Business Strategy Report

Welfare Reform Research

June 2013

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Thanet District Council

Tonbridge & Malling Borough Council

Tunbridge Wells Borough Council

1. Introduction and Key Findings

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.

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.

The welfare reform measures are primarily aimed at claimants of working age, with pensioners largely protected from the changes.

This report takes the most up to date information available and paints a picture of the wide-ranging potential impact that the welfare reforms could have on the people of Kent and on communities within Kent, so that KCC services can take these into account when planning for the future.

Potential impact on Kent people and communities

- The welfare reforms are extensive and complex, and will have an effect on a large proportion of the population, but to differing degrees.
- Incentives to work will improve for many people 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.
- 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.
- 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.
- 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.
- Older people are largely protected – most of the reforms target working-age people, as the intention is to make work pay.
- It is estimated that 11-12,000 of the 45,000 working age people in Kent currently receiving 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.
- 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.
- 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.
- 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.
- 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.

<u>Potential impact on KCC services</u>

- Greater demand for skills/adult learning to get 'work ready' given the 'back to work' thrust of the reforms.
- More requests for advice and support in relation to debt (including rent arrears), household finances and benefit claims across front-line services especially those in FSC, Children's Centres, Gateways and Libraries (as well as Citizens Advice Bureaux).

- Greater demand for hardship funds – Kent Support and Assistance Service is critically placed for this demand. Section 17 payments for children in need (Children Act 1989) could also increase.
- Greater demands on Specialist Children's Services as more families reach crisis levels with the knock-on impact on their ability to support children and young people.
- Greater concentration of low income and vulnerable families in areas that are already deprived as people who have lost benefits move to cheaper accommodation (particularly in the private rented sector). Such localised population shifts could have implications for school admissions, health and social services and transport.
- This greater concentration also has implications for economic development - spending power will be reduced at the same time as more jobs will be needed for those who must move into work.
- There is likely to be an increased demand for childcare (for young children and for children outside school hours and in holidays).
- Greater levels of support needed for care leavers, particularly in relation to housing and employment, as care leavers on benefits aged 18+ will be subject to these changes.
- Demand for care services for those disabled adults who do not qualify for the new Personal Independence Payment or who fall foul of the reforms to incapacity benefits (ongoing since 2008), or who do qualify but see a reduction in income. People with fluctuating conditions or mental health problems could be particularly vulnerable to being assessed as not entitled to incapacity and disability benefits. There could also be a loss in income for KCC as adult social care is a chargeable service subject to means-testing.
- Increased demand for support for carers (some of whom may lose Carers Allowance).
- Impact on crime and anti-social behaviour (domestic violence, drug and alcohol misuse, and acquisitive crime are all known to be related to problems such as personal debt), with ensuing implications for Community Safety.
- Increased challenges to the prevention/early intervention agenda (including the Troubled Families programme).

KCC's response and additional actions needed

- No national or local organisation or think-tank knows for certain what the definitive impacts of welfare reforms will be, but there are estimates and predicted implications. Therefore, it is vital that KCC closely track and assess changes as they happen. A methodology has been developed to capture and understand evidence, using quantitative and qualitative sources. As part of this approach, in monitoring their performance indicators relevant to the anticipated impacts, services will want to consider what effects of welfare reform (if any) they experience - particularly related to service demand.

- Continue with regeneration, growth and learning and skills strategies in order to improve employment opportunities and long term development in the more deprived areas.
- Further development and expansion of the welfare reform pages on our website, to enable the public to access accurate advice about benefits, the impact of the changes on them, and calculate whether they would be much better off in work (although most will, some will not). The website will also enable front-line staff to get up-to-date information on the changes and know where to signpost people if necessary.
- Identify how the Kent Support and Assistance Service and the Voluntary & Community Sector (including the Citizens Advice Service, Kent Savers - Credit Union and the Money Advice Service) can deliver better co-ordination and targeting of hardship funds, access to advice and more affordable finance. If the council is able to target investments to support vulnerable individuals and families it could prevent them spiralling into crises that could carry significant cost to the Council in the longer term.
- A training programme is already being delivered to staff in Families and Social Care to raise their awareness of the welfare reform changes, and training of Gateway and Contact Centre staff has also taken place. Training will be extended to other services within KCC.
- Each service to continue to monitor specific impacts for their customers or clients in order to ensure that the Council responds effectively.

2. Main welfare reform measures and timetable

Below is a summary of what are considered to be the most significant changes to the benefit and tax credit system in order of the date they were – or will be - implemented.

October 2008 and ongoing - reforms to incapacity-based benefits
The DWP is in the process of reassessing everyone in receipt of the old incapacity-based benefits to determine if they qualify for the Employment Support Allowance (ESA), introduced for new claimants in October 2008. This reassessment process is expected to be complete by April 2014. Those deemed capable of work will not be entitled to ESA and will mainly either have to claim Jobseekers Allowance (and demonstrate they are looking for work) or find work. According to Government figures, by August 2012, 742,000 people had been reassessed with about 30% being found to be not entitled to ESA.

April 2011 – reduction in support via Tax Credits
Various measures came into effect including a reduction in support towards childcare costs, the gradual withdrawal of Child Tax Credit for families earning more than £40,000, the loss of the additional baby element (for children under one), an increase in the income taper from 39% to 41% (i.e. the rate at which tax credits are withdrawn as income increases) and the freezing of the basic and 30 hour element for 3 years.

April 2011 – Child Benefit frozen
Child Benefit usually increases every April but in April 2011 it was frozen for the following 3 years.

April 2011 – changes to the private sector LHA rates for Housing Benefit
LHA rates used to be set at the median of local private rents, meaning that about half the properties would be affordable to someone on Housing Benefit. From April 2011, for new claims the rates have been based on the 30th percentile instead of the median. In addition, the weekly LHA rates have been capped at maximum figures set centrally and the maximum number of bedrooms that Housing Benefit can be claimed for is four.

April 2011 – changes to the Sure Start Maternity Grant
From this point it has only been available for the first child, unless it is a multiple birth or the new child is the only one in the family under 16.

January 2012 – Housing Benefit shared room rate extended to under-35s
For private sector tenancies, single people do not qualify for the one-bedroom rate of LHA (only the lower shared room rate) until they are 35.

April 2012 – changes to Tax Credits
These include the removal of the 50-plus element, revisions to awards not being made if income falls by less than £2,500 during the tax year, backdating limited to one month instead of three, couples with children must work at least 24 hours a week between them (with one working at least 16 hours) – with some exceptions.

May 2012 – changes to Employment Support Allowance (ESA)
There are two types of ESA: Contributory ESA (based on National Insurance contributions and not means-tested) and Income-related ESA (means-tested and not related to the NI record). From 1 May 2012 the Contributory ESA has been limited to 12 months except for the most severely disabled/ill who are placed in the Support Group of ESA. Those affected can still claim the Income-related ESA providing their (and their partner's) income is low enough.

Prior to 1 May 2012 young people under 20 (or 25 in some cases) could qualify for the Contributory ESA without having to have paid NI contributions. This exemption has now ceased and young people can only qualify if they have actually made sufficient NI contributions or have a low enough income to qualify for the Income-related ESA.

May 2012 – changes to Income Support for lone parents
Over the last few years there have been significant changes to the eligibility criteria for lone parents claiming Income Support (i.e. without having to sign on and look for work). Since 21 May 2012 the youngest child of a lone parent has to be below the age of five.

October/December 2012 – Enhanced sanctions regime
The ability to apply a sanction to JSA claimants has always existed, however from October this regime has been strengthened and in some circumstances claimants can be sanctioned for up to 3 years. Lesser sanctions are also available in certain circumstances for claimants of ESA (the replacement for Incapacity Benefit).

November 2012 – Universal Jobmatch launched by DWP
This is a new online job search facility available for all jobseekers regardless of whether they are claiming a benefit or not. It allows for the bulk uploading of large numbers of job vacancies direct from employers and includes a service informing both employers and jobseekers of possible matches. It also enables the Jobcentre Plus to use the system to obtain evidence of a claimant's efforts to find work.

January 2013 – changes to Child Benefit for higher earners
Child Benefit remains a universal benefit but a new income tax charge for individuals with an income of over £50,000 effectively means it is gradually withdrawn for those with annual incomes between £50,000 and £60,000 and completely withdrawn for those with incomes over £60,000.

March 2013 – power to make Universal Jobmatch mandatory
People claiming Jobseekers Allowance can be mandated to register with Universal Jobmatch if the Jobcentre Plus deems it appropriate. Failure to register, if mandated, may result in a benefit sanction.

April 2013 – up-rating of benefits
Most working age benefits and tax credits will be up-rated by only 1% for three years. This does not include disability and carers premiums nor the support component of ESA, all of which will continue to be linked to the CPI. Increases in LHA rates are not linked to actual rental figures but are up-rated in line with the CPI for the first year, but thereafter will also only be up-rated by 1% for two years from 2014.

April 2013 - Size-related restrictions to Housing Benefit for Social Housing and Affordable Rent tenants of working age
From April 2013 size related restrictions apply to working-age households who are occupying accommodation larger than they need. These restrictions already apply to the private rented sector but will be extended to social housing including housing let under the Affordable Rent model. People deemed to be occupying accommodation larger than they need will have reductions made to the amount of rent eligible for Housing Benefit. This will be 14% for one extra room and 25% for two or more.

Pensioners are exempt from this change as are claimants in "exempt supported accommodation". In addition, an extra room can be allowed for a carer (or team of carers) who do not live with the client but provide them or their partner with overnight care. The government has also announced amendments to the regulations to allow one additional bedroom in the calculation for approved foster carers, and to protect households where a bedroom is left temporarily empty by a member of the armed forces on deployment. Although there is no provision in the regulations to allow an extra bedroom when it is not appropriate for a severely disabled child to share with a sibling the DWP has recently withdrawn its Supreme Court appeal against the judgement in Burnip et al, which decided that an extra bedroom could be awarded in this situation. It has advised local authorities that they should allow an extra bedroom in these circumstances. Further clarification is awaited regarding disabled adults following a legal challenge.

April 2013 - Total benefit cap for claimants of working age
This is being piloted in four London Boroughs from April 2013, and phased in across the rest of the country between 15 July 2013 and the end of September 2013. The cap will be £500 per week for a couple or lone parent or £350 per week for a single person. Some people are exempt including pensioners, people working over 16 hours, people getting certain disability benefits or war/war widows pensions. In addition, the cap will not be applied for a 39 week grace period if a new benefit claimant was in employment for the previous 52 weeks and lost their job through no fault of their own. Although Housing Benefit is included in the list of benefits that count towards the cap, Housing Benefit paid in respect of "exempt supported accommodation" will not be included.

April 2013 – abolition of Council tax Benefit
From 1 April 2013 Council Tax Benefit has been abolished and local authorities are responsible for implementing their own local schemes of Council Tax Support (CTS). At the same time the Government grant to local authorities for Council Tax Support has been cut by 10%. People of

pensionable age are protected (due to Government stipulations) and will receive the same amount of discount as they did under Council Tax Benefit.

Following consultation, all Kent authorities have based their local schemes on current Council Tax Benefit rules, but with various percentage reductions in benefit for working age claimants. Non-means-tested discounts/exemptions for empty properties have also been removed or restricted.

Late in 2012, the government announced additional transitional funding for 2013/2014 available to authorities that limited the reduction to working age claimants to 8.5%. In Kent, most districts have opted to only reduce Council Tax Benefit by 8.5%. The exceptions are Canterbury, Dover and Thanet, where the reduction will be even lower, at 6%.

There are around 70,000 working age benefit recipients in Kent, who will have to pay an additional 8.5% (or 6.0% in the 3 East Kent districts), towards their Council Tax bills in 2013/14. Between 30,000 and 40,000 households will receive a Council Tax bill for the first time, so will now have to pay the minimum 8.5% or 6.0% charge. The remainder will already be paying a proportion of their bill on a sliding scale and they will face a reduction in support of either 8.5% or 6.0%.

April 2013 – ending of Crisis Loans and Community Care Grants
From April 2013 Community Care Grants and Crisis Loans for Living Expenses (two elements of the Discretionary Social Fund) no longer exist. The funding for these schemes has been allocated to local authorities (the county council in 2 tier areas) so that they can design their own schemes to meet local conditions. In Kent the funding is being used for the new Kent Support and Assistance Service (KSAS).

The DWP will continue to administer Budgeting Loans, available to claimants of means tested benefits to assist with planned one off expenses. Budgeting Advances will be available via Universal Credit. The DWP will also be able to make Short Term Advances to new claimants awaiting their first payment of benefit or increases due to changes in circumstances.

April/June 2013 - Personal Independence Payment to replace DLA
From April 2013 DLA for people of working age will be gradually replaced with a new benefit called Personal Independence Payment (PIP). This change will not affect children under 16 and people aged 65 or above. Attendance Allowance (which is a similar benefit for people aged 65 and above) will also not be affected. However, there has been no guarantee that these benefits will not be considered for reform in the future and the DWP has stated that the experience of reassessing the working-age caseload will be used to inform any future decisions on the treatment of children and those over 65.

It has recently been announced that the switch from DLA to PIP will take place at a slower rate than previously stated. From April 2013 new claims will be taken for PIP but only in parts of the North West and North East. This will be extended to all areas, including Kent, from June 2013. Existing DLA claimants aged between 16 and 64 will be invited to make a claim for PIP in stages between October 2013 and March 2018. Between October 2013 and October 2015 people who report a change in their condition, who reach the end of a fixed-period claim or who reach the age of 16 will be invited to make a claim for the PIP. From October 2015 this will be extended to all remaining claimants. The peak period for reassessments will now be between October 2015 and October 2018. There will be no automatic transfer and people failing to make a claim, when invited, will lose their benefit.

October 2013 - introduction of Universal Credit
Universal Credit will replace the main means-tested benefits and tax credits currently paid to people of working age that are out of work or on low wages.

Universal Credit will replace:

- income-based Jobseekers Allowance
- income-related Employment and Support Allowance
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit

Universal Credit is expected to go live nationally in October 2013. From April 2013 a Universal "Pathfinder" programme was due to take place in Tameside, Oldham, Wigan and Warrington but has only gone live in one district so far. The findings from the Pathfinder will be used to make changes to the system if necessary.

The latest information is that Universal Credit will start to take new claims from unemployed people in October 2013. For people in work, and for all other new claims, this process will begin in April 2014. The remainder of current claims will be moved to Universal Credit from 2014, with the process being complete by 2017/18.

Universal Credit shares much of the same structure of the existing benefits and tax credits system. Like all means-tested benefits, Universal Credit will assess the needs of the claimant and test these against their existing resources. However, instead of several separate benefits carrying out assessments with complex inter-linking, passporting and overlapping rules, there will be one single method of reduction of benefit from a maximum figure of Universal Credit. Universal Credit will be calculated and paid on a monthly basis.

Key Features

Transition to work smoother
There will be less of a division between unemployment and employment. People will receive the same benefit - Universal Credit - at different rates, as their hours of work move up and down from zero to full-time work.

Disregards
The ‘disregard’ - the amount of earnings which people are allowed to keep before it affects their benefit - will be made larger for some groups in Universal Credit. This disregard will however be reduced sharply, with a much lower minimum, for those who need help with their housing costs.

One standard deduction rate of 65%
There will be one single, standard rate of deduction from net earnings. People will be able to keep more of any increase in earnings than under the current rules.

On-line benefit claims
Claiming Universal Credit will be done over the internet, be much more automated, and there will be a single point for contacting the benefits system. There will be no hard copy claim forms and backdating will be limited to one month.

Single monthly payment
For nearly all claims there will be a single monthly payment to one member of the household who will then have to manage this money to pay all outgoings including rent. Rent will not be paid direct to landlords except in exceptional cases. In exceptional cases split payments and fortnightly payments may be available. Universal Credit will automatically, month by month, reflect changes in earnings from employment, for most claimants, using a new HMRC PAYE computer system.

Mortgage Support
Information known to date is that help with mortgage interest for home owners will be limited to those with no earnings. There will be a two year limit on payment of mortgage support for those without disabilities.

Capping of total benefits
Total amounts of benefit for claimants not in receipt of DLA, the support component of ESA, industrial injuries benefits, war pensions or working over 16 hours/week will be limited to the median level of earnings of working families or single people. Initially the cap is to be set at £500 per week for a couple or lone parent and £350 per week for a single person.

Transitional Protection
Transitional protection will ensure that nobody receiving benefits will move onto a lower cash amount when transferring to Universal Credit. This protection will be eroded as benefit rates increase each year.

Sanctions and penalties
There will be more ‘conditionality’ - benefit penalties for people who do not meet job-seeking conditions. The groups which must meet these conditions will be extended. Universal Credit will have a ‘claimant commitment’ which will be a formal statement of requirements and penalties. However if a person’s situation changes (e.g. they first claim when healthy but then become disabled) their level of conditionality can change whilst remaining on Universal

Credit. Failure to disclose information, report changes or negligence may result in financial penalties.

Help with childcare costs
The current help provided via Working Tax Credit of limiting help to 70%** of approved childcare costs up to certain limits will be maintained. However, help will be extended to people working less than 16 hours (currently a person has to be working at least 16 hours a week).

Recent announcements have indicated that people earning over £10,000 per annum will receive help with up to 85% of childcare costs.

It is important to note that whatever percentage is applied there are overall limits, currently set at £175 per week for one child and £300 per week for two or more children.

** In practice those also in receipt of Housing and Council Tax Benefit can receive help under the current system with up to 95% of childcare costs. Under the new system only one percentage will apply (either the 70% or 85%).

3. Current Context

There are some 120,000 people of working age claiming benefits in Kent. This section sets out more information about current Kent benefit claimants and projected numbers. The latest data (November 2012) for those of working age (16-64) claiming benefit, is shown in Table 1 below, with further breakdowns in Figure 1 overleaf.

Table 1 – Benefits claimants aged 16-64, by statistical group.

	Any Benefit	Job seekers	ESA & Incapacity Benefits	Lone Parents	Carers	Others on income related benefits	Disabled	Bereaved
Ashford	**8,790**	1,890	3,650	970	920	260	970	130
Canterbury	**11,030**	2,280	5,050	940	1,140	330	1,100	180
Dartford	**7,210**	1,690	2,880	900	700	170	750	120
Dover	**10,440**	2,550	4,460	900	1,090	330	960	150
Gravesham	**9,170**	2,400	3,610	1,000	950	260	810	140
Maidstone	**10,660**	2,420	4,570	1,040	1,100	260	1,060	200
Sevenoaks	**5,900**	1,170	2,460	630	660	150	680	140
Shepway	**10,760**	2,680	4,640	940	1,060	360	950	130
Swale	**13,890**	3,270	5,770	1,480	1,530	390	1,280	160
Thanet	**16,920**	4,770	7,090	1,410	1,650	540	1,310	160
Tonbridge & Malling	**6,990**	1,440	2,860	710	840	180	800	160
Tunbridge Wells	**5,990**	980	2,950	530	600	160	610	160
Kent	**117,740**	27,540	50,000	11,450	12,220	3,390	11,300	1,830
Medway	**25,840**	6,630	10,320	2,800	2,630	690	2,400	380
Kent + Medway	**143,580**	34,170	60,320	14,250	14,850	4,070	13,700	2,210
GoSE	**568,610**	131,070	246,910	55,150	53,300	16,360	55,160	10,660
GB	**5,621,910**	1,443,280	2,491,320	510,030	503,820	156,000	441,640	75,820

Source: DWP November 2012

The table above shows the statistical grouping of benefits claimants of working age. These groupings are used by the DWP to determine the main reason why a person is claiming benefit. For these statistical groups benefits are arranged hierarchically and claimants are assigned to a group according to the highest ranking benefit which they receive. Therefore each group will not show the total number of people claiming that particular benefit. This table should be considered in conjunction with Table 2 on page 15. The groups, in their position in the hierarchy are as follows:

Statistical Group	**Benefit claimed**
Jobseekers	Jobseekers allowance
ESA & incapacity benefits	Employment Support Allowance, Incapacity benefit, Severe Disablement Allowance
Lone parents	Income Support with a child under the age of 16 and no partner
Carers	Carer's Allowance
Disabled	Disability Living Allowance, Attendance Allowance or Industrial Injuries Benefit
Bereaved	Widow's Benefit, Bereavement Benefit or Industrial Death Benefit
Others on income related benefits	This includes other Income Support claimants or those claiming Pension Credit under age 65

Table 2 – Total claimants of specific benefits in Kent districts

District	JSA	ESA and legacy IBs	IS (excl IB)	DLA 16-64	Carers A
Ashford	1,890	4,400	1,270	3,470	1,840
Canterbury	2,280	6,210	1,320	4,680	2,370
Dartford	1,690	3,400	1,100	2,500	1,300
Dover	2,550	5,150	1,270	4,120	2,190
Gravesham	2,400	4,290	1,300	3,030	1,650
Maidstone	2,420	5,490	1,350	3,950	2,120
Sevenoaks	1,170	2,970	810	2,380	1,300
Shepway	2,680	5.860	1,310	4,350	2,210
Swale	3,270	6,960	2,030	5,230	3,050
Thanet	4,770	8,720	2,050	6,260	3,170
Tonbridge & Malling	1,440	3,410	910	2,810	1,530
Tunbridge Wells	980	3,590	700	2,530	1,120
TOTAL	**27,540**	**60,450**	**15,420**	**45,310**	**23,850**

Source: KCC table using DWP November 2012 data

The table above shows the total numbers claiming specific benefits in each Kent district. Some people will be in more than one category – for example someone receiving DLA may also be receiving ESA; someone receiving Carers Allowance may also be receiving Income Support. This table should be considered in conjunction with Table 1 on page 14.

Key to above table

JSA - Jobseekers Alowance (note that the figures for JSA will be the same in this table and in Table 1 because JSA is first in the hierarchy as explained on the previous page)

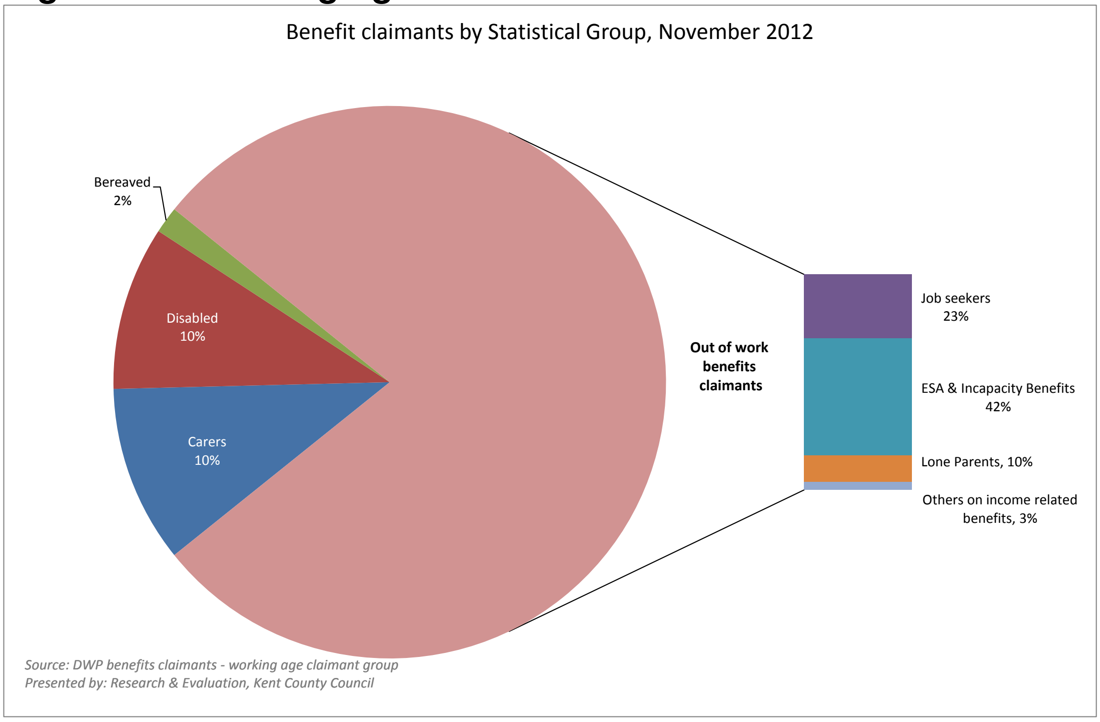
ESA and legacy IBs - this include those on ESA or one of the old legacy incapacity-based benefits (Incapacity Benefit, Severe Disablement Allowance or Income Support on the basis of incapacity)

IS (excl IB) – this includes all those claiming Income Support except those claiming on the basis of incapacity; those claiming as lone parents or carers, amongst other categories, will be included in this group

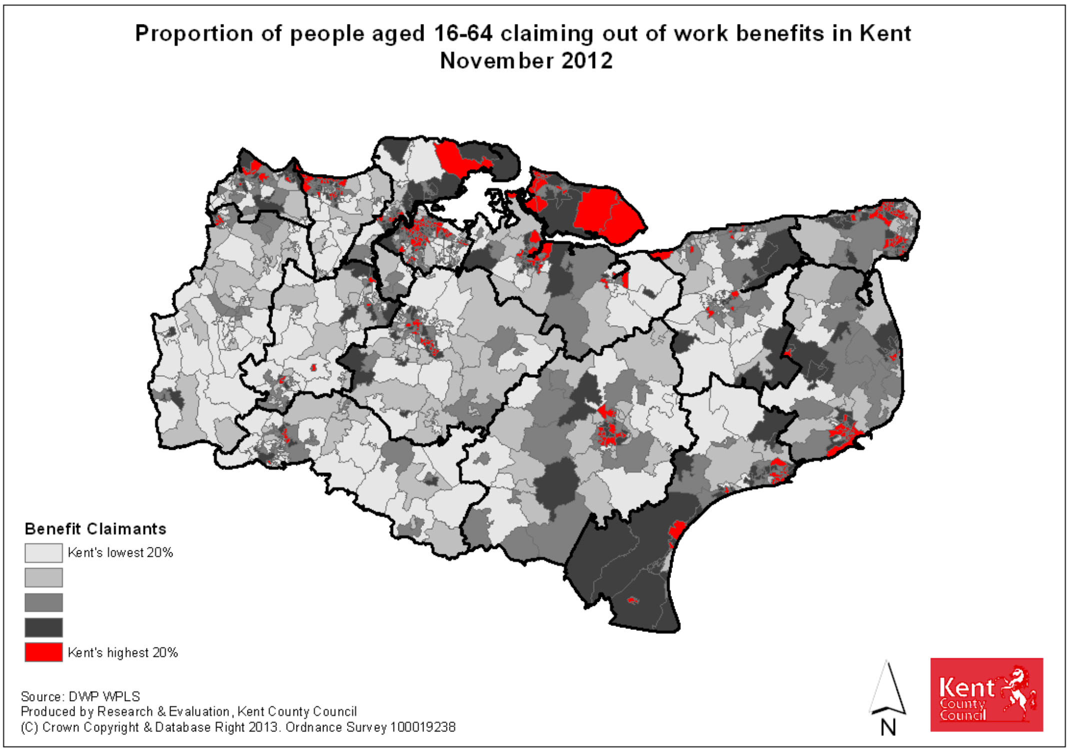
DLA 16-65 - this includes those receiving (or with underlying entitlement to) Disability Living Allowance between the ages of 16 and 65.

Carers A - this includes those receiving (or with underlying entitlement to) Carers Allowance of all ages. All ages were included as there will be many older carers caring for people of working age (the focus of this report). It should be noted that most people over pension age only have underlying entitlement to Carers Allowance because they cannot receive it and also state pension at the same time. This underlying entitlement can, however, still be worthwhile as it can passport the individual to higher levels of Pension Credit.

Figure 1 – Working age benefit claimants in Kent

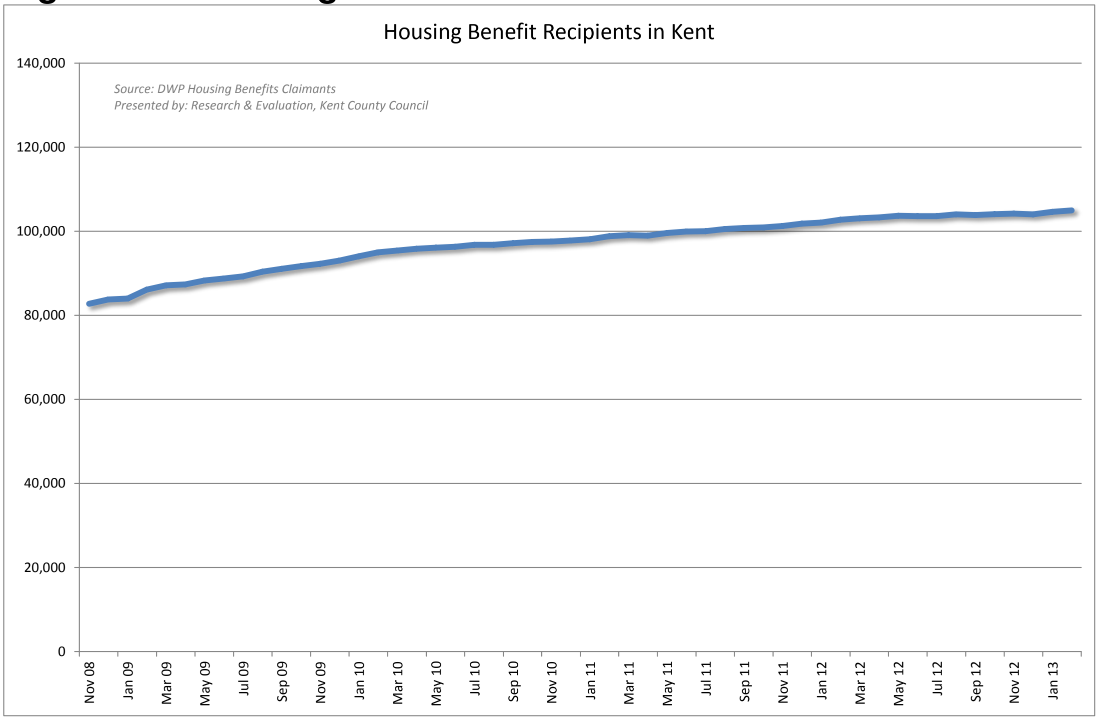


Map 1 – Proportion of people aged 16-64 claiming out of work benefits in Kent.



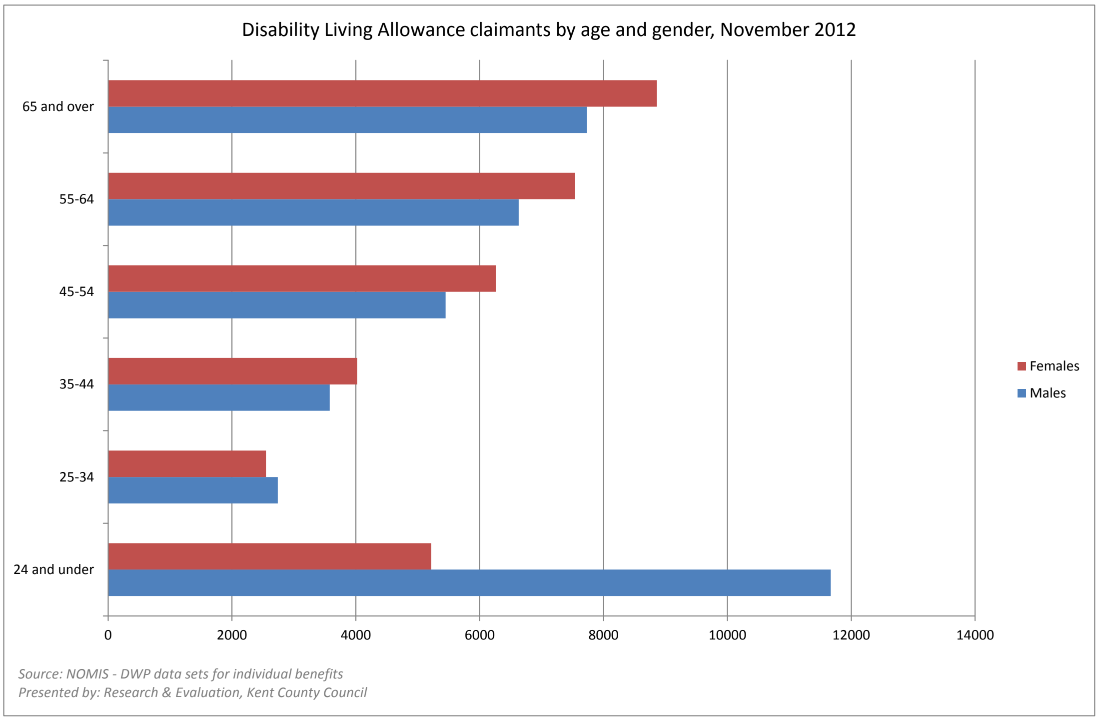
This pattern of distribution is broadly similar to other indicators of need, such as: deprivation, poverty and low income, in that the concentrations are to be found mainly (though not exclusively), in urban areas of the county, many of which are in coastal locations. More detail about the geographical distribution of benefit claimants, and the projected impact of the welfare reforms on different communities within Kent, is included in section 5.2 on page 24.

Figure 2 – Housing benefit claimants in Kent



The number of Housing Benefit claimants increased rapidly during the period November 2008 to April 2010. The number of claims then increased at a slower rate from April 2010 to May 2012 and has then remained at a fairly constant level.

Figure 3 – Disability Living Allowance claimants in Kent



The number of males aged 24 and under, claiming DLA, is far greater than the number of females in this category. This is due to higher levels of learning difficulties, behavioural difficulties and hyperkinetic syndromes among young males. The significantly greater numbers of young people claiming DLA, compared to older age groups, is a national pattern, not unique to Kent, and suggests that there will be a steady growth in demand for support for adults with disabilities, independent of the welfare reform changes.

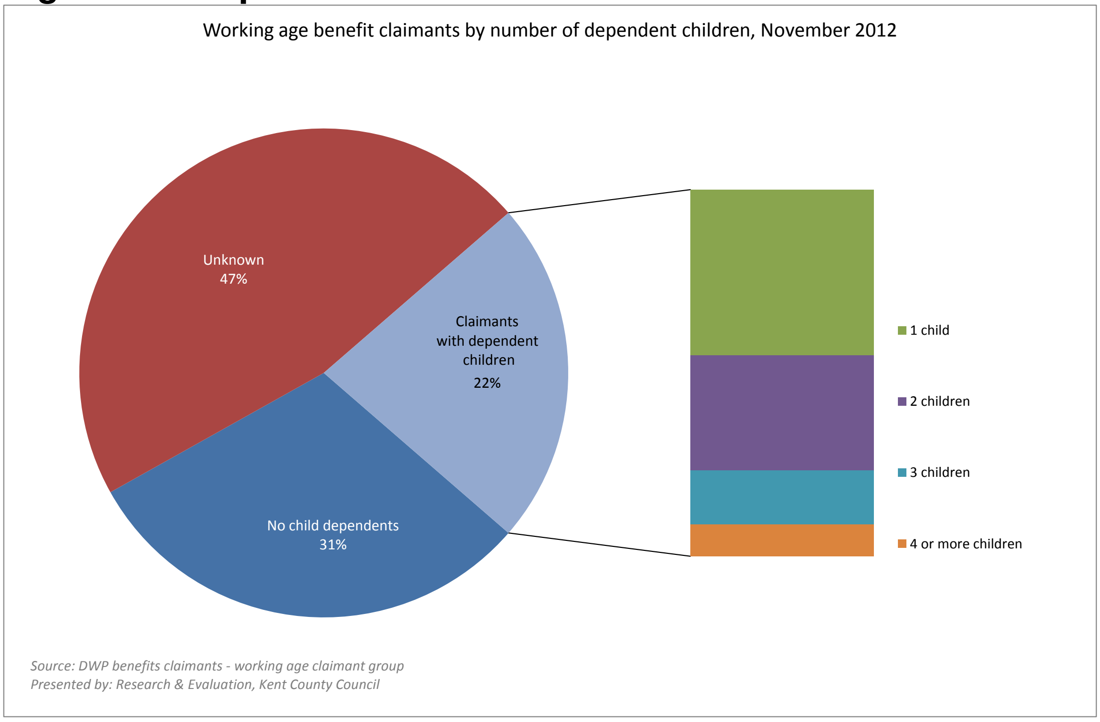
Table 3 – Number of DLA cases in payment

Number of DLA Cases in Payment in KCC Local Authority Districts - November 2011

	All cases in payment	16-64 in payment	*Average Weekly Amount (£)*	*Weekly "DLA Benefit Bill" for 16-64s*
Ashford	5,150	3,370	*73.24*	*£246,800*
Canterbury	7,140	4,540	*73.76*	*£334,900*
Dartford	3,910	2,390	*73.81*	*£176,400*
Dover	6,430	4,080	*73.51*	*£299,900*
Gravesham	4,760	2,950	*73.82*	*£217,800*
Maidstone	5,860	3,810	*72.67*	*£276,900*
Sevenoaks	3,820	2,360	*74.89*	*£176,700*
Shepway	6,600	4,290	*72.86*	*£312,600*
Swale	8,110	5,000	*73.74*	*£368,700*
Thanet	9,590	6,200	*73.88*	*£458,100*
Tonbridge and Malling	4,320	2,710	*73.13*	*£198,200*
Tunbridge Wells	3,620	2,450	*71.71*	*£175,700*
KCC Area	**69,310**	**44,150**		***£3,242,700***

Source: DWP November 2011

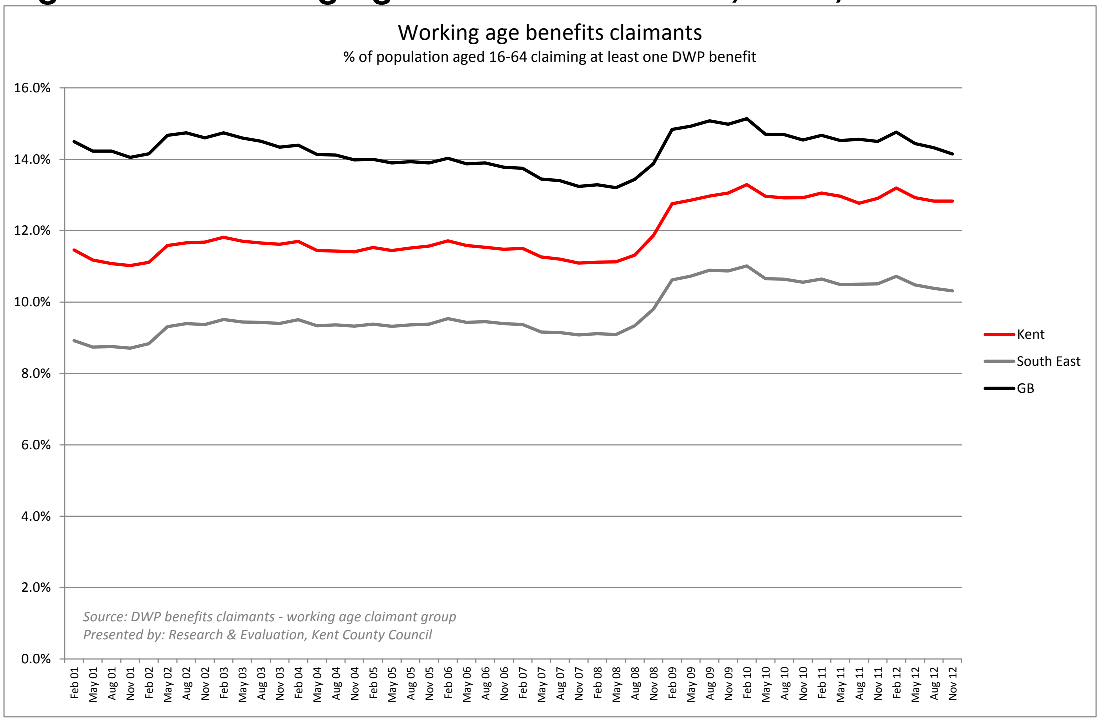
Figure 4 – Dependent children in Kent



There are a high number of cases where the number of children is not known (as not all districts record this) so the chart does not present a complete picture.

Figure 5 compares the proportion of working age (16-64) people claiming at least one DWP benefit, between February 2001 and November 2012, for Kent, the south east and Great Britain. It shows that the proportions in Kent claiming benefits are higher than the Southeast average but below the national average. It also shows that the relative position has changed over time and that the proportion is now closer to the national average than it was at the beginning of this period.

Figure 5 – Working age benefit claimants, Kent, SE & GB



4. Projected numbers of people affected in Kent

The following two tables, taken from the work done by the University of Sheffield Hallam's April 2013 report (see pages 25-8 for more details), summarise the estimated number of households impacted by each of the reforms (excluding Universal Credit). It must be emphasised that these are estimates, but are "deeply rooted in official statistics – for example in the Treasury's own estimates of the financial savings, the government's Impact Assessments, and benefit claimant data."

Table 4(A) – Estimated numbers of people affected by benefit changes

	Housing Benefit: Local Housing Allowance	Housing Benefit: Under-occupation	Non-dependant deductions	Household benefit cap	Council Tax Benefit
Ashford	2,200	600	500	70	5,200
Canterbury	3,200	700	600	80	6,100
Dartford	1,600	500	400	50	4,300
Dover	3,500	600	600	70	6,100
Gravesham	2,400	600	500	80	5,700
Maidstone	2,600	700	600	70	6,300
Sevenoaks	1,000	500	300	40	3,400
Shepway	4,300	500	600	90	6,500
Swale	3,900	700	700	110	8,000
Thanet	7,700	700	900	130	11,000
Tonbridge and Malling	1,200	600	400	50	4,100
Tunbridge Wells	1,600	500	400	50	3,900
Kent	**35,200**	**7,200**	**6,500**	**890**	**70,600**

Table 4(B) – Estimated numbers of people affected by benefit changes

	Disability Living Allowance	Incapacity benefits	Child Benefit	Tax Credits
Ashford	800	1,500	15,900	8,600
Canterbury	1,100	2,100	15,800	8,700
Dartford	600	1,200	13,100	6,600
Dover	1,000	2,100	13,100	8,200
Gravesham	700	1,700	13,300	7,900
Maidstone	1,000	1,700	19,300	8,600
Sevenoaks	600	1,100	14,300	5,100
Shepway	1,100	2,200	12,800	8,100
Swale	1,300	2,700	17,900	10,300
Thanet	1,500	3,400	17,000	13,300
Tonbridge and Malling	700	1,200	15,700	6,600
Tunbridge Wells	600	1,200	14,100	5,400
Kent	**11,000**	**22,100**	**182,300**	**97,400**

It should be noted that significant numbers of people are likely to be affected by more than one of the reforms, but we do not have a way of measuring this.

The overall impact of the Welfare Reforms are likely to be felt across the county, but more concentrated in those areas with high numbers of current benefit claimants. At the very local level this may lead to concentrations on particular social housing estates and other low income areas.

5. Potential cumulative impact of the changes

5.1 Incentives to work

Evidence shows that, in general, being in work is good for physical and mental health and that unemployment leads to poorer health. Also, people who move from worklessness into work will usually have greater income (particularly in the longer term), with all the associated advantages that this brings.

The reforms as a package are therefore designed to reduce unemployment, and they provide increased incentives to work (full and part-time) for most people. This is through a combination of:

- Reduced support for out of work claimants
- The structure of Universal Credit allowing many claimants to keep more of their income than currently and an easier transition to work; although this will vary by type of household
- The enhanced sanctions regime for those claimants not complying with the work-related conditions imposed on them

The Institute of Fiscal Studies (IFS) has undertaken extensive research into the impact of Universal Credit on work incentives.[1] It has concluded that the new benefit will strengthen work incentives for those who have the weakest work incentives at the moment but, crucially, the extent of work incentives or disincentives will vary between type of household.

- There will be a substantial increase in work incentives for the first earner in a couple, particularly for those with children at very low levels of earnings. For single adults with and without children Universal Credit will generally strengthen work incentives, particularly at lower earnings levels.
- On the other hand, second or potential second earners with children will see their work incentives weaken, particularly if they have low earnings (less than £20,000 per annum).

With regard to the incentive to increase earnings once in paid work, the IFS report has considered the Effective Marginal Tax Rate (EMTR) and the impact of Universal Credit on it. Considering the EMTR by claimant group, the IFS study concludes that Universal Credit will:

- for single earner couples (especially those with children at lower earnings levels) increase their EMTR and hence weaken the incentives to increase earnings

[1] IFS Report R77 – 'Universal Credit in Northern Ireland: what will its impact be, and what are the challenges?' by Browne, J. and Roantree, B. (2013)

- for two-earner couples increase their EMTR and therefore decrease incentives to earn more but only at earnings levels below £10,000 if they have children
- for lone parents on low earnings below £17,000 decrease their EMTR and increase in incentives to increase earnings
- for single adults without children their EMTRs are slightly increased at low earnings levels

The situation with regard to work incentives is not straightforward for those people who receive support with mortgage interest payments (SMI). Under the current system, this is only provided for those people on out of work means-tested benefits, that is the claimant must be working less than 16 hours per week. Under Universal Credit SMI will only be available for people doing no work at all, so will be withdrawn as soon as a person starts work regardless of the hours. Thus, there will be a situation for some who, once they start work, lose all their SMI but whose earnings do not fully compensate for this fact (even given the higher earnings disregards for those who are not receiving any support for housing costs).

The above situation is further complicated by the fact that support for Council Tax (previously Council Tax Benefit) has been kept outside of Universal Credit. This has the potential to undermine the work incentives that exist for many within Universal Credit. The extent to which this happens in Kent, will depend, to a large extent, on the way councils decide to treat Universal Credit in the means-test for Council Tax Support. This has yet to be finalised.

For those with childcare costs the situation is also far from straightforward. As outlined on page 13, Universal Credit will only help with childcare costs up to either 70% or 85% (for those earning over £10,000) and up to certain maximum limits. Therefore, for some (particularly those earning less than £10,000) work will not pay. To make work pay the gains from working/increasing hours have to exceed the 30% or 15% of childcare costs claimants have to pay themselves. This is even before the maximum limits are taken into account.[2]

5.2 Unemployment and Economic Development

Unemployment

Whether or not the incentives to work will lead to a fall in unemployment in Kent is difficult to predict given the interrelationship of the benefit system with the state of the economy and the skills set of claimants. The Government has estimated[3] that within 2-3 years of Universal Credit being introduced, unemployment will reduce nationally by 300,000, although not all the new jobs will be full-time.

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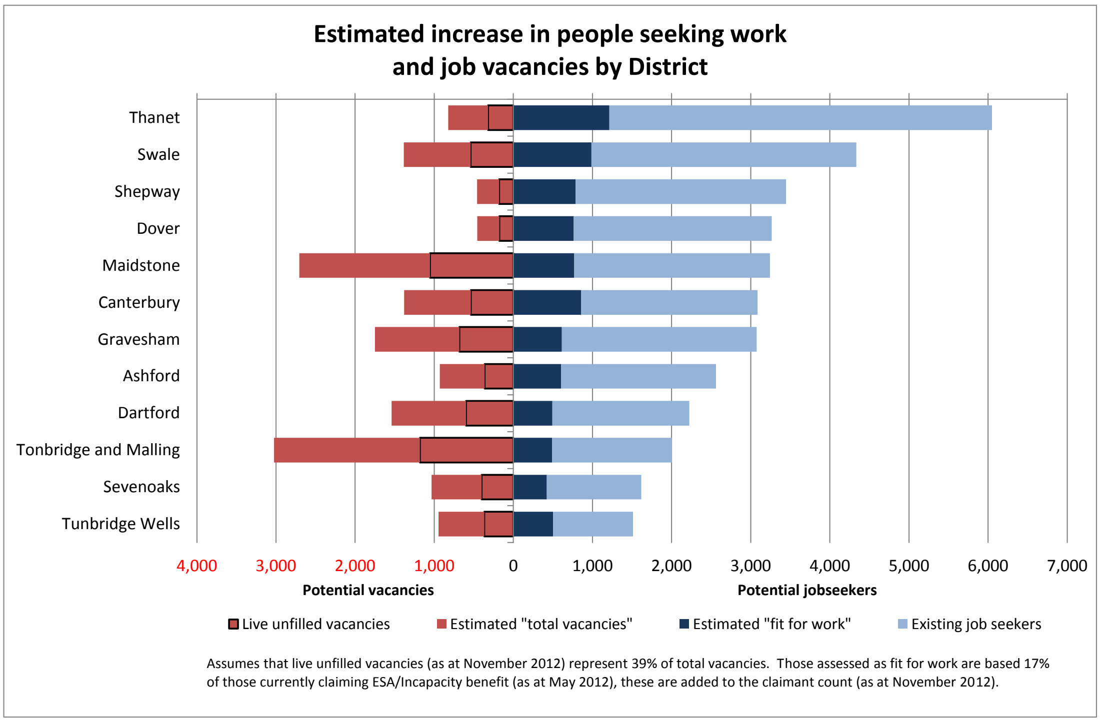
[2] Citizens Advice briefing on support for childcare costs in Universal Credit, May 2013.
[3] 2011 Universal Credit Impact Assessment

Of relevance to this issue is the extent to which the expansion of the private sector will continue and if it does, whether it will be sufficient to provide both the quantity and types of jobs to allow a significant proportion of those on benefits to move into work, or to increase their hours (people in low pay, particularly those in part-time employment, are still likely to rely on benefits).

As a result of the range of welfare reforms, including the reassessment of claimants currently on incapacity-related benefits (with many being declared “fit for work”), there will be a shift in the balance of jobseekers and vacancies within the local labour markets. Demand for jobs (and numbers of people on Jobseekers Allowance) is likely to increase significantly. The creation and availability of entry-level jobs is the key to communities being able to adapt to the reforms, but within Kent, the level of those seeking work already exceeds that of the available vacancies as the diagram below illustrates.

Figure 6 – Estimated balance of job seekers and vacancies in Kent



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. This presents challenges for skills development and also for employers. Another impact could be that more people have to travel long distances to work, with ensuing implications for public transport. As more parents move into work, demand for local, affordable childcare will increase. For some parents this will be a significant barrier to being able to adapt to the welfare reforms.

Economic Development

The overall impact of the Welfare Reforms will be felt to some degree across the county, although they will be particularly concentrated in those areas with high numbers of current benefit claimants. At the very local level this may lead to concentrations on particular social housing estates (where, for example, the new rules around under-occupancy in social housing will hit hardest) and other low income areas.

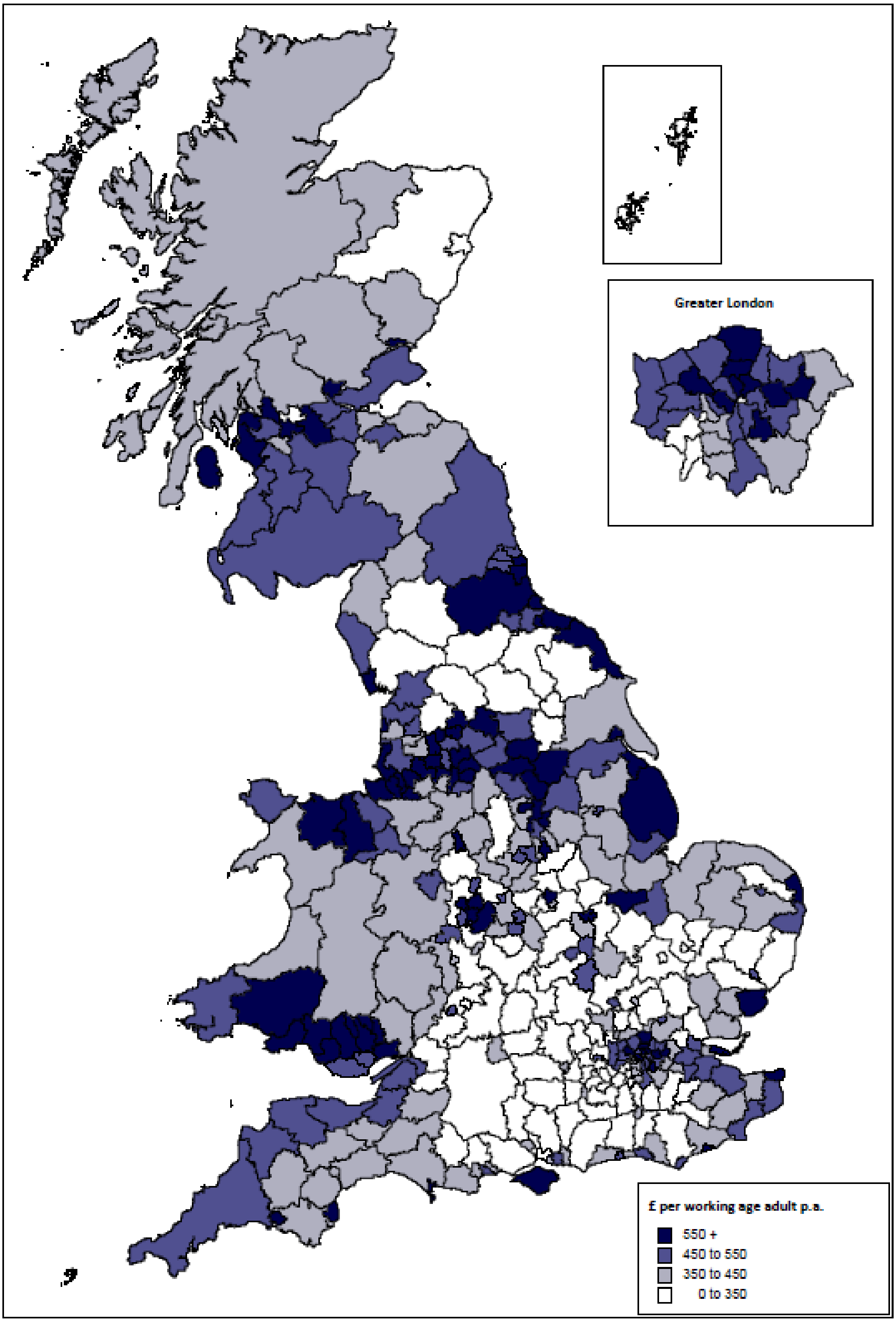
The Centre for Regional Economic and Social Research (CRESR), at Sheffield Hallam University, published a report in April 2013 titled “Hitting the poorest places hardest”, which assessed the local and regional impact of Welfare Reform.

The key findings of the report were:

- When the present welfare reforms have come into full effect they will take nearly £19bn a year out of the economy. This is equivalent to around £470 a year for every adult of working age in the country.
- The biggest financial losses arise from reforms to incapacity benefits (£4.3bn a year), changes to Tax Credits (£3.6bn a year) and the 1 per cent up-rating of most working-age benefits (£3.4bn a year).
- The Housing Benefit reforms result in more modest losses – an estimated £490m a year arising from the ‘bedroom tax’ for example – but for the households affected the sums are nevertheless still large.
- Some households and individuals, notably sickness and disability claimants, will be hit by several different elements of the reforms.
- The financial impact of the reforms, however, varies greatly across the country. At the extremes, the worst-hit local authority areas lose around four times as much, per adult of working age, as the authorities least affected by the reforms.
- Britain’s older industrial areas, a number of seaside towns and some London boroughs are hit hardest.
- Blackpool, in North West England, is hit worst of all – an estimated loss of more than £900 a year for every adult of working age in the town.
- The three regions of northern England alone can expect to lose around £5.2bn a year in benefit income.
- As a general rule, the more deprived the local authority, the greater the financial hit.
- A key effect of the welfare reforms will be to widen the gaps in prosperity between the best and worst local economies across Britain.

Map 2 shows the distribution of the overall financial loss arising from welfare reform by 2014/15, expressed as £ per working age adult per annum and the impacts of each of the main reforms are set out in tables 8 to 18 in Annex 1.

Map 2 – Overall financial loss arising from welfare reform 2014/15

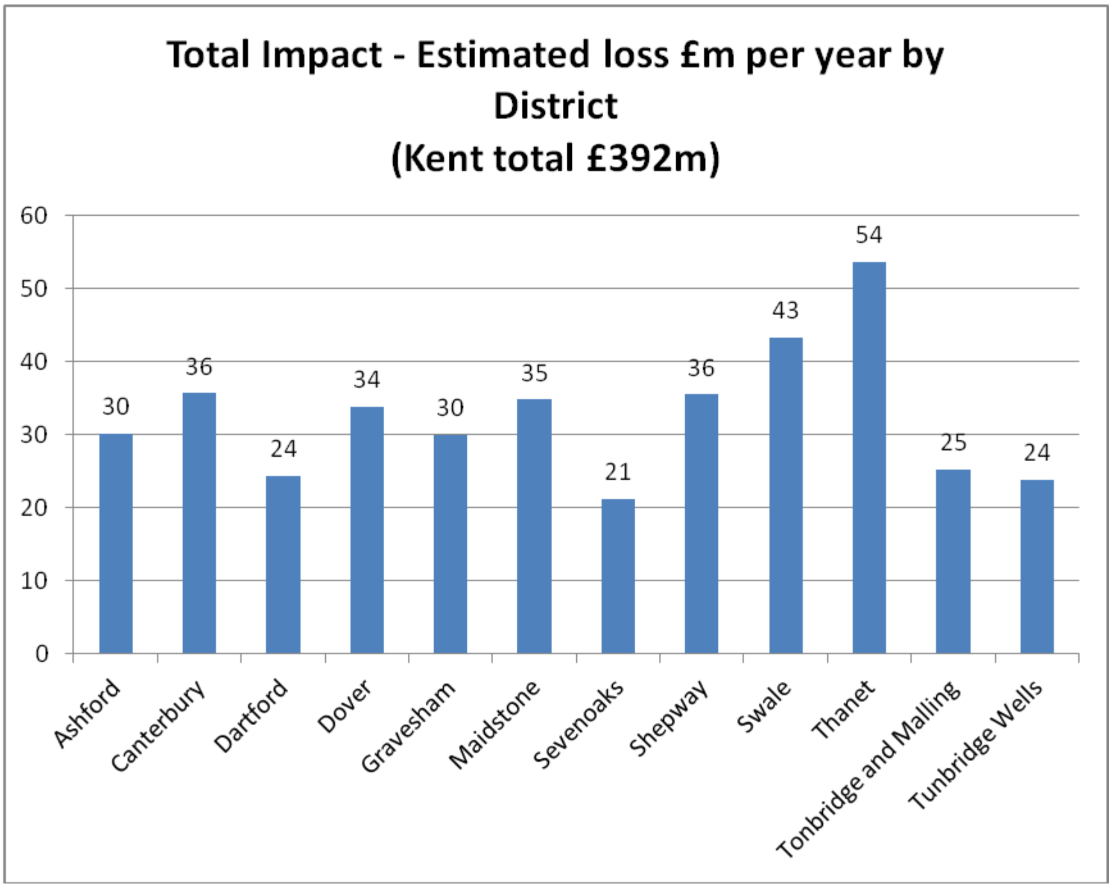


[(1)]Except DLA by 2017/18, incapacity benefits and 1% uprating by 2015/16

Source: Sheffield Hallam estimates based on official data

The financial total impact of welfare reforms in Kent can be estimated at £392 million (the Kent total of the Sheffield Hallam study's District estimates). As shown in Figure 7 below, each District area can expect to lose several millions of pounds in current benefits with Thanet losing the most.

Figure 7 – Cumulative financial impact by District Area



Data Source: Sheffield Hallam estimates

On this basis, and on the average loss per working age adult in local authorities used in the study, Thanet is the hardest hit of all the Kent Districts, ranking 18th out of the 379 local authorities in Great Britain. Shepway is the second hardest hit in Kent, ranking 95th. It is important to appreciate that people receiving benefits tend to spend all their money (rather than saving it) and also to spend that money locally. So the impact on local economies of losing this local spending power could be very significant in the most deprived parts of Kent.

The report found that three types of area are hit hardest by the reforms:

- ***The older industrial areas of England, Scotland and Wales*****.** These include substantial parts of North West and North East England, the

South Wales Valleys and the Glasgow area in Scotland. Older industrial areas account for the largest proportion of the worst-hit places.

- ***A number of seaside towns*.** These include Blackpool, Torbay, Hastings, Great Yarmouth and Thanet (which includes Margate). Not all seaside resorts are badly hit but this group – which includes several of the least prosperous – matches the impact on older industrial areas.
- ***Some London boroughs*.** These include not just those that have traditionally been identified as 'deprived' (e.g. Hackney) but also boroughs such as Westminster and Brent.

The Sheffield Hallam Report can be found by clicking here.

5.3 Poverty across different household types

Some early estimates were made by the Department for Work and Pensions (DWP) and the Institute for Fiscal Studies (IFS), on the likely impact of the introduction of Universal Credit on different individuals/households. Using these estimates, it is possible to calculate the potential effect on Kent, assuming that Kent is affected in proportion to its population.

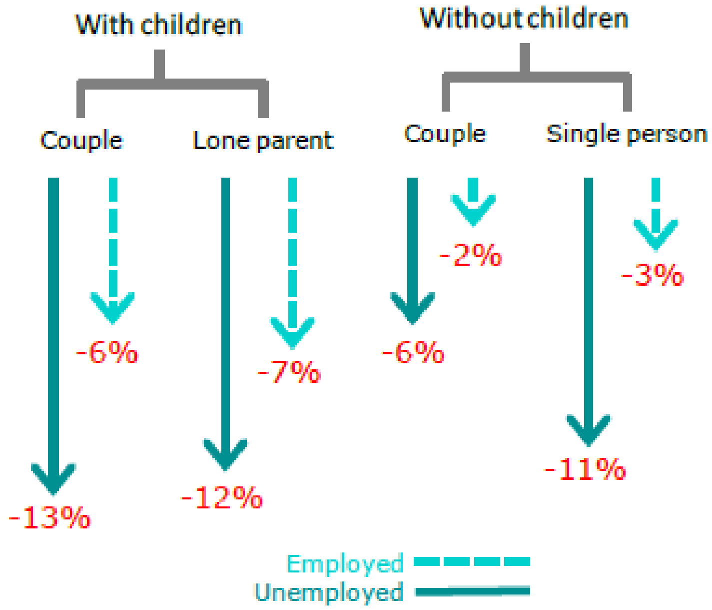
Table 4(C) – Estimated numbers affected by household type

	National	**Estimated Kent equivalent**
"On reasonable assumptions, the combined impact of take-up and entitlements might lift the following out of poverty:"		
Individuals	950,000	18,100
Children	350,000	6,500
Working age adults	600,000	11,600
Source: "Impact Assessment", DWP - February 2011.		
The winners and losers as a result of the introduction of Universal Credit, among working age-families will be:		
Working-age families who will lose	1,400,000	37,800
Working-age families who will gain	2,500,000	67,600
Working-age families who will see no change	2,500,000	67,600
Source: "Universal Credit: A Preliminary Analysis", IFS - 2011		
The winners and losers as a result of the introduction of Universal Credit, among lone parents will be:		
Lone parents who will lose	370,000	8,800
Lone parents who will gain	610,000	14,400
Lone parents who will see no change	670,000	15,800
Source: "Universal Credit: A Preliminary Analysis", IFS - 2011		

Prepared by: Research & Evaluation, Kent County Council
Based on proportions from DWP applied to Kent

The Institute of Fiscal Studies (IFS) has estimated the impact that the proposed benefits changes may have on different household types. They have concluded that those likely to lose most from the changes are those who are not in work, as the diagram below illustrates.

Figure 8 – Losses from tax and benefit changes by household type



Note: Based on changes to be introduced between January 2011 and April 2014, with Universal Credit

Source: Institute of Fiscal Studies

It needs to be remembered that certain changes, including the changes to the way benefits are up-rated, significantly affect people in work. The Institute of Fiscal Studies estimated that of 14.1m working age UK households with someone in work, some 7 million will see their entitlements reduced as a result of the 1% limit on uprating by an average of about £165 per year in 2015-16.

A very recent Institute of Fiscal Studies[4] report has looked at the impact on child and working age poverty from 2010 to 2020. It has considered not only the impact of Universal Credit but, importantly, the combined effect of all the welfare reforms. The report contains the following conclusions:

- The decade to 2010-11 saw large reductions in relative and absolute income poverty, heavily influenced by increases to benefits and tax credits for families with children.
- In the short run since 2011 both relative and absolute poverty have risen due to welfare changes. This increase is projected to slow down

[4] 'Child and Working-Age Poverty in Northern Ireland from 2010 to 2020', IFS Report R78, 2013 (the report considers the whole of the UK).

or stop between 2013-14 and 2016-17 as Universal Credit is phased in, increasing the incomes of low-income families.

- Beyond 2016-17 relative and absolute poverty is projected to increase for children and working age claimants as the poverty-reducing effect of Universal Credit is outweighed by the impact of other benefit reforms.
- In 2020-21 child poverty is projected to be 23.5% (relative) and 27.2% (absolute), compared to targets of 10% and 5% - but see the NB below.
- The welfare reforms introduced since April 2010 account for almost all of the increase in absolute child poverty.

NB: the IFS note in their report that, given forecasts of relatively strong economic growth after 2016-17, it is surprising that absolute poverty is projected to increase. They state that an important reason for this is that the Retail Price Index (RPI) is used to up-rate the absolute poverty line over time and that this is increasingly seen as overstating the true rate of inflation. They have calculated that if the CPI had been used, absolute poverty would be projected to increase to about 19.2% by 2020-21 rather than 27.2%.

The overall Benefit Cap

Using client level data from the DWP, supplied by Kent Districts, it has been possible to accurately summarise the immediate impact of the £500 benefit cap on households in Kent[5]. (See Table below).

[5] Research & Evaluation: “Benefit Cap – Mosaic Analysis3”

Table 5 – The number of households affected by a £500 benefit cap, by local authority

Local Authority	Households	Adults (within households)	Households as % of total
Ashford	24		3
Canterbury	87	120	9
Dartford	46	60	5
Dover	51	73	5
Gravesham	36		4
Maidsone	73	99	8
Sevenoaks	47	65	5
Shepway	91	129	10
Swale	101	145	11
Thanet	114	186	12
Tonbridge & Malling	44	81	5
Tunbridge Wells	37	53	4
Kent	751	1011	-
Medway	199	286	21
Kent & Medway	950	1297	100

Source: District level DWP data

The data provided included, for each household, the amount of housing benefit that will be lost per week as a result of the cap (ie from 15 July 2013). Table 5 summarises the levels to which households will be affected. It appears that for the districts that have been included in this analysis:

- just under 50% of households that are impacted stand to lose up to £50 per week as a result of the cap;
- a further 38% will lose between £50 and £150 per week; and,
- the remainder (14%) will lose between £150 and £550.

These reductions will have a significant impact on the households affected, many of whom could be already struggling financially.

Table 6 – Households affected by level of cap in Kent

Benefit reduction per week (£)	Households	Adults	% households
Up to £50	463	653	49
£50 to £100	233	325	25
£100 to £150	122	177	13
£150 to £200	60	96	6
£200 to £250	34	48	4
£250 to £300	8	12	1
Over £300	18	30	2
Not given	12	16	1
Total	950	1357	100

Source: District level DWP data

Households with children

The Institute for Fiscal Studies diagram on page 30 demonstrates that households with children will on average lose a greater proportion of income from the tax and benefit changes than households without children (except for single unemployed people).

With specific regard to the total benefits cap, households with more children are likely to be affected to a greater extent than those without as the analysis below shows. This is, however, based on data from just four districts. Table 6 compares the size of families by the amount of weekly income from benefits lost per household. .

Table 7 – Benefit loss (from benefit cap) by number of children

No of Children	Benefit Lost per week (£) - Households								Grand Total
	50	100	150	200	250	300	over 300	Unknown	
0	7	0	0	0	0	0	0	0	7
2	6	0	0	0	0	0	0	0	6
3	28	8	1	0	2	0	0	0	39
4	97	29	9	1	0	0	0	0	137
5	30	34	21	5	6	2	1	3	105
6	3	8	9	10	1	1	1	0	33
7	0	0	4	5	5	2	2	0	18
8	0	0	0	0	3	2	3	0	8
Not given	292	154	78	39	17	1	11	5	597
Grand Total	463	233	122	60	34	8	18	8	950

Source: District level DWP data

Note: data for children available for Canterbury, Thanet, Swale and Dover only

Further analysis undertaken by Business Intelligence allows a number of early, indicative conclusions to be made about the families who will be affected by the benefit cap, including that they are likely to come from population groups that are:

- Most likely to be in contact with children social services (referrals, children in need, or subject to child protection plans). Although, virtually no children are referred to social services on the basis of low income (only 12 CIN referrals out of over 14,000 in 2012/13), financial difficulties are likely to underlie other presenting issues.
- More likely to be attending children centres but not libraries (apart from one group that attends libraries to use the computers)
- More likely to have children with special educational needs, have low attainment at school, children who are excluded from school and young people who are NEET (not in education, training or employment).

Data suggests that these families come from groups with relatively poor health, who find it difficult to cope on their income.

People who are sick or disabled

There are several reforms that could impact significantly on people with disabilities or chronic ill health. These include:

Incapacity-based benefits
In general it appears that it is harder for people to be assessed as unable to work under the reformed system. As stated above according to Government figures, by August 2012, 742,000 people on the old incapacity benefits had been reassessed with about 30% being found to be not entitled to ESA. (however of the cases that have gone to appeal, some 38% had the initial assessment overturned). In addition the majority of those assessed as entitled to ESA (and thus not able to work at the moment) are expected to take part in “work-related activities” with a view to returning to work eventually. This has the potential for both positive and negative effects, depending on the individual.

Whilst the means-tested version of Employment Support Allowance can be paid indefinitely provided the person meets the criteria, the version based on National insurance contributions is now restricted to one year for all but the most severely disabled. Thus someone with a partner who works or who has savings will be limited to only one year on ESA. The special ESA provisions for young people have also ended, meaning that young people will have to pass the means-test in order to qualify.

Disability benefits

For many disabled and chronically ill people, DLA (and the knock on extra amounts of other benefits and concessions) provides a significant portion of their weekly income. DLA can be paid whether a person is in work or not.

For some people it actually helps them remain in work (for example the Mobility Component helps with travel costs to work).

The replacement of DLA with the new Personal Independence Payment (PIP) for working age claimants is likely to see a significant reduction in the numbers of people receiving support, currently put at about 2.2 million. In December 2012 the DWP released its latest estimate[6] of the numbers likely to be affected by the introduction of the Personal Independence Payment taking into account the revised timetable outlined on page 10 above.

Of the 560,000 people assessed by October 2015

- Award increased - 150,000 (27%)
- Award unchanged - 80,000 (14%)
- Award decreased - 160,000 (29%)
- No award - 170,000 (30%)

Of the 1.75 million people assessed by October 2018

- Award increased - 510,000 (29%)
- Award unchanged - 270,000 (15%)
- Award decreased - 510,000 (29%)
- No award - 450,000 (26%)

In the KCC area there are approximately 70,000 receiving DLA. Of these about 45,000 are aged 16-64, who (as at Nov. 2011), claim just over £3.2m in DLA payments per week. Based on the 26% figure which is estimated to apply to the majority of those being reassessed, it is likely that between 11 - 12,000 people in Kent will lose entitlement to their disability benefit altogether.

Combined impact of reforms to incapacity and disability benefits

Many people receive both an incapacity benefit (ESA) and also a disability benefit (DLA) and so potentially could be faced with the loss of two benefits, with the consequent knock on effect on other forms of support.

It is difficult to predict the impact on individuals who are also clients of Adult Social Services. Arguably they will be at the upper end of the spectrum of disability/ill health and will therefore be more likely to maintain the same level of benefit (whether that be ESA or PIP). However they will still have to go through the reassessment process which can be traumatic and potentially

[6] DWP Technical Note on Personal Independence Payment: Reassessment and Impacts, 19.12.12

lead to setbacks in recovery and efforts towards increasing independence. There will be a need for more support from Adult Services (including Mental Health services) and from the community and voluntary sector. There may also be a loss of income to KCC as more people may fall below the charging threshold.

Those individuals most likely to see a reduction in benefit are those who currently fall below the eligibility criteria for support from Adult Social Services and/or who manage without the intervention of KCC. For some in this group, loss of benefit may mean they are more likely to approach Adult Social Services for assistance. Many may still fall below KCC eligibility levels but they will still need to be assessed in order to determine this. In addition the impact of losing benefit, may, for some, lead to a deterioration in their condition such that they do meet KCC criteria. Loss of benefit will be exacerbated for some due to their carers losing entitlement to Carers Allowance (knock on effect of the loss of DLA/PIP).

Loss of disability benefits can have a knock on effect on the amounts paid in other benefits (e.g. ESA, Tax Credits, Universal Credit) and also on schemes such as the Blue Badge and Motability (whereby the DLA is used to lease or buy a car or scooter).

With regard to the Blue Badge, if an individual loses their automatic qualifying disability benefit they will have to have an individual assessment (carried out by KCC) to see if they qualify. This will add to the workload of the KCC Independent Assessors. Alternatively there may be a reduced take-up of the Blue Badge.

Loss of entitlement to the Motability scheme will have a detrimental effect on the ability of disabled people to travel, either independently or with the help of a carer. Arguably this will diminish social interaction and for some, affect their ability to travel to paid work or voluntary activities.

All the above may lead to reduced independence for disabled people.

The reforms may particularly affect people with certain conditions. Those with fluctuating or mental health conditions are particularly vulnerable to being assessed as not entitled to incapacity and disability benefits. However in practice they may be unable to hold down a job and will therefore face a significant reduction in their income.

Under-occupation restrictions for working age tenants (now applying to social housing as well as the private sector) will cause additional pressures on couples not able to share the same bedroom because of a disability. Not all will be able to benefit from the discretionary housing payments available.

Recent announcements have indicated that parents with severely disabled children who are unable to share a room with their siblings are to be protected from the Government's under-occupation penalty. The situation with regard to adults is still the subject of legal proceedings.

Carers

There are just under 24,000 people receiving Carers Allowance in Kent. Many of these will be caring for older people in receipt of Attendance Allowance and thus not affected by the reforms to DLA and the introduction of PIP. However a significant number will be caring for people of working age who receive DLA Care Component at the middle or higher rate (one of the qualifying condition for Carers Allowance). Entitlement to Carer's Allowance will stop if the person they care for does not qualify for the Daily Living component of the new Personal Independence Payment once they have been reassessed.

The impact on new carers may be felt from June when new claims have to be for PIP rather than DLA. Existing claimants may be affected from October when existing DLA claimants start to be reassessed. However the peak period for reassessments will now not start until October 2015 and therefore it is from this point that the greatest impact is likely to occur.

Any reduction in the ability of carers to support people with ill health and disabilities is likely to lead to greater pressure on the health and social care system. With regard to KCC services, pressure on Adult Social Care is likely to increase. Having said this, it is important to note that carers of those most likely to lose out from the reforms to DLA (those only receiving the lower rate of the care component) would not have been entitled to Carers Allowance anyway (the cared for person must be getting at least the middle rate of DLA care component).

Older People

Whilst older people are largely protected from the reforms discussed in this report, there are some changes that will affect them including:

- Once Universal Credit is introduced, couples will be defined by the youngest member. Therefore for new claimants, a couple with one member under the Pension Credit age (currently about 62 – gradually increasing in line with increases to the state pension age for women) will have to claim Universal Credit rather than Pension Credit as happens currently. This could lead to reductions in weekly income of around £100. The reforms to DLA affect those up to the age of 65. Under the current system if a person starts receiving DLA before the age of 65 they can continue to receive it for as long as they are eligible. The equivalent benefit for people aged 65 and over is Attendance Allowance which is harder to qualify for. Arguably the new PIP will also be harder to qualify for so there will be a group of people who develop lower level needs before the age of 65 who will be disadvantaged.

5.4 Public Health

As stated above, if the reforms lead to more people entering the workforce this may have a beneficial effect. It is too early to tell whether the predicted rise in employment will take place and whether the jobs are sustainable in the long run.

On the negative side, the reforms have the potential for contributing to mental health problems among people who have trouble adapting to their new benefit status, loss of income or job seeking for the first time. Increases in poverty may also impact on a person's ability to take part in healthy leisure activities.

In addition there is the potential for increased drug and alcohol issues associated with the stress and pressures of benefit changes affecting individuals.

To manage tightening budgets, people affected may restrict heat and nutrition, increasing the risk of health problems.

5.5 Crime and anti-social behaviour

There is some evidence that crime and disorder increases when poverty rises, so we could see a growth in domestic violence, acquisitive crime and community tensions. It is possible there will be an increase in levels of anti-social behaviour and youth crime specifically, causing an increase in the victimisation of many already vulnerable people.

Also, tougher sanctions on benefit fraud mean crime detection and prosecution in this category could rise.

5.6 Increase in debt and money management problems

Many organisations are predicting a rise in debt, money management problems and the increased use of expensive high street lenders and "loan sharks". Citizens Advice have agreed to share statistics on the incidence of people requesting advice on these issues so trends can be monitored. Plans are in place to increase access to advice and support.

5.7 Housing and homelessness

There is the potential for increased levels of homelessness (both street homelessness and families living in unsuitable accommodation) as benefit support is reduced. This may be exacerbated by a significant increase (under Universal Credit) of housing support being paid to the claimant rather than the landlord (including social landlords, for the first time). The areas piloting this aspect have already seen an increase in arrears of rent.

It is also possible that more breakdowns of family relationships under the stresses of reduced income could lead to an increase in youth homelessness at a time when securing suitable accommodation may be very difficult to find (there is already a chronic lack of safe accommodation for homeless young people in Kent).

In addition to the problems this causes for individuals, this policy will have a detrimental effect on Housing Associations and private sector landlords. The need to collect rent from claimants will add significantly to costs and arrears are certain to increase. The resultant insecurity of income will potentially affect the corporate credit rating of housing providers (in both the social and private sector) and therefore their ability to borrow money. This will in turn impact on their ability to deliver new homes in the future.

It is also possible that private landlords will withdraw from the Local Housing Allowance market where there is a healthy demand from tenants who do not require rental support. Due to the buoyancy of the "young professional" rental market in the private sector in Kent, anecdotal reports are that this is already happening resulting in fewer properties available for benefit-dependent families to rent.

People deemed to be "under-occupying" in social housing will not necessarily have smaller properties to move to. According to the major social landlords in the South East there is a shortfall of around 7.5% in one bedroom properties in the South East.[7]

The major housing associations in the South East believe[8] that, as housing providers are expected to charge 80% of market rent, four-bedroom properties in some areas will become unaffordable under the benefit cap and that this may extend to three bedroom properties in the future. Large families will be unable to afford suitable sized housing and may end up having to overcrowd in smaller properties that do not meet their needs

5.8 Migration

Substantial impact is likely to come through changes to Housing Benefit (including the capping of maximum LHA rates in April 2011) and the overall benefit cap introduced in July 2013. Combined, these will impact on areas where rents are high (particularly in London) with the potential to cause displacement of families (particularly larger families, occupying larger accommodation), to other areas in the country where rents are more affordable.

[7] 'The impact of welfare reform on housing', Consortium of Associations in the South East (CASE), January 2012

[8] Ibid.

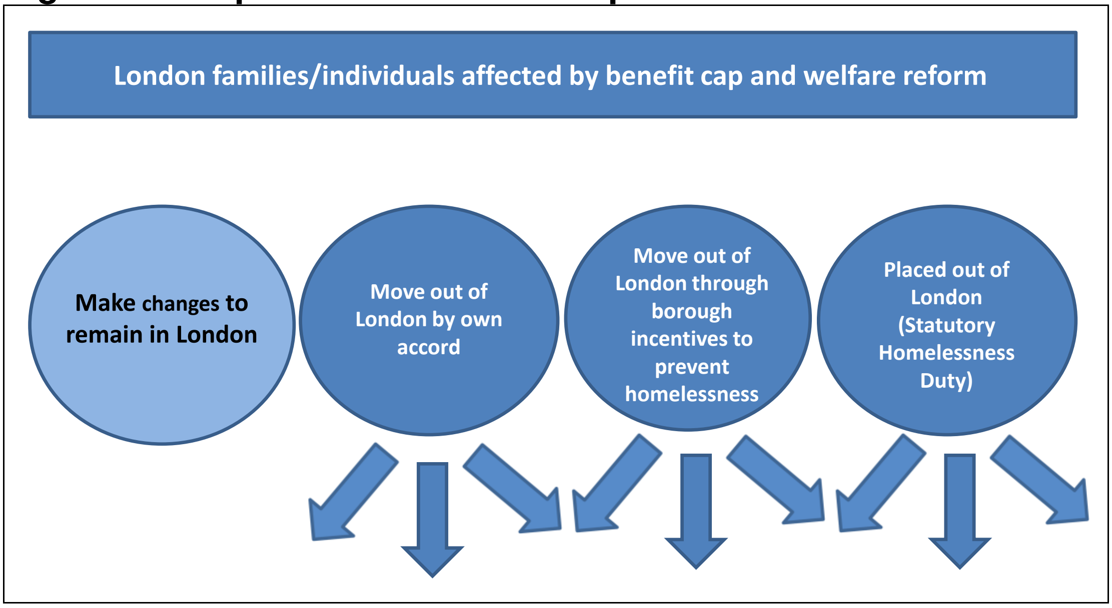
Initial research undertaken by Business Intelligence suggested that some of this displacement from London overall (potentially 9,000 families) could relocate to Kent[9], particularly to areas within Kent where rents are cheapest. This means that a proportion (possibly over 1,000 households) could move to areas within Kent from London.

This research also highlighted the likelihood that the displaced families would have a higher than average number of children (at least three per family, on average). Movement of families away from their established social networks is likely to put greater pressure on vulnerable children and families and in turn this could cause greater demands on services.

Fairly recent press reports suggest that some London Boroughs are looking to relocate families beyond the south east, with Bradford, Birmingham, Leicester and Coventry being named as potential destinations.[10] This increases the uncertainty of predicting a likely impact on Kent, as a result of displacement and migration, particularly from London.

Of families in the Greater London area impacted by the cap, it is likely that some families will make changes to be able to remain in London, some will move out of London of their own accord, some will be assisted to move by London's boroughs' efforts to 'prevent' statutory homelessness, and fewer will be placed by boroughs outside their area in discharging their statutory homelessness duty, as shown in Figure 9.

Figure 9 – Impact of the benefit cap in London



[9] Research & Evaluation estimates published in "Impact of the housing benefit cap"
[10] http://www.guardian.co.uk/uk/2013/feb/13/london-council-relocation-benefits-cap

Migration out of London will be a combination of complex ‘push’ and ‘pull’ factors, and take place in the context of various in/out patterns over time. The graphic above suggests these different population groups may be different sizes, yet it is not known what the relative proportions will be. The number of households that may move to Kent can only be estimated at this time. Kent County Council and its partners are establishing means to monitor and assess any implications of in-migration into areas within Kent.

6. 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 estimate [11] (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 with any condition but there are particular concerns over people with mental health and fluctuating conditions.

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

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.

7. 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 aquisition 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.

Annex 1

Sheffield Hallam University Report – data tables for Kent

The CRESR report estimates the potential financial impact at local authority level. However, its use of a standardised measure of "financial loss per working age adult" should not be misinterpreted as financial impact on those affected by the reforms, which will be much higher. Nevertheless, the great strength of this report is that it does provide a systematic and robust assessment of the *relative* impact of the reforms across the country, at local authority level.

Table 8 – Housing benefit: Local Housing Allowance

Local Authority	Housing Benefit: Local Housing Allowance			
	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	2,200	2	460	27
Canterbury	3,200	3	520	35
Dartford	1,600	2	400	25
Dover	3,500	3	730	48
Gravesham	2,400	3	590	40
Maidstone	2,600	3	400	26
Sevenoaks	1,000	1	220	15
Shepway	4,300	4	910	67
Swale	3,900	4	700	46
Thanet	7,700	7	1,290	89
Tonbridge and Malling	1,200	1	260	16
Tunbridge Wells	1,600	2	330	26

The reforms to the Local Housing Allowance element of Housing Benefit impact most on areas where the private rented sector accounts for a high proportion of households and where rent levels are highest.

Table 9 – Housing Benefit: Under Occupation ("bedroom tax")

Local Authority	Housing Benefit: Under-occupation ('bedroom tax') No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	600	0	130	6
Canterbury	700	1	110	5
Dartford	500	0	120	6
Dover	600	0	120	7
Gravesham	600	0	150	7
Maidstone	700	1	110	6
Sevenoaks	500	0	110	6
Shepway	500	0	100	6
Swale	700	1	130	7
Thanet	700	1	120	7
Tonbridge and Malling	600	0	130	6
Tunbridge Wells	500	0	120	6

New rules affecting under-occupation of social housing impact most in places where a high proportion of the housing stock is rented from councils or housing associations.

Table 10 – Non-dependent deductions

Local Authority	Non-dependant deductions No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	500	1	100	7
Canterbury	600	1	100	7
Dartford	400	0	90	6
Dover	600	1	120	9
Gravesham	500	1	110	8
Maidstone	600	1	90	6
Sevenoaks	300	0	70	5
Shepway	600	1	120	10
Swale	700	1	120	9
Thanet	900	1	160	13
Tonbridge and Malling	400	0	80	6
Tunbridge Wells	400	0	80	6

The increase in non-dependent reductions, which mainly affects Housing Benefit entitlements, impacts principally on the places with high numbers on out-of-work benefits.

Table 11 – Household benefit cap

Local Authority	Household benefit cap: No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	70	0	15	5
Canterbury	80	0	14	4
Dartford	50	0	13	4
Dover	70	0	14	5
Gravesham	80	0	20	6
Maidstone	70	0	11	3
Sevenoaks	40	0	9	3
Shepway	90	0	19	6
Swale	110	1	21	6
Thanet	130	1	21	8
Tonbridge and Malling	50	0	11	3
Tunbridge Wells	50	0	11	3

The new household benefit cap is estimated to have a marginal effect on Kent households (there is a far bigger impact on London), but for those relatively few households affected the loss in income could be very substantial.

Table 12 – Council Tax benefit

Local Authority	Council Tax Benefit: No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	5,200	0	1,090	6
Canterbury	6,100	0	1,000	3
Dartford	4,300	0	1,070	6
Dover	6,100	0	1,260	5
Gravesham	5,700	0	1,410	7
Maidstone	6,300	1	990	6
Sevenoaks	3,400	0	720	4
Shepway	6,500	1	1,370	8
Swale	8,000	1	1,440	7
Thanet	11,000	1	1,850	7
Tonbridge and Malling	4,100	0	850	5
Tunbridge Wells	3,900	0	830	4

The government has imposed a 10% cut in council tax benefit payments to all parts of the country. Individual authorities will decide whether or not to pass this on - see Section on Council Tax Benefit (pages 9-10) which outlines how Kent Districts are intending to respond to the cut in council tax benefit.

Table 13 – Disability Living Allowance

Local Authority	Disability Living Allowance: No. of individuals affected	Estimated loss £m per year	No. of individuals affected per 10,000	Financial loss per working age adult £ per year
Ashford	800	3	110	34
Canterbury	1,100	3	110	34
Dartford	600	2	100	29
Dover	1,000	3	150	44
Gravesham	700	2	110	34
Maidstone	1,000	3	100	29
Sevenoaks	600	2	80	25
Shepway	1,100	3	160	48
Swale	1,300	4	150	44
Thanet	1,500	5	190	58
Tonbridge and Malling	700	2	90	27
Tunbridge Wells	600	2	80	25

The replacement of Disability Living Allowance by the Personal Independence Payment will be distributed across the country proportional to the number of claimants.

Table 14 – Incapacity Benefits

Local Authority	Incapacity benefits: No. of individuals affected	Estimated loss £m per year	No. of individuals affected per 10,000	Financial loss per working age adult £ per year
Ashford	1,500	5	200	73
Canterbury	2,100	8	210	78
Dartford	1,200	4	190	68
Dover	2,100	8	310	109
Gravesham	1,700	6	260	92
Maidstone	1,700	6	170	64
Sevenoaks	1,100	4	150	55
Shepway	2,200	8	330	118
Swale	2,700	10	310	111
Thanet	3,400	12	430	150
Tonbridge and Malling	1,200	4	160	58
Tunbridge Wells	1,200	4	170	61

The incapacity benefit reforms have by far the biggest impact on Britain’s older industrial areas, where so many incapacity claimants are concentrated.

Table 15 – Child Benefit

Local Authority	Child Benefit			
	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	15,900	6	3,330	79
Canterbury	15,800	6	2,600	58
Dartford	13,100	5	3,270	83
Dover	13,100	5	2,720	75
Gravesham	13,300	5	3,300	79
Maidstone	19,300	8	3,050	77
Sevenoaks	14,300	6	3,040	78
Shepway	12,800	5	2,700	71
Swale	17,900	7	3,220	81
Thanet	17,000	5	2,850	65
Tonbridge and Malling	15,700	6	3,270	84
Tunbridge Wells	14,100	6	2,990	85

The cuts to child benefit have a rather more even impact across the country than most other welfare reforms – few places are more than a quarter above or below the national average.

Table 16 – Tax Credits

Local Authority	Tax Credits			
	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Ashford	8,600	7	1,800	95
Canterbury	8,700	7	1,430	72
Dartford	6,600	5	1,650	85
Dover	8,200	7	1,700	97
Gravesham	7,900	6	1,950	99
Maidstone	8,600	7	1,360	71
Sevenoaks	5,100	4	1,080	58
Shepway	8,100	7	1,710	99
Swale	10,300	8	1,850	97
Thanet	13,300	11	2,230	135
Tonbridge and Malling	6,600	5	1,370	71
Tunbridge Wells	5,400	4	1,140	61

Tax credits – Child Tax Credit and Working Families Tax Credit – are paid to lower and middle income families, so the impact of the reductions in eligibility and payment rates is felt most in places where less-well-off people live.

Table 17 – 1% uprating

Local Authority	1 per cent uprating: Estimated loss £m per year	1 per cent uprating: Financial loss per working age adult £ per year
Ashford	6	78
Canterbury	7	68
Dartford	5	73
Dover	6	92
Gravesham	6	90
Maidstone	6	64
Sevenoaks	4	50
Shepway	7	102
Swale	8	95
Thanet	11	138
Tonbridge and Malling	4	58
Tunbridge Wells	4	54

The 1% uprating of a wide range of working-age benefits inevitably impacts most where these benefits are claimed by the largest number of people; out-of-work benefits, housing benefit or in-work-benefit.

Table 18 – Total Welfare Reform Impact

Local Authority	Total Impact: Estimated loss £m per year	Total Impact: Financial loss per working age adult £ per year	National Rank (out of 379 authorities) 1 = hardest hit
Ashford	30	410	223
Canterbury	36	366	264
Dartford	24	384	251
Dover	34	491	131
Gravesham	30	463	160
Maidstone	35	352	272
Sevenoaks	21	300	341
Shepway	36	535	95
Swale	43	504	123
Thanet	54	670	18
Tonbridge and Malling	25	335	295
Tunbridge Wells	24	330	303

The estimated overall impact of the benefit reforms are shown in Table 1, page 14.

Annex 2

Glossary of terms

CPI	Consumer Price Index.
CRESR	Centre for Regional Economic and Social Research (at Sheffield Hallam University).
DCLG	Department for Communities and Local Government.
DLA	Disability Living Allowance
DWP	Department for Work and Pensions
ESA	Employment Support Allowance (ESA) which replaces Incapacity Benefit and other old incapacity-based benefits
IFS	Institute for Fiscal Studies
JRF	Joseph Rowntree Foundation
JSA	Jobseeker's Allowance (JSA).
PIP	Personal Independence Payment (PIP)
WCA	Work Capability Assessment – test for assessing if a person qualifies for ESA.

Annex 3

Letter from DWP on the Local Support Services Framework.

Caxton House, Tothill Street, London SW1H 9DA

Website: www.dwp.gov.uk E-mail Ministers at: ministers@dwp.gsi.gov.uk

20 May 2013

In February this year I published the Local Support Services Framework, which was developed in partnership with local authorities and sets out the principles for providing support for claimants with additional or complex needs to help them make and manage Universal Credit claims and prepare for work.

The Framework sought comments on the proposed approach and I am pleased to be able to confirm that we have received 149 responses from across the local government, housing and voluntary sectors. This feedback will be invaluable as we develop the local delivery partnerships that will assist claimants in the new system.

We are recording and analysing the feedback in detail and will be using it in three main ways:

- To finalise aspects of the design of the framework that we need in place before Universal Credit is rolled out more widely – for example, the details of how funding will be arranged and managed;
- To inform the development of overarching and local partnership agreements that will be put in place over the coming months;
- To help us develop a revised framework that will provide planning baselines for 2014/15.

Responses to the consultation strongly endorsed the Delivery Partnerships Approach to providing localised support, and highlighted a range of existing partnerships that have the potential to deliver local services for Universal Credit claimants. These included Community Planning Partnerships in Scotland, local authority led Welfare Reform Groups and local Economic Regeneration Partnerships.

In addition, many of you consider it important that partnerships include a wide range of organisations to ensure good local knowledge and make the most of existing services. We remain committed to supporting localism and will highlight examples of inclusive and innovative partnerships in the revised framework document which will be published in October this year. Some of you suggested additions to the list of vulnerable claimant categories set out in the framework or emphasised the importance of thinking beyond "categories" when delivering services. I concur with this view and am keen that, while claimant support should be holistic and joined-up, it should also be tailored to meet differing and individual needs.

Many of you also suggested there was a need to more clearly distinguish between those claimants who need only a little help to engage with Universal

Credit, and those who may need longer term support to move towards financial independence. We will continue to discuss these issues with our reference groups with a view to reflecting our learning in our approach to funding and outcomes, and in the revised framework.

The need for clarity about funding and associated outcomes was a central concern in many responses. Work is already underway, through the Local Support Services Taskforce, to develop a detailed funding instrument. In addition, we will be working with a range of stakeholders to develop an approach to outcomes that balances the need for certainty about funding for service providers with the need to achieve positive outcomes for claimants and value for money for the taxpayer. The funding instrument will address key questions, such as the minimum offer for local support services, and the way in which both funding and outcomes should reflect variations in local needs (e.g. to take account of factors like rurality and levels of deprivation). We hope to be able to say more about the funding instrument over the next couple of months.

In developing the framework we drew on insights from organisations working directly with claimants, and worked in close partnership with Local Authorities Associations. As we work towards the national roll out of Universal Credit, and accompanying Local Support Services we will continue these conversations with local authorities, housing providers and the voluntary and community sector through the work of the Taskforce and Reference Groups.

Locally, our JobCentre Plus District Managers are already working to support the development of partnerships that will deliver services to support claimants. Responses to the framework, as well as learning from the Direct Payment Demonstration Projects and Local Authority led Pilots, will inform this work. Universal Credit will make work pay – so that people are better off in work. It is essential that claimants with additional needs are supported to be successful in using the new system, to move towards independence and, wherever appropriate, to find work or better paid work.

I look forward to continuing to work in partnership with you to make sure this happens.

Lord Freud

Minister for Welfare Reform

Weblink to the framework: www.dwp.gov.uk/ucla