

**The impact
of welfare reform
on service users
services and
the economy**

Welfare Reform

- > Budget of 22nd June, 2010 announces welfare reform savings of £11 billion designed to "reward work and protect the most vulnerable" and to make the benefit and tax credit system "fairer and more affordable".
- > October 2010 - The comprehensive spending review identifies a further £7 billion savings in the social security
- > October 2010 - 21st Century Welfare
- > February 2011 - Launch of Welfare Reform Bill
- > March 2012 - Budget announcement that there is the Potential for a further £10 billion savings in welfare budget

Welfare Reform

The benefits being targeted by the Government are;

- > Employment and Support Allowance/Incapacity Benefit
- > Disability Living Allowance
- > Tax Credits
- > Child Benefit
- > Benefits for Older People
- > Jobseekers Allowance
- > Housing Benefit
- > Housing Costs met through other benefits

Universal Credit

Universal Credit (UC) is intended to replace;
Income Support
Income Based Jobseekers Allowance
Income Based Employment & Support Allowance
Housing Benefit
Child Tax Credit
Working Tax Credit
Social Fund Budgeting Loans

It will be administered by the DWP, paid to the household monthly and based on the previous months circumstances.

Universal Credit will be capped at £500 per week per household.

Employment & Support Allowance

From 27th October, 2008 – people unfit for work were required to claim Employment & Support Allowance (ESA)

Government's estimates were that it would impact on 15% to 25% of existing claimants.

Some groups previously exempt e.g. Severe mental health, learning difficulties, in receipt of high rate care (DLA) no longer exempt and will go through the medical.

April 2012 – contributory ESA is limited to one year for people in the "work related activity group".

Personal Independence Payment

Personal Independence Payment (PIP) will replace Disability Living Allowance from April 2013.

The Government have estimated a 20% reduction in caseload and expenditure, this is equivalent throughout the UK to £2,287,182,509.

A greater focus on the potential for aids and adaptations therefore reducing the need for PIP.

Qualifying period will be extended.

Bellshill Statistics (housing and social work services)

Benefit income generated (social work)	£2,454,732.00
Benefit income generated (housing)	£ 85,685.00
Total	£2,540,417.00

2011/12 FIT represented 426 appeals from the Bellshill locality

(DLA 186 appeals)
(ESA 202 appeals)

Impact on Housing

Impact on Current Working Age Tenants

- > Increased Non Dependent Deductions
- > Claimants up to 35 now on shared room rent (*with some exemptions. Example Looked After & Accommodated Children*)

Introduction of Under Occupancy Penalties (April 2013)

- > 14% for one extra bedroom and 25% for two or more bedrooms
- > Potential to impact on circa 7000 tenants in North Lanarkshire

Impact on Housing

Impact on Current Working Age Tenants

- > **Local Housing Allowance** ~ this is used to determine housing benefit payments for private sector homes, and has also been changed so it is being calculated on the basis of cheaper rents, rather than on the mid-point of rents in an area.

Access to Housing

- > Greater demand for one bedroom properties ~ issue over supply and demand

Future Planning / Local Housing Strategies

Impact on Housing

Homeless Temporary Accommodation

- > Welfare Reforms will impact upon Local Authorities ability to use Private Rented Sector and Registered Social Landlord for homeless accommodation

Supported Accommodation

- > Introduction of Caps (LHA rates – 10% + mgt fee)
- > Impacts on Charities, Voluntary Organisations and Councils

Decision still to be made on what will replace Council Tax

Summary of all the changes in the Welfare Reform Paper & Impact in North Lanarkshire Council

Total Annual Loss of £40,695,790 - £48,497,090



Based on the government's estimates of the numbers of people who will be impacted upon when the welfare reform bill is introduced, the loss to North Lanarkshire's economy will be considerable.

Source: Rights Advice Scotland

Welfare Reform

Child poverty figures were recently published for the UK by The Campaign to End Child Poverty.

The report warns that inflation, unemployment and cuts could see levels of deprivation spiral.

- > **22%** of the children living in North Lanarkshire are living in child poverty
- > **35%** of the children living in Glasgow are living in child poverty
- > **18%** of the children living in South Lanarkshire are living in child poverty
- > **19%** of the children living in Edinburgh are living in child poverty
- > **26%** of the children living in West Dunbartonshire are living in child poverty

North Lanarkshire Council ~ Welfare Reform Group

Chaired by Ronnie Paul, Head of Housing and Social Work Resources

- > Financial Inclusion Team
 - > Social Work
 - > Housing
 - > Environmental Services
 - > Chief Executives
 - > Finance
- > NHS Lanarkshire
 - > Citizens Advice Bureaux
 - > Independent Advice Agencies
 - > Registered Social Landlords
 - > Contact Centre

North Lanarkshire Council ~ Welfare Reform Group

- > Impact on People
- > Impact on Council Services and Partners
- > Impact on the Economy
- > Training
- > Campaigns
- > Political Engagement
- > Monitoring
- > Resources

Examples of Impact of Welfare Reform

Cathy and Chris have two children aged 8 and 9, Chris has had to recently give up his job due to ill health and claim ESA. Cathy works for the local authority and earns £55,000 per year.

2012/13	2013/14
Salary £708.65	Salary £708.65
Child Benefit £ 20.30	Child Benefit £ 10.15
Child Benefit £ 13.40	Child Benefit <u>£ 6.70</u>
ESA <u>£ 99.15</u>	<u>£725.50</u>
£841.50	
	Total loss £116.00 per week (£502.67 per month)

Examples of Impact of Welfare Reform

Callum is aged 21 and is currently under the probation service, he lives alone. He has mobility problems as a result of a road traffic accident. He gets around using his wheelchair, which he is able to self propel. Callum currently receives High Rate mobility and middle rate care. He is in receipt of ESA of £157.35.

2012/13		2013/14 ~ the introduction of the more stringent tests of PIP and ESA. Callum is at risk of losing his DLA mobility, as he can self propel the wheelchair and potentially lose his middle rate care, there is also the potential to lose his ESA or receive it at a reduced level due to the loss of DLA.	
ESA	£157.35	ESA	£ 99.15
DLA (mob)	£ 54.05	Total Income	£ 99.15
DLA (care)	<u>£ 51.85</u>	Total loss	£164.10 per week
TOTAL	£263.25		(£710.67 per month)

Examples of Impact of Welfare Reform

Julie is aged 23, she has mental health problems and is in receipt of Incapacity Benefit of £110.85. Julie lives in a 2 bedroom flat in Motherwell


2012/13		2013/14	
Incapacity benefit	£110.85	Julie is sent for a medical to migrate over to ESA.	
Total Income	£110.85	JSA	£ 56.25
		Total Income	£ 56.25
		TOTAL LOSS	£ 54.60 per week

Julie is now considered to be "under-occupying" her flat, and is therefore liable to pay 14% of her rent, which amounts to a weekly value of £7.59.

Examples of Impact of Welfare Reform

Rosie and Jim have two children aged 3 & 4, Rosie and Jim both work as catering assistants in the local authority, one works 16 hours and one 4hrs at minimum wage, earning £140 jointly. They have child care costs of £60. They receive working tax and child tax credits.

2011/12		2012/13	
Earnings	£140.00	Earnings	£140.00
Working Tax Credit	£109.64	Child Tax Credit	£113.94
Child Tax Credit	£108.75	Child Benefit	£ 20.30
Child Benefit	£ 20.30	Child Benefit	£ 13.40
Child Benefit	£ 13.40	Total weekly income	£287.64
Total weekly income	£392.09		
		Total weekly loss	£104.45
		Monthly loss of	£452.62



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