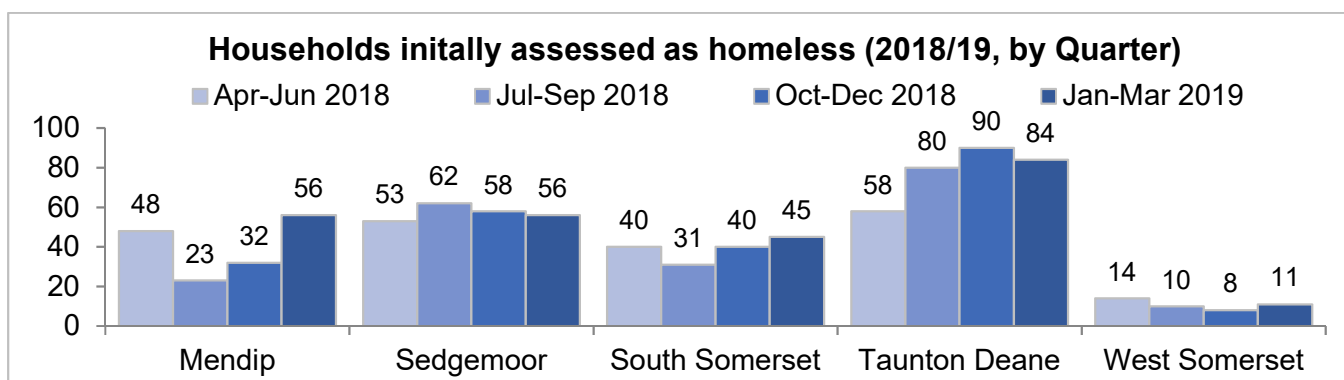
## 7. Use of Discretionary Housing Payments (DHP)

- During 2018/19, local authorities in Somerset made a total of 1,739 awards to households who were having difficulty paying housing costs, through Discretionary Housing Payments, distributing a total of £1,123,154. This represented an increase on the total of £945,977 awarded during 2017/18.
- Available data indicates that reasons for help were as follows (*information excludes Taunton Deane and West Somerset*):
  - Removal of the spare room subsidy (25% of total expenditure);
  - The Benefit Cap (13%);
  - Local Housing Allowance reforms (10%);
  - Combination of reforms (10%);
  - Non-welfare reform related (42%)

## 8. Homelessness

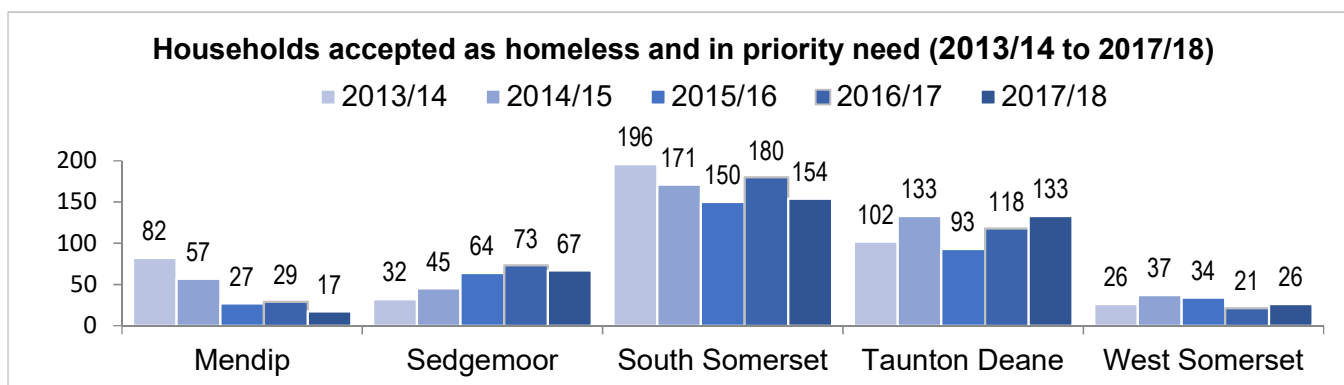
### 8.1. Households initially assessed as homeless

- Changes to the reporting of statutory homelessness were introduced at the beginning of 2018/19. Statistics are currently classified as experimental.
- During 2018/19, 899 households in Somerset were initially assessed by local authorities as homeless.



Source: MHCLG.

- Statutory homelessness statistics for 2018/19 are not comparable with previous years. Prior to 2018/19, overall reported levels of homelessness were generally stable, albeit with some district-level variations.



Source: MHCLG.

## 8.2. Rough Sleepers

- Local authorities in Somerset estimated the number of rough sleepers in Autumn 2018 to be 36. This compared to 57 in 2017 and 48 in 2016. The highest numbers of rough sleepers in 2018 were in Mendip and Taunton Deane districts (14 each).
- Of the estimated 36 rough sleepers in Somerset in 2018; five were female, one was aged 18 to 25, and four were non-UK nationals from within the EU.
- Nationally, overall numbers of rough sleepers declined by 2% between 2017 and 2018, despite a 13% increase in London.
- It is acknowledged that accurately counting or estimating numbers of people sleeping rough is inherently difficult given the hidden nature of rough sleeping.

## 8.3. Possession Claims

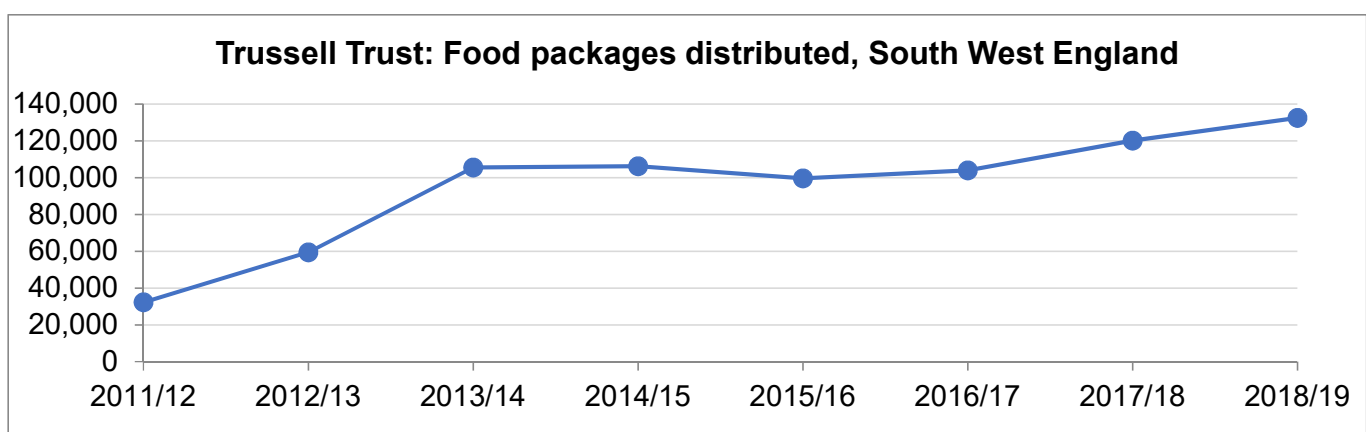
- Possession claims issued by landlords in Somerset declined by 23% in 2018/19 compared to the previous year, while numbers of possession claims issued by mortgage lenders were static.
- There were a total of 731 claims submitted by landlords to repossess a property, and 138 claims submitted by mortgage lenders. Taunton Deane saw the highest rate of possession claims made (per household).

## 9. Individual Insolvencies

- Numbers of individual insolvencies in Somerset (people unable to pay debts and entering formal procedures) increased by 14% to 1,213 in 2018. This represented the highest number of insolvencies since 2010.
- Nationally, there was a 17% increase in individual insolvencies between 2017 and 2018.

## 10. Use of Foodbanks

- Demand for foodbanks run by the Trussell Trust in the South West remained consistently high in 2018/19. The Trussell Trust operates four foodbanks within Somerset.
- Historically, there was a marked increase in the use of foodbanks in 2013/14; at the time welfare benefit changes began to be implemented.





*Source: The Trussell Trust*

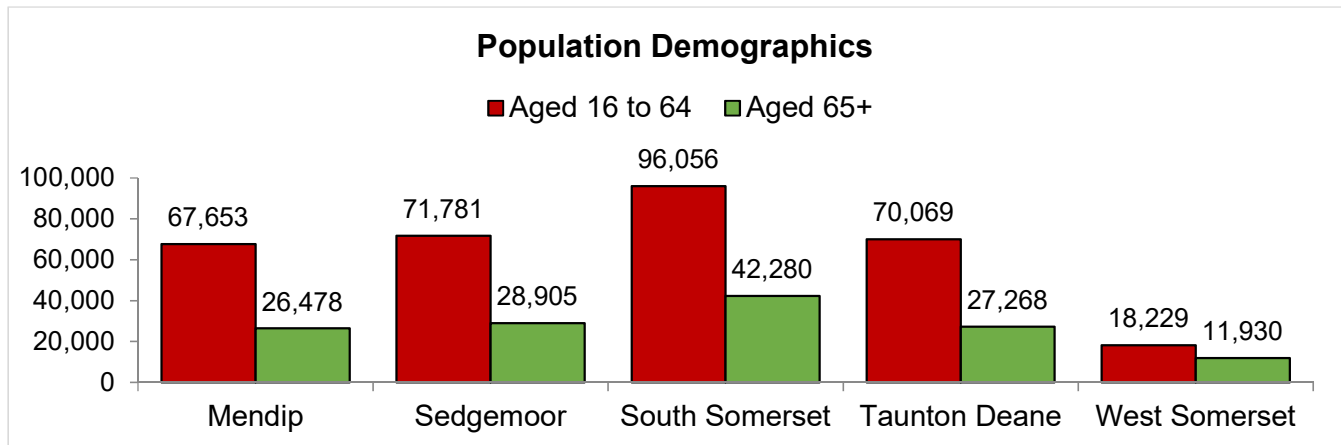
- Available data indicates that the Trussell Trust foodbank in Taunton distributed a total of 4,759 three-day emergency food supplies to people in crisis during 2018/19. The Highbridge Area Foodbank distributed a total of 1,843 three-day emergency food parcels, of which 696 went to children.
- The Bridgwater Foodbank has reported 4,286 people being fed between August 2018 and August 2019, of which 1,636 were children.
- The Trussell Trust estimate that their network of foodbanks accounts for approximately two-thirds of all foodbank provision in the country.
- Nationally, the most common primary reasons for referrals to Trussell Trust foodbanks in 2018/19 were:
  - Income not covering essential costs (33% of referrals)
  - Benefit delays (20%)
  - Benefit changes (17%)

## **11. Demand on Citizens Advice services**

- 'Benefits and Tax Credits' continues to be the most common category of issue presented to Citizens Advice services in the South West, representing around one third of all issues presented.
- In terms of individual benefits, the most common issues in 2018/19 related to:
  - Personal Independence Payments (12% of clients)
  - Initial Claim of Universal Credit (9%)
  - Employment and Support Allowance (7%)
  - Housing Benefit (5%)
  - Council Tax reduction (5%)

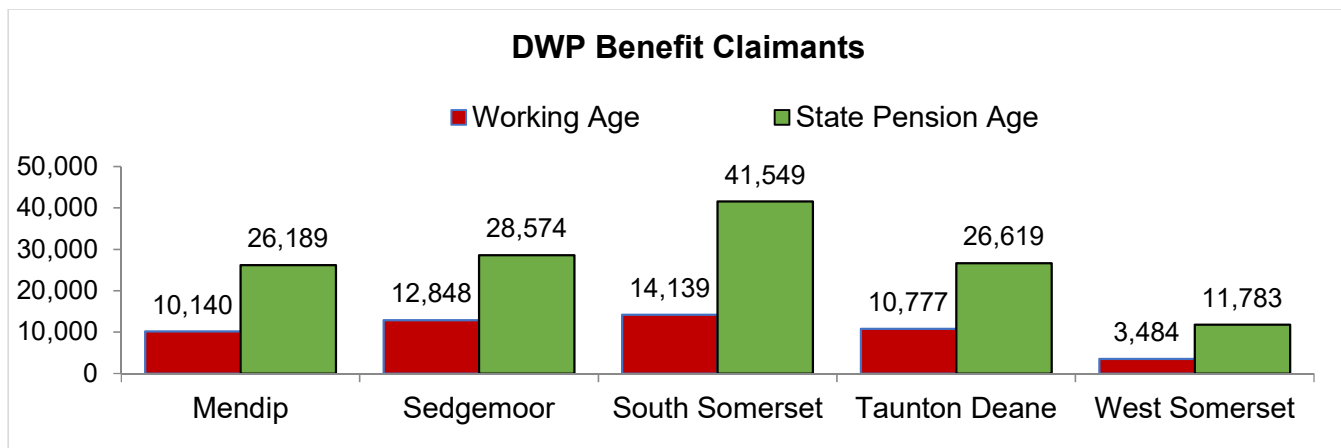
## Appendix - Context: Population demographics

- Somerset's latest population estimate is 559,339, of which 323,788 are of 'working age' (aged 16 to 64).



Source: Mid-2018 Population Estimates, Office for National Statistics

- A snapshot in February 2019 indicated a total of 186,102 people in Somerset claiming some form of welfare benefit from the Department for Work and Pensions (DWP), of which 51,388 were working age claimants.
- Around one in seven working age people in Somerset therefore claim some form of DWP benefit.



Source: DWP, February 2019. Note that these caseloads exclude benefits administered by HMRC, e.g., Tax Credit and Child Benefit.