

REPORT TO THE HEALTH AND WELLBEING BOARD
3RD FEBRUARY 2012
The Human Impact of Welfare Reform

1 Purpose

To provide the Health and Wellbeing Board and its advisory bodies with an update on the projected 'human impact' in Sunderland of the Governments Welfare Reform Programme, together with details of the Council led response to date

2 Background

The Governments Welfare Reform Programme is the biggest change to the welfare system in at least 60 years. It is intended to save 18 billion pounds per year by 2014-2015 but the main stated aim is to reduce benefit dependency and 'to make work pay' for more people.

The majority of changes therefore will impact on people of working age, with Pensioners being protected from the majority of the reforms. The changes may also be most likely to impact on the sick and the unemployed, especially those that remain sick and / or unemployed.

The programme also involves a major change in responsibilities in relation to administering benefits for those of working age, with councils losing responsibility for the current housing benefit system, but gaining responsibility for developing and implementing localised Council Tax Support and for providing support to vulnerable people in emergency situations (previously met by the Social Fund)

A number of changes have already been implemented with the majority of the rest due for implementation between now and 2013, however the specific detail for many of these is still to be developed, may still be subject to change, and transitional arrangements between the old and the new are expected to be in place in relation to some benefits for a number of years.

As outlined, proposals and impacts continue to be released; a report from the Family and Parenting Institute on 4 January 2012 has advised that the average income of households with children will drop by £1250 per year by 2015.

Work is underway to start to map the potential impact on the city however at this stage it's only possible to offer a snapshot. This picture will become clearer over time as we engage and work with partners and as more information becomes available from central government.

What is already known however is that whatever our local responses may be we are specifically prohibited from creating council policy and processes that would conflict with government policy.

To put this in context because of the scale and size of the changes, and the clear messages about working within government policy means all of our activity can only serve to mitigate the impact.

3 Projected impacts on individuals / families

People that remain within the revised benefit system are likely to face a number of negative impacts, although the effects of some of these may grow over time. They are likely to;

- Experience lower relative incomes, income growth and increasing relative poverty, when compared to people not receiving benefits (due to changes in how these increase annually (RPI – to CPI), Benefit Cap and the requirement to meet more of their rent, mortgage and council tax costs from their benefit incomes). Some may also face absolute poverty indicators – due to increasing benefit sanctions or homelessness
- Face restricted housing choices, be required to move more frequently and be at increased risk of rent arrears and/ or homelessness (due to lowering of private sector Housing Benefit levels, capping rents at the 4 bed roomed rate for larger families, increase in shared room rent age from 25 to 35, size related housing benefit rules being extended to the social housing sector, and help with mortgage interest payments being restricted). In addition extended families living within the same property are likely to face additional financial pressures due to an increase in non dependent deductions – reducing benefit that they would otherwise be paid
- Face additional pressures within their families. Child Care is likely to cost more in practice due to less financial help being provided towards these costs. Members of separated couples may not be able to afford accommodation for their children (for temporary stays due to Housing 'Benefit' restrictions)
- Experience more financial difficulties / debt. Financial exclusion is reported to have grown against all measurable indicators over the last few years due to the economic downturn. Many people have used up the financial resources that they had – so any prolonged period spent on subsistence level welfare benefits is likely to make these problems worse.
- Require better budgeting skills / other skills in order to manage their benefits effectively. Benefit claims will be managed on line, will be paid monthly, be paid to one claimant in the family only, and include payment for housing costs

- Educational attainment may suffer where the families remain low income families or suffer sudden drops in income. There may be a pressure for some to relocate within the local authority area to cheaper accommodation which may mean their children moving schools more often. Children from poorer families may be less likely / willing to attend college due to more limited funding being available through the replacement for the Educational Maintenance Allowance. In addition the quality of parenting may suffer where the parents are themselves under significant financial pressure
- Be at increased risk of remaining workless. There are already more people chasing jobs than there are jobs available. Any increase in unemployed numbers due to a shrinking public sector, additional recessionary pressures together with more people currently classed as sick being found fit for some work will make it harder for those already unemployed (or sick) to find suitable employment.

All of these projected impacts are likely to have a knock on effect on council and partner services and relevant joint strategies. Some of these are detailed in the next two sections and are highlighted in Appendix A.

4 Likely Impacts on Health Services

Welfare Reform is likely to exacerbate many people's existing financial pressures and worries. Many people will find their disposable income reducing dramatically due to, for example being found fit for work, losing their Disability Living Allowance or having to make up short falls in rent. For some of those that are unable to leave the benefit system for well paid employment there is likely to be an impact on emotional health and well being. Even those that do not actually lose benefit income may feel threatened by this potential loss of benefits and these threats are likely to last for a number of years.

Some of the impacts are likely to be;

- An increase in referrals to services helping people with mental ill health. There are clear linkages between financial pressures and indebtedness and poor mental health (and vice versa) and benefit changes are likely to add to these. In this area Mind have already reported a major increase in incoming referrals where financial issues have been a recorded factor
- An increase in referrals to GPs and from them to other NHS resources due to links between low income and some morbidity / mortality indicators. While causality is not always clear at best these ongoing changes may prevent some of these indicators improving
- That GPs and consultants also find an increased workload due to the need to provide their patients with supporting information for their claims and to challenge decisions
- That hospitals face increasing admissions due to illnesses with links to poor income, health and diet. Fuel poverty is also on the increase and will increase further in some groups due to welfare reform. It may also prove harder to discharge some people without there being adequate support in place – so bed blocking may increase.

The above are some of the projected impacts. Board Members and their respective organisations are likely to be able to identify more impacts and to support the work being undertaken to establish more accurately the actual impacts across the city.

5 Likely impacts on Social Care Services

Having a given level of income assists people to be more independent and often require less support from other organisations. Conversely reducing peoples incomes may have the opposite effect – especially for those that are unable to work or face limitations on what they can undertake. Some of the projected impacts are as follows;

- People less able to exercise effective choice and control – for example many people with learning disabilities and mental health problems face cuts to their sickness benefits and potentially to Disability Living Allowance (which may in turn prevent them helping to meet their own additional care and mobility needs)
- Carers will be under more pressure, especially where the person they care for loses their own benefits – with a potential knock on effect on Carers Allowance / Carers Premiums
- Crimes such as financial abuse may increase due to additional financial pressures being faced by many, which may make vulnerable people seem an attractive target
- Services that levy charges – even if these are financially assessed, may see numbers that use them reducing – or people that need them not taking them up. This may have a longer term cost in that some of these people may develop more complex needs and require expensive interventions earlier than they would otherwise have needed them
- Income streams that are relied on to help provide the support that some groups need are being reduced – impacting on what services it may be possible to provide in the future. For example the role and level of Housing Benefit payable in types of Supported Accommodation has just been subject to a consultation exercise
- More people will be approaching Voluntary and Community Sector organisations – including advice agencies, for help

Again these are just some of the projected impacts. Board Members and their respective organisations are invited to be able to identify more impacts and to support the work being undertaken to establish more accurately the actual impacts across the city.

This is very much as a city issue and it important to recognise that to maximise the mitigation of negative impacts there will need to be a coordinated approach to information sharing and the development of responses with partners; and work with partners is a high priority within the next phase of the Project Boards work programme

6 Council Welfare Reform Project Board

The Welfare Reform Programme is likely to have a significant and ongoing impact across Sunderland and on specific customer groups. The council is a major provider of services administers current local benefits to approximately 40,000 households and plays a key Community Leadership role by working in conjunction with its partners in order to improve the lives of Sunderland residents.

The council has in response formed a Welfare Reform Project Group chaired by Malcolm Page (Executive Director of Commercial and Corporate Services) to establish the scale of the changes, the likely impacts on residents, localities, services and those of its partners.

The Project principles and individual work streams are intended to result in;

- More accurate and comprehensive intelligence gathering and reporting – both within the council and to / from partners

- Delivery of support and appropriate interventions across the council and across the city (in conjunction with partners)
- Development of new and improved processes – that will also support the delivery of the councils new / changing responsibilities

It is important to understand that given the reasons for, and the scale of the changes being implemented, that the Welfare Reform Project Groups activity will not prevent many people still being worse off financially in future, with the resulting associated negative impacts.

As described earlier, much of the activity that will be undertaken by the board will lead to mitigation only, because of the clear instruction that council policy cannot conflict with government policy for example; localisation of council tax support must lead to making work pay.

7 Welfare Reform Project and Working Board Progress

The project has established a board with 11 initial work streams and leads (as detailed below) that will be reporting to it. The project and a number of individual projects will be influenced by and bring in a range of partner agencies and organisations as they develop over the coming months.

Work Stream	Lead
1. Preparation for the Introduction of Universal Credit	Fiona Brown (supported by Joan Reed)
2. Policy Changes and Impact and Analysis	Jane Hibberd
3. Impact on Council Services Performance and Outcomes	Ray Leonard
4. Working with Landlords	Elaine Bateman
5. Single Financial Assessment and Benefit Take –up	Joan Reed
6. Community Care Grants and Crisis Loans	Fiona Brown
7. Increased Demand for Work	Lee Cranston
8. Independent Living Charging	Richard Elliott
9. Design and Implementation of the Localisation of Council Tax	Howard Middlemiss
10. Housing Policy and Alignment	Alan Caddick
11. Assumed consent for school meals	Raj Singh / Fiona Brown

Progress has already been made against a number of these individual work streams already and the following examples highlight some of the work undertaken to date.

7.1 Update - Work Streams 2 / 3

Initial activity by the councils Strategy, Performance and Policy Team indicates that there will be a net direct income loss in the city of £54 million for the period 2011-2013, due to changes due to Disability Living Allowance, Incapacity Benefit, and Job Seekers Allowance and to Tax Credits. This is an initial finding only and work is ongoing in respect of challenging and improving underpinning assumptions to enable these figures to be validated, and also so that further impacts due to multiple benefit changes, can also be accurately assessed in the future

Work stream 3 also involves consultation and engagement with local, regional and national stakeholders to develop a wider understanding of these impacts across all services and to enable agreed approaches to be developed. This work is likely to include;

- Identifying impacts on the economy, health, social care, community cohesion etc. Developing a communications strategy – and sharing the above information
- Ensuring that partners important roles in supporting residents are understood and supported where possible
- Providing a joined up approach for government lobbying

Together these work streams will help shape the development of the whole welfare reform project by;

- Ensuring that all organisations are able to feed into the information gathering processes and receive relevant project outputs – for example consistent and co-ordinated information being produced
- Adding value to what individual services may be able to achieve in isolation
- Helping services achieve maximum reach

7.2 Work stream 3

Advance intelligence has also enabled a number of services to respond to one of the Housing Benefit Changes. Just over 800 Single residents under 35 in private accommodation face a average £43 drop in Housing Benefit from January 2012 onwards due to a shared room rent being applied to them (instead of to under 25s as previously) .

The council and Job Centre plus worked together to respond to the change with letters being sent out from October onwards to all affected residents ,advising them of the changes , and asking them to contact the Access to Housing Team and /or apply to the Benefit Service for a Discretionary Housing Payment.

7.4 Work Stream 11

Taking forward increased free school meal take up is being delivered in conjunction with the Child and Family Poverty Board. The activity will maximise funding through the Pupil Premium into Sunderland Schools and ensure that all eligible children and young people have the opportunity to access free school meals through an assumed consent arrangement.

To enable this a number of council services have worked together during December 2011 to data match and identify where there were 'gaps' in free school claimants. To date this has resulted in over 800 additional children being eligible for free school meals

8 Next Steps

The intention is for the Welfare Reform Project Group to involve partners / stakeholders to help influence this ongoing work and city wide responses.

This report is provided for comment and to enable partners to become increasingly involved in the future. This could be for example in relation to;

- Helping to identify impacts of Welfare Reform for their own services / for their own customers
- Informing their individual organisations responses to these changes
- Helping to mitigate impacts by working together on developing / implementing solutions

APPENDIX A





