

The Impact of Welfare Reform on Coventry - September 2013

	Average Annual change to the individual or household	Numbers affected	Annual loss to the Coventry economy
Local Housing Allowance changes...			
.....LHA room rate change	+£124 -£120 and -£360	1,407 households 8,668 households	-£2.3m
.....Four bedroom cap	-£947	22 households	-£21,000
.....Abolishing the £15 excess	-£780	219 households	-£171,000
.....Extension of the shared room rate (under 35)	-£1,392	689 households	-£1m
Under occupancy (bedroom tax)	-£792	2,674 households	-£2.1m
Household benefit cap	-£3,114	144 households	-£0.5m
Incapacity Benefit (estimates)	+£62 +£268 -£1,542*	4,169 people 2,993 people 3,528 people	-£4.4m
Employment and Support Allowance (estimates)	-£1,479	9,600 people	-£7.2m
Disability Living Allowance (estimates)	-£3,640	2,948 people	-£10.7m
Localisation of Council Tax benefits	£128 protected	23,314 protected	-£2.6m
Other predicted losses (using the Sheffield Hallam Model. The figures show the impact when the reforms have come into full effect.)			
Child Benefit	-£362	41,300 households	-£15m
Non-dependent deductions	-£1,121	1,900 households	-£2.1m
Tax Credit	-£812	28,500 households	-£23.1m
Uprating of benefits limited to 1%	? Unknown	? Unknown	-£21.4m
Universal credit (due to be rolled out by 2017)	? Unknown	? Unknown	? Unknown
Total Coventry estimated future annual losses			-£112m
Total estimated annual losses as a result of welfare reform for England as a whole per working age adult			-£470
Total estimated annual losses as a result of welfare reform for Coventry per working age adult			-£540

*Reduced by £2,317 if aged under 25.

The Impact of Welfare Reform on Coventry - September 2013

Executive Summary

The Government is introducing a range of welfare reforms, which won't be fully implemented until 2017. These aim to increase self-reliance through making work pay, whilst supporting disabled people who cannot work.

Impact

The emerging picture from evidence reviewed by the Welfare Evaluation Group:

- Recession has exacerbated long standing labour market inequalities. **Women, young adults, disabled people and some black & minority ethnic groups** are finding it harder to get a job
- Housing benefit changes have reduced the incomes of 11,096 Coventry residents, totalling £5million each year. Households more likely to lose the most benefit include: **couples, those including children under 5 years old, larger households, those in work, those in Foleshill, St Michaels & Henley wards, in the private sector, in receipt of ESA or Income Support**
- 20,000 people have or will be reassessed for Employment Support Allowance and 11,000 for Personal Independent Payments. This is causing anxiety about benefit reductions for many.
- Increasing rent arrears and applications for Discretionary Housing Payments are early warning signs that some people affected are not coping with reduced incomes
- Partner organisations are already experiencing service pressures:
 - Overstretched specialist debt and benefit advice and legal support services
 - Shortage of smaller rented housing to house those affected by under-occupancy cuts
 - Additional work to deal with rent collection, evictions and increased housing repairs

Action

The Working Together Group and individual organisations are proactively supporting those affected:

- General awareness raising and benefits and money advice support through pop-up shops, road shows and campaigns
- Targeted support to individual tenants known to be affected, improving money management & checking eligibility for benefits
- Encouraging and supporting individuals to access employment opportunities
- Providing support through hardship funds and food banks
- Giving priority to 'under-occupiers' to access smaller rented housing through Homefinder
- Continuing to provide Council Tax Support to those eligible for means tested benefits
- Switching resources towards supporting the impacts & increasing the use of volunteers to help

Future

Partner organisations have expressed fears for the future about growing indebtedness, poverty and destitution. Potential social impacts could be increased domestic violence, child neglect, ill-health, homelessness etc. Partners have emphasised the importance of continued partnership working:

- Providing support and advice to mitigate against negative impacts of reforms
- Continuing to focus on tenancy sustainment and preventing homelessness, but widening the focus to include Personal Independence Payments and eventually Universal Credit.

Key issues to watch and understand for the future are:

- Are people adapting and becoming more self-reliant or are some groups of people struggling – what further practical support is needed?
- How effectively is support being targeted at those most at risk? Is it aimed at helping people adapt and thrive in the changed welfare system? What is the impact of migration from other areas?
- Around 15,000 working age adults are not in work or education *and* not claiming welfare benefits. Is this through choice or is there a growing pool of households at risk of falling over? Information from government about what happens to people who come off benefits is required.
- What is the impact of sanctions (loss of benefit) applied to those failing to meet the Claimant Commitment?