

Welfare Reform Research: Executive Summary

The Welfare Reform Act 2012 contains measures for the most comprehensive reform of the welfare state in a generation. Underlying the reforms is the Coalition Government's aim to make significant savings to the welfare budget, reduce dependency on the state, make work pay for the majority of claimants, whilst at the same time supporting those who cannot work.

The main reform involves the introduction of a completely new benefit, Universal Credit, which will replace the six main means-tested benefits and tax credits. These are income-based Jobseekers Allowance, income-related Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit. Universal Credit is expected to go live nationally in October 2013 but claimants will only be transferred to the new system gradually, with this not expected to be complete until 2017/18.

The other significant reforms which are being introduced in stages include the replacement of Disability Living Allowance for working age claimants with the new Personal Independence Payment, the extension of Housing Benefit under-occupancy rules to working age social housing tenants, the replacement of Council Tax Benefit with local Council Tax Support schemes, the localisation of certain aspects of support under the Social Fund and the introduction of a total benefit cap for claimants of working age.

In addition to the measures contained in the Act, there are other important changes either started under the previous Government or introduced outside the Welfare Reform Act itself. These generally involve a reduction in support for benefit claimants of working age, increased conditionality with regard to job seeking and an increase in the power to sanction benefit claimants who do not comply with these conditions.

Potential impact on Kent people and communities

1. The welfare reforms are extensive and complex, and will have an effect on a large proportion of the population, but to differing degrees. Many of those affected will experience relatively small changes. However, for some households even small changes could have a major impact, particularly cumulative changes for a family (or individual) who were only just coping. Unfortunately we cannot know which people, or how many of them, could be tipped into crisis. A small number of households in Kent will experience significant reductions in income due to size-related restrictions to Housing Benefit (7,000 households) and the total benefit cap (around 1,000 households). The evidence suggests families in Kent affected by the cap are more likely to be involved in children's social services, have children with poor attendance at school or not be in education, employment or training.

- 2.** Older people are largely protected – most of the reforms target working-age people, as the intention is to make work pay.
- 3.** Incentives to work will improve for many people (although not all) through a combination of the introduction of Universal Credit, reduced financial support for those out of work and an enhanced sanctions regime for those not complying with the conditions on them to find or prepare for work.
- 4.** Despite increased incentives to work for many, there is no guarantee employment will increase as this is also dependent on economic factors and a significant skills gap affecting some sectors.
- 5.** Both relative and absolute poverty is projected to increase for children and working age claimants. The potentially poverty-reducing effect of Universal Credit is expected to be outweighed by the impact of the other benefit reforms.
- 6.** It is estimated that 11-12,000 of the 45,000 working age people in Kent currently on Disability Living Allowance could lose their entitlement to disability benefits (i.e. to the new Personal Independence Payment). Many others will see a reduction in the amount of disability benefit they receive and may also be affected by the Incapacity Benefit reforms.
- 7.** It is likely that some families in London impacted by the reforms will move. Some are expected to come to Kent, by choice or through London incentives to prevent homelessness. It is also possible some affected households in Kent will move to less expensive parts of the county. Methods are being put in place to monitor shifts in populations to get early warning if significant numbers do start to move.
- 8.** Universal Credit is yet to be rolled out, but once it is there could be considerable implications arising for families who have not been used to receiving monthly payments, nor being responsible for paying rent directly to their landlords.
- 9.** Problems associated with poverty and potential moves away from support networks are likely to increase including increased debt, more use of “loan sharks”, family stresses, resulting in less resilience and the potential for more issues such as domestic violence and child neglect.
- 10.** It is estimated that by 2014-15 the combined impact of welfare reform will take £392 million out of Kent and those areas which have high numbers of people on benefits will, obviously, lose the most money. People on benefits

tend to spend all their money, and to spend it locally, so it is likely that this reduction will have a significant impact on local economies in areas of deprivation.

Potential impact on KCC services

1. Children's Centres

There is likely to be an increase in families on low income struggling to cope and needing the services provided through Children's Centres. Their role in helping people to access KSAS for emergency support, in providing (or signposting to) information and advice, and in helping to develop computer skills are all seen to be vital.

2. Increase in demand on Specialist Children's Services

The financial and associated pressures contributed to by the benefit changes could potentially push more families into crisis leading to increased demands on early intervention specialist children's services. This could impact on the work of 'Teams around the family', safeguarding, the numbers of children in need, staff resources and the section 17 budget in particular. Further demand will be seen if the envisaged migration from London does take place. Business Intelligence has made an initial conservative estimate¹ (based on London's estimated 9,000 displaced households) that around 1,000 families (with over 3,000 children) could be displaced to Kent resulting in a need for an extra £2.5 million annually in the children's social care budget.

3. Fostering service

Although the Government has announced concessions to the Housing Benefit under-occupancy rules for foster carers, it is understood that this will only apply to a single additional room, and only to current foster carers (not to prospective ones). Foster carers looking after more than one child can only be helped by applying to the discretionary pot of money held by district councils and usually help is only provided from this fund on a temporary basis.

4. Increased demand for social care from adults of working age

The reforms to incapacity and disability benefits are most likely to affect people who currently fall below KCC's eligibility criteria and/or who manage without KCC involvement. Loss of benefits may cause some people to seek assistance from KCC as they find they and their carers have insufficient income to cope and/or because loss of income and the reassessment process has contributed to a deterioration in their condition. This could affect people

¹ 'Household benefit cap – potential population shifts to kent and possible implications for children's social services', 9 July 2012, Eileen McKibbin and Richard Hallett.

with any condition but there are particular concerns over people with mental health and fluctuating conditions.

5. Impact on charging for services of working age clients

This includes impact on the charging rules, on the systems involved in assessment, on training requirements and possibly on the income raised through charging. Loss of disability benefits usually means the individual is assessed as having a nil charge; any reduction in Housing Benefit or Council Tax Support is compensated for in the charging assessment.

There will be added pressures on the Financial Assessment teams who will be working with two different welfare systems - Universal Credit and the old legacy benefits. In addition Universal Credit subsumes several current benefits and it will be necessary to have a breakdown of how it was calculated in order to correctly financially assess a client. To date neither the DWP nor the Department of Health has issued any guidance on this.

6. Increase in the need for information, advice and support

Individuals and families affected by the reforms are likely to require more assistance understanding and coping with the changes and in making informed decisions about entering employment. In particular FSC service users who are turned down for benefits will need help to appeal the decision. This help is currently provided by the specialist benefit advisors in Business Strategy – Finance who work with FSC clients (both adults and children and families).

Staff in FSC (including Care Navigators, Case Managers and Social Workers), Gateways, Libraries and Children's Centres are at the forefront of providing information and advice, and are already seeing increased demand as a result of the welfare reform changes.

For people who are not eligible for services from FSC, KCC does already commission certain services that include benefits advice amongst the help they provide. Examples include Care Navigators, Advocacy Services and Community Link workers (for people with mental health problems in Thanet). Consideration may need to be given to extending these services and possibly providing support to specialist advice agencies such as Citizens Advice. This could be viewed on an "invest to save" basis as helping individuals to maintain their income could help to prevent the need for statutory services.

7. Determining eligibility for services

Determining eligibility for certain KCC services will not be straightforward as Universal Credit subsumes several current benefits, some of which do not automatically lead to entitlement. The extent to which this will be a problem cannot yet be determined. For example eligibility for Free School Meals is unlikely to be extended to everyone in receipt of Universal Credit, only to those on the benefit who also have an income below a certain level. Whether this will present problems will depend on the quality of the information provided on the Free School Meals online hub.

In addition, if fewer people qualify for the Mobility Component of the Personal Independence Payment there will be a need for more individual Blue Badge assessments.

8. Increased pressure on schools in some areas

This is a potential impact on demand for school places in certain areas if there is significant migration either from outside Kent or within Kent to cheaper areas. See section on migration on page 39. In addition increases in deprivation may lead to increased truancy rates, as well as negatively impact on children's learning and achievement.

9. Kent Support and Assistance Service

KCC started operating the Kent Support and Assistance Service (KSAS) in April 2013, in response to the ending of the DWP Community Care Grants and Crisis Loans and the transference of part of the funding to local authorities. KSAS aims to support people at times of exceptional difficulty by providing:

- Goods and services for people in emergencies.
- Support to help people leaving care/institutional settings to set up accommodation in the community or to continue to live independently in the community.
- Signposting to other sources of help

In the period 1 April 2013 to 17 May 2013 there were 3,566 enquiries, 1,064 applications for assistance and 272 individuals have been provided with support (almost all via non-cash mechanisms).

It is expected that the wider welfare reforms will have an impact on the demand for the service. In addition to the general reduction in support via the benefit system, changes such as single monthly payments are likely to cause budgeting problems for some vulnerable people. Early signs from KSAS show there is some demand from those who have experienced reductions in benefit support. Where appropriate the fund has helped and provided links to other support services.

Of particular concern is the uncertainty of future funding. Approximately £2.8 million has been allocated for 2013-14. Although funding for 2014-15 will be provided, the amount has not yet been finalised. For subsequent years the situation with regard to funding is unclear at this point.

KCC may need to take a decision on future funding of this service, bearing in mind the role it can play in helping to prevent the need for intervention by the statutory services. Decisions may also be needed on the extent to which the

voluntary sector (e.g. Food Banks) should be supported as a means of meeting the need for crisis support).

10. Libraries and Gateways

The Government's aim is to process the overwhelming majority of benefit claims online. This has already led to an increased demand for access to computers in public access venues such as libraries. This demand is likely to increase with the phased introduction of Universal Credit over the next few years. In addition to increased demand for access to computers, the need for help to use computers and learn computer skills is also likely to grow, with implications for staffing, including the use of volunteers. Free computers are available in libraries, along with support with basic IT, but libraries do not provide advice on interpreting and completing claims forms. Such advice is available (at specified times only, not all the time) within Gateways, which also provide access to free computers.

11. Troubled Families

Although data matching has not yet been completed on the Troubled Families cohort, it is very likely that people in this group will also be affected by the various welfare reforms. On the one hand the restrictions to benefits may add significantly to the financial pressures these households face, making it harder for them to cope and forcing some to move in some cases. On the other, the increased incentives to work may provide the added boost needed to encourage individuals in these households into work.

12. Drug and Alcohol Services

The reforms to incapacity and disability benefits may impact particularly on people with drug and alcohol problems. This client group may also find it more difficult complying with the tougher conditionality and sanctions regime in the reformed benefits system.

13. Youth Offending teams

Tougher conditionality and sanctions are likely to impact on young people claiming benefits. Whilst the increased incentives to work may benefit some, many may not have the requisite skills to enter the job market. Exacerbating the situation is the fact that people under 25 receive lower rates of means-tested benefit. With regard to Housing Benefit young people are only eligible for the shared room rate until they reach the age of 35. This has the potential to lead to an increase in the factors most strongly associated with youth crime and makes it more difficult to create alternative opportunities.

14. Kent Supported Employment

Due to the increased pressure to find work, including on those with disabilities and health problems, there may be more demand for support to prepare for and find employment. KSE is currently working mainly with FSC clients who

have learning disabilities or mental health problems but are looking to widen this work to other disadvantaged groups.

15. Adult Education – Community Learning and Skills

There will be a significant demand for “back to work” training and upskilling. Many of those newly seeking paid employment will have been out of work for extended periods, and some may also have disabilities or additional needs (including, for example, child care for lone parents with young children). This all presents a range of challenges for skills development.

16. Leaving care teams

More support may be needed to help care leavers cope with the reforms, including the need to manage monthly payments, reduced support and increased conditionality.

17. Trading Standards

Trading Standards teams may face increasing demand in their role enforcing consumer credit legislation, including high-risk lending (payday loans, loan sharks).

18. Economic Development & Regeneration

There will be an increasing number of people seeking work, in addition to those who may have become unemployed in the current economic climate. Therefore, there will not only be a need to train and up-skill people to enter or re-enter the workforce, but for enough jobs in the market as well.

KCC’s planned responses to the challenges

1. Business Intelligence to continue to develop with partners mechanisms to monitor and assess benefit take-up, service demand indicators and the potential impacts of welfare reform including population shifts. Identify local emerging issues as needed for relevant Service response, and influence regionally and nationally. If deemed necessary prepare for possible increased demand across the range of services identified.

2. Develop the next iteration of Kent and Medway’s growth strategy ‘Continuing to Unlock Kent’s Potential’ to ensure that our regeneration and economic development strategies avoid economic decline in Kent’s areas of deprivation.

3. Adapt economic and skills strategies to support the high number of people who will be new and inexperienced jobseekers, and seek to influence businesses to do this too via the Business Advisory Board. Strategies and programmes to deliver this include:

- 'Continuing to Unlock Kent's Potential'
- Kent's Community Literacy Strategy
- 14-24 Learning and Skills Strategy
- Employment & Skills Strategy,
- Community Learning and Skills programmes such as:
 - Skills Plus network (free training in basic/ employability skills),
 - European Social Funded projects such as "Progress"
 - Vocational training especially for younger adults
 - Help with fees to access a wide range of adult education provision throughout Kent
 - Family Learning programmes targeted at primary schools in deprived areas

4. Continue with the 'Response' provision in Kent's poorest communities, addressing families via infrastructure agencies including childrens centres, schools, health centres, housing associations and voluntary sector organisations.

5. Continue work through ELS' Commissioning Plan (building on the Childcare Sufficiency Assessment) to identify and address childcare shortages in areas where this is a barrier to accessing work.

6. Explore innovative options to support travel to work and school. Review investments in public transport to support employment opportunities.

7. Provide information and advice to ensure people know the financial impact on them of starting work or increasing hours worked (this is not straightforward). This is now available through the kent.gov website which enables the public to calculate benefit entitlement, see whether they would be better off working, and access other sources of support. Information for staff is also provided via the website, to enable them to advise and signpost effectively.

8. Monitor demands on the Kent Support and Assistance Service (KSAS), which has been established to provide support for people in exceptional need, in response to the demands. Need to monitor closely the demand for this service to ensure needs are met within available resources and to consider contingencies if Government funding reduces/ends.

9. Increase access to advice and support on benefit claims and financial management via Citizen's Advice Bureaux, Children's Centres, Gateways & selected libraries and Kent Savers (Credit Union)

10. Roll out the training and awareness-raising for frontline staff about new benefit system, processes and entitlements, using the KCC specialist benefit advisors.

11. Continue to work with our partners, particularly Jobcentre Plus and the district/borough councils on the DWP's Local Support Services Framework, the aim of which is to develop a framework for supporting the more vulnerable claimants of universal Credit (See Annex 3).

12. Continue to identify and respond to families who may be struggling through integrated, early intervention services.

13. Implement the Kent Housing Strategy. Work with Kent Housing Group and other housing partners to ensure information about the welfare reform changes reaches social and private sector tenants to help them make informed choices.

14. With regard to the Youth Service, continue with the joint Police and Youth Work initiatives within the most deprived communities, ensuring a proactive approach is taken rather than merely reactive. In addition work with schools, alternative providers and the Youth Contract training providers to ensure a fit between the youth work curriculum and skills acquisition needed.

15. Continue to work with partners in the statutory and voluntary sectors to ensure there is a cohesive and co-ordinated response to the welfare reform changes. KCC is already working with partner agencies via the Task and Finish Welfare Reform Group and other specific professional networks.