

The Impact of Welfare Reform on Coventry – One year on

Insight, Coventry City Council, September 2014

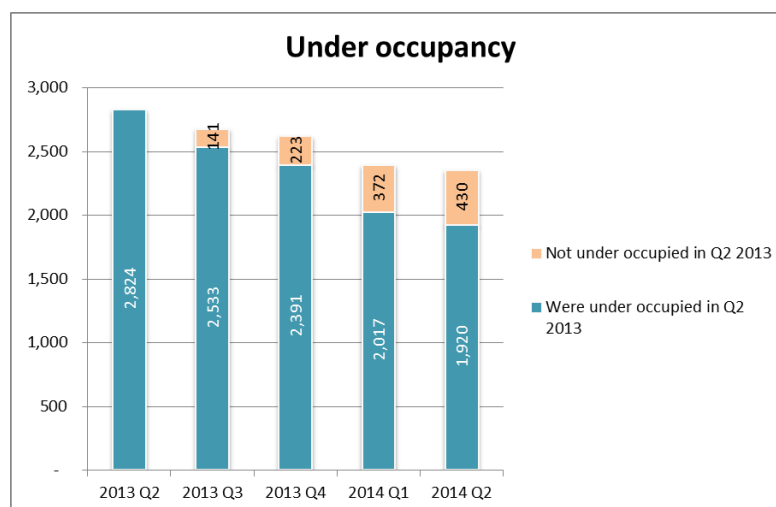
The government introduced a shake-up of the welfare system in April 2013 (although some welfare changes pre-date this) to tackle rising costs, cut budget deficit, simplify the system and incentivise people into work. The Insight team in partnership with the housing benefit team have looked to track the impact of these changes on city residents; this report looks to highlight what we know about the reforms one year on from their introduction.

Benefit Cap

Introduction of Benefit Cap initially affected 144 households, all seeing their combined benefit capped at £500 a week (either couples or single parents). Only 73 of those claimants who were originally capped are still capped; there currently being 146 households capped in the city.

Under occupancy

There were 2,824 homes initially impacted by the introduction of the under occupancy reductions in housing benefit claims. Over the next year this number reduced to 2,350 homes impacted, a reduction of 474 homes since its introduction.



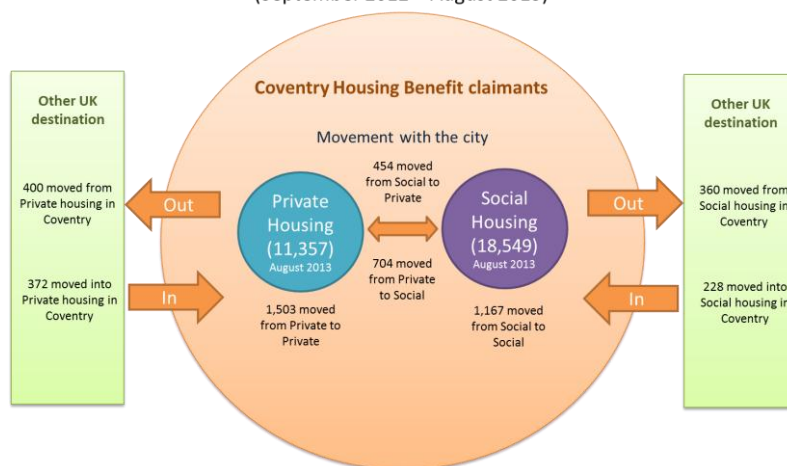
Over this period of the original 2,824 homes, 1,920 are still under occupied and 904 are no longer under occupied or no longer claiming housing benefit. 430 of those households currently under occupied were not under occupied a year ago (either new claimants or having moved into under occupancy).

Housing benefit claimant movement

It was widely predicted that the impact of welfare reforms would see a movement of benefit claimants from the south east to other areas of the UK with lower housing rents (most notably due to the disproportionate impact of benefit cap cases on south east claimants). Recently published data on housing benefit movement up to August 2013 (although lagged and being prior to the introduction of some reforms) show no early impact on housing benefit claimant migration into the city. Analysis of housing benefit movement between September 2012 and August 2013 shows a net reduction in both the number of social and private claimants due to claimants leaving and entering the city from other UK destinations. (Source: Department for Work and Pensions)

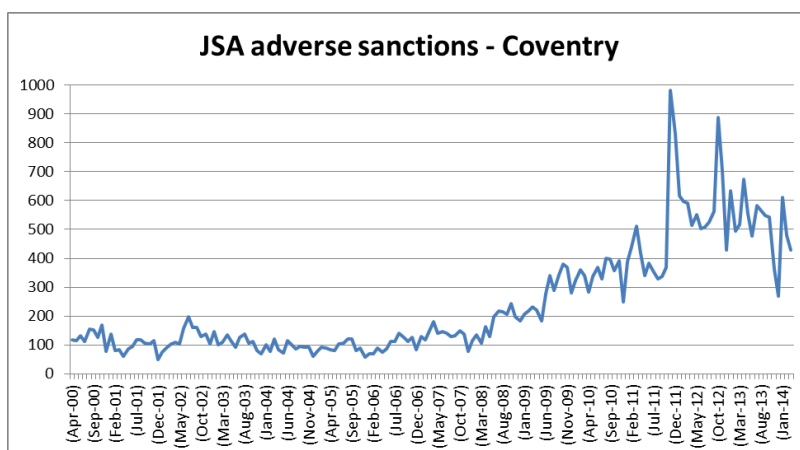
Housing benefit claimant movement

(September 2012 – August 2013)

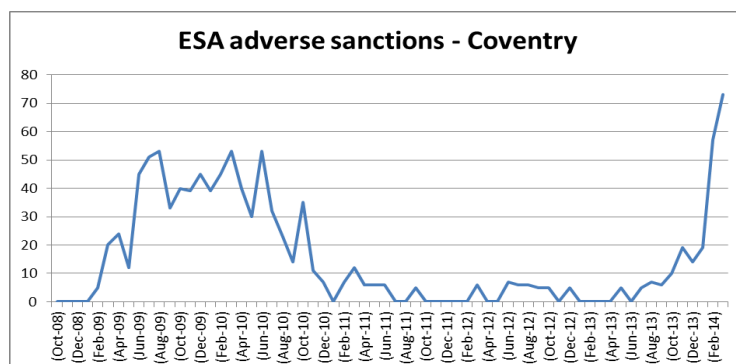


JSA and ESA Sanctions

Recently published data from DWP shows the number of JSA sanctions imposed in Coventry between October 2012 and March 2014 was 9,107 (4,353 low level sanctions, 4,103 intermediate level sanctions and 653 high level sanctions). In addition to the 9,107 adverse sanctions imposed, an additional 12,121 sanctions have either been not applied (non-adverse), reserved or cancelled.



Since the introduction of the new sanction regime on the 22nd October 2012, as of March 2014 there have been 221 ESA sanctions imposed (adverse) in Coventry, 130 of which have been imposed in the last two months of data (February and March 2014). 196 of those ESA sanctions imposed are due to failure to participate in work related activity.



ESA, PIP and work capability assessments

7,290 ESA work capability assessments have been conducted in Coventry between October 2010 and December 2013. 23%, 1,680 ESA claimants have been found fit for work during this time and could have been transferred onto JSA. Of those who have been positively assessed for ESA, 38% have been placed in the work related group and 39% have been placed in the ESA support group. It is worth noting that there have been numerous issues identified by Work Capability Assessment process, resulting in DWP announcing in March 2014 an early exit from the contract with Atos (the provider).

By July 2014 538 claimants had been placed on to Personal Independent Payments (PIP), the replacement to Disability Living Allowance (DLA). As of February 2014 there were still 18,870 people claiming DLA in Coventry.

Equalities impact of welfare reform

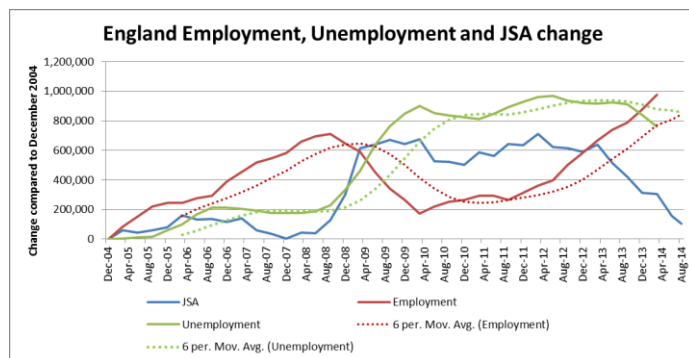
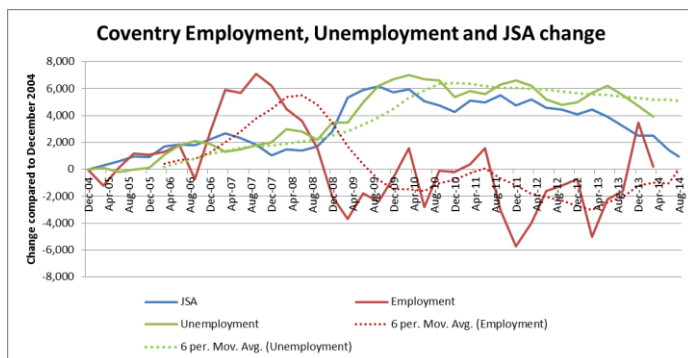
The impact of welfare reform will impact across a multitude of equality groups, a full list of the impact of individual reforms on equality groups can be seen in annex 2. Of those reforms which we have equalities data, the introduction of the Benefit Cap is seen to disproportionately impact those claimants that are either female, have children, are large families, are from a BME group or are out-of-work. Evidence also shows that the under occupancy reductions have disproportionately impacted BME claimants and JSA claimants who are young, male or BME are more likely to be sanctioned.

“Making work pay” – the potential impact on employment

Up to June 2014 11,350 claimants in Coventry had been referred to the Work Programme, of which 10,560 could achieve a job outcome and 2,570 had achieved a job outcome. 24.3% of those referrals that could achieve a job outcome had, compared to 22% nationally.

When the capability assessments were announced there was a belief that, despite the forecast post-recession recovery and its impact on JSA claimants, the number of JSA claimants would increase as those found fit for work would flow onto JSA benefits (within the city over 1,600 ESA claimants have been found fit for work and therefore likely to move onto JSA support). Despite this there are over 3,500 fewer (a third) JSA claimants since the introduction of capability assessments (over 5,000 fewer if you assume all those claimants who have been found fit for work have moved from ESA to JSA).

Nationally, despite the number of unemployed staying relatively static since the recession, the fall in JSA claimants since early 2013 have coincided with an increase in the numbers in employment (note: population growth will impact these numbers). In Coventry the movement of employed, unemployed and JSA claimants differs, with employment only recently showing signs of recovery (and only now being on par with 2004-06 levels), despite a small fall in the number of unemployed and a large fall in the number of JSA claimants.



Note: due to employment and unemployment figures being survey based a rolling 6 period average has been added to minimise any survey error.
















































































Figures for both Coventry and England show that the proportion of unemployed who are claiming JSA has fallen since early 2013 (possibly relying on other benefits or not claiming at all). During this period there has been an increase in the number of economically inactive residents who are looking after family/home.

The figures conclude that the introduction of welfare reforms and its end goal of “making work pay” is yet to be seen in Coventry. It is on this basis that we must question whether the current barriers to employment within the city are too great to overcome, despite welfare reforms trying to motivate residents into work.

Overview

- One year on under occupancy reductions are still impacting a large number of households, questioning any positive impact due to limitations in suitable housing in the city.
- There are no early signs of housing claimant migration into the city as a result of welfare reforms.
- There has been a worrying increase in sanctions in the city (with additional research conducted by partners identifying that sanctions are creating barriers to employment rather than “making work pay”).
- There is little understanding about what is happening to claimants who are being found fit for work (work, JSA etc.).
- There is evidence that some welfare reforms are disproportionately impacting equality groups.
- There is no evidence within Coventry that welfare reforms are getting more people into employment.

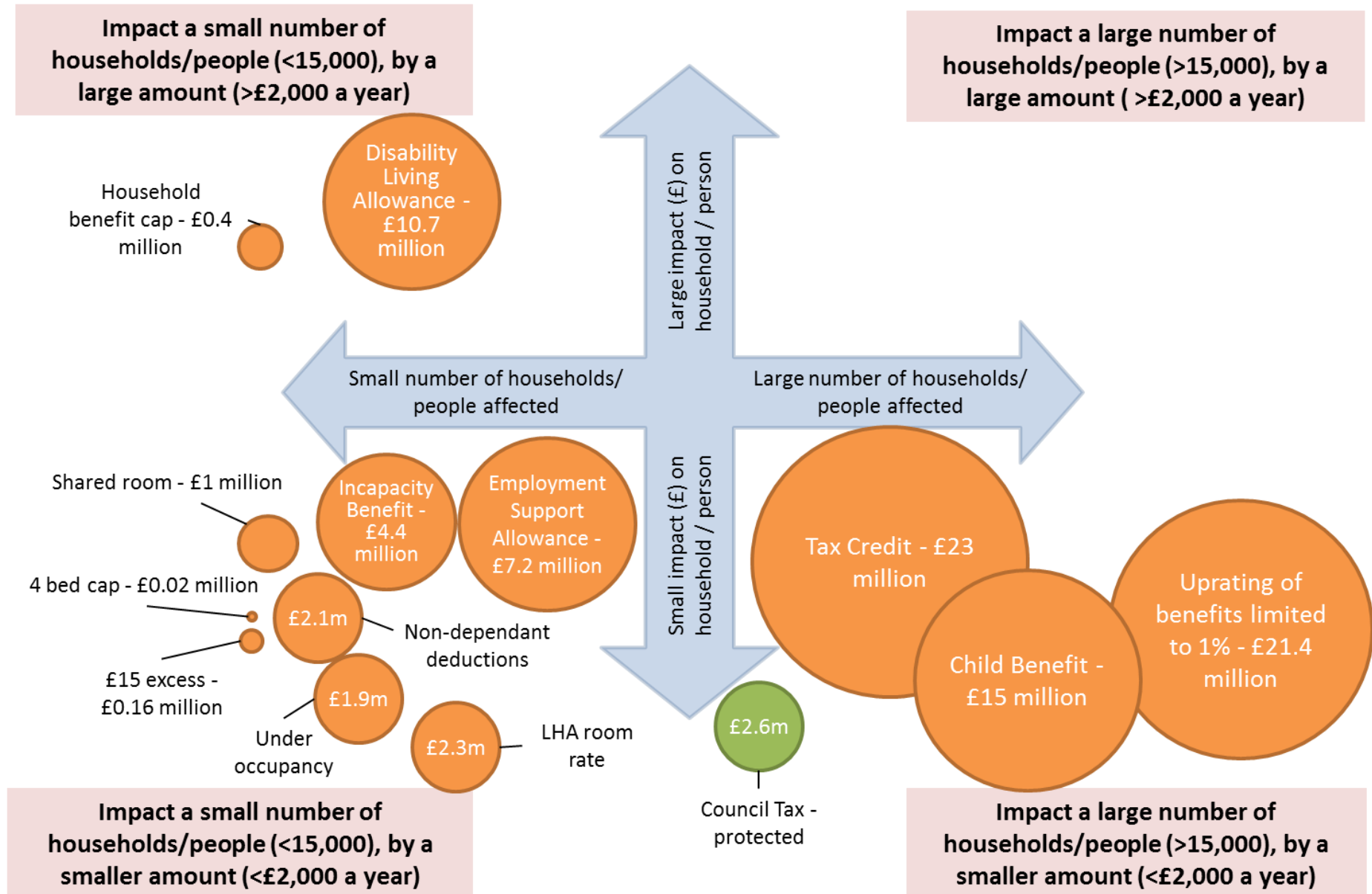
Annex 1: The Impact of Welfare Reform on Coventry (July 2014)

	Average Annual change to the individual or household	Numbers affected	Annual loss to the Coventry economy
Local Housing Allowance changes...			
.....LHA room rate change	 +£124  -£120 and -£360	 1,407 households  8,668 households	 -£2.3m
.....Four bedroom cap	 -£947	 21 households	 -£19,000
.....Abolishing the £15 excess	 -£780	 219 households	 -£164,000
.....Extension of the shared room rate (under 35)	 -£1,392	 689 households	 -£1m
Under occupancy (bedroom tax)	 -£791	 2,350 households	 -£1.9m
Household benefit cap	    -£2,890	 146 households	 -£0.4m
Incapacity Benefit (estimates)	 +£62  +£268   -£1,542*	 4,169 people  2,993 people  3,528 people	 -£4.4m
Employment and Support Allowance (estimates)	  -£1,479	 9,600 people	  -£7.2m
Disability Living Allowance (estimates)	    -£3,640*	 2,948 people	   -£10.7m
Localisation of Council Tax benefits	 £128 protected	   23,314 protected	 -£2.6m
Other predicted losses (using the Sheffield Hallam Model. The figures show the impact when the reforms have come into full effect.)			
Child Benefit	 -£362	     41,300 households	   -£15m
Non-dependent deductions	  -£1,121	 1,900 households	 -£2.1m
Tax Credit	 -£812	   28,500 households	    -£23.1m
Up-rating of benefits limited to 1%	 Unknown	 Unknown	    -£21.4m
Universal credit (due to be rolled out by 2017)	 Unknown	 Unknown	 Unknown
Total Coventry estimated future annual losses			-£112m
Total estimated annual losses as a result of welfare reform for England as a whole per working age adult			-£470
Total estimated annual losses as a result of welfare reform for Coventry per working age adult			-£540

*Reduced by £2,317 if aged under 25.

The Impact of Welfare Reform on Coventry

Note: size of the circle represents the impact on the economy



Annex 2: Equalities impact of welfare reform (in terms of numbers impacted)

☒ Impacted by the reform
 ☒ Disproportionately impacted by the reform*
 ☒ No data, but likely to be impacted
 N/A Information not available

Reform	Age – Young	Age – Old	BME groups	Gender – Male	Gender – Female	Children	Large families	Lone claimant	In work	Out of work	Disabilities/ illness
Benefit Cap			<input checked="" type="checkbox"/> **	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Under occupancy	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/> **	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Multiple impact of housing reforms	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> **	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
ESA Sanctions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	N/A		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
JSA Sanctions	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
DLA, ESA, PIP and work capability assessments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	N/A	N/A	N/A	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Child Benefit				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Non-dependent deductions	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Tax Credit				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		
Up-rating of benefits limited to 1%	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

*Greater than 5 percentage points

**Partial data set