



Association of North East Councils
Family Poverty Task & Finish Group Report

Wellbeing
Housing Reform
Financial Inclusion Growth
Councils Challenge
Family Inequalities
Early Intervention Advocacy
Partnership Employment
Best Practice Ambition
Opportunities Welfare
Resilience

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Introduction

1. Association members have for some time expressed concerns about poverty in the North East and the actions that councils, and their partners, can take to combat it. The issue has become particularly pressing as a result of continuing economic challenges and expenditure reductions that have affected key local government services, together with the Government's proposed welfare reforms. These are so far-reaching that there can be few wards in the North East that are unaffected (though the impact on some wards, and their residents, will be much greater than others).
2. The Association therefore decided to set up a Task & Finish Group to consider the issue of family poverty. There are important links between the role of this Task & Finish Group and other work that the Association is undertaking, notably through the Task & Finish Groups on Resources and the Role of Local Authorities in Economic Development; also the former Child Poverty Task & Finish Group which reported in 2008. The Association is also working closely with the Institute of Local Governance, which has carried out a study of the impact of welfare reform in Stockton (published March 2013) and has commissioned, on behalf of the Association, Teesside and Northumbria Universities to carry out a study across the North East.
3. The Task and Finish Group undertook a wide-ranging review of issues that have a bearing on family poverty, as summarised in this report, which explains how the Task & Finish Group carried out its role, and goes on to set out the Group's findings and recommendations.

Our approach

4. The Task & Finish Group was chaired by Councillor Jan Brunton (Middlesbrough Council) and included representation from 11 authorities on a cross-party basis (a list of members is at Appendix A). We met four times, and our members were also invited to the Association's seminar on Welfare Reform held on 1 March. We were advised initially by Nicola Bailey, the then Acting Chief Executive of Hartlepool Borough Council, and subsequently by Gill Rollings, Chief

Executive of Middlesbrough Council. We were supported by ANEC staff Melanie Laws, Andy Robinson and Jonathan Rew.

5. At each of the first three meetings we received presentations from a number of expert witnesses, as follows:
 - Family Poverty - the Context (Alison Garnham, Chief Executive, Child Poverty Action Group);
 - Family Poverty - a Local Perspective (Nicola Bailey, Acting Chief Executive, Hartlepool Borough Council);
 - Health and Wellbeing (Edward Kunonga, Director of Public Health, Middlesbrough Council);
 - Early Intervention (Gill Rollings, Chief Executive, Middlesbrough Council);
 - Financial Inclusion and Welfare Reform (Lindsay Watt and Peter Clark, Department of Work and Pensions);
 - Researching the Impact of Welfare Reforms (Phillip Edwards, Institute for Local Governance);
 - Working Together on Welfare Reform (Monica Burns, National Housing Federation) and
 - Tackling Fuel Poverty (Tim Cattle-Jones, Green Deal Products).

The welfare reform seminar included the following presentations:

- Welfare reform - implications and impact (Gill Rollings);
 - How to make a success of welfare reform (Mike Dixon, Citizens Advice Bureau);
 - Welfare reform - impact for providers and tenants (Stuart Ropke, National Housing Federation); and
 - Researching the impact of welfare reform (Phillip Edwards, ILG and Alison Jarvis, Teesside University).
6. We also considered items of written evidence, including the Government's consultation paper on Measuring Child Poverty, the House of Commons Work and Pensions Committee's report on Universal Credit implementation, the Public

Accounts Committee's report on Managing the Impact of Housing Benefit Reform and the CLG Select Committee's report on Implementation of Welfare Reform.

7. Family poverty is such a wide-ranging issue that the Group has had to take a selective approach in order to ensure that the scope of the review is manageable and can focus on outcomes in terms of clear recommendations for action. We have therefore focused on the following themes:

- **welfare reform;**
- **financial inclusion;**
- **housing;**
- **health;**
- **fuel poverty;**
- **employment and economic development;**
- **early intervention and resilience; and**
- **monitoring and advocacy.**

8. Our report covers each of these topics in turn. In making recommendations, we are conscious that local authorities in the North East are already progressing these issues. However, we believe our report adds value to what authorities are doing, helps to disseminate best practice and provides a basis for future work both by local government and its partners.

9. We have also sought to influence the ongoing debate and achieve some 'quick wins'. These include: contributing to the Association's response to the Measuring Child Poverty consultation; informing the North East research project on the impact of welfare reform; and informing the content of the Association's welfare reform seminar, including considering the next steps that local authorities, and the Association, should be taking.

The Context

10. The Joseph Rowntree Foundation publishes an annual study of trends in poverty, the most recent being published in November 2012. This makes the following key points:

- the composition of those in poverty is very different from what it was 10 or 20 years ago. The proportion of pensioners in poverty has halved since the early 1990s, while that of

working-age adults without children has risen by a third;

- in-work poverty has been rising steadily for at least a decade, to the point where over half of children and working-age adults in poverty now live in a working household;
- health inequalities between deprived and non-deprived areas have grown in the last decade. A man in one of the least deprived areas can expect to live longer than a woman in one of the most deprived areas;
- the populations of people in poverty and those out of work are not static. While one in six people live in low income at any one time, around one in three has had a spell in low income over a four-year period. Similarly, while 1.6 million people are claiming Jobseeker's Allowance at any one time, 4.8 million have claimed JSA at least once in the last two years; and
- the welfare cuts are likely to hit low-income households more than once, through changes to both income-related and housing benefits. Changes to disability benefit could mean low-income disabled people being hit even harder.

Note: for this purpose, poverty (and low income) are defined as people living in households with income below 60% of the median for that year (i.e. the definition set out in section 3, Child Poverty Act 2010).

11. The JRF report concludes: *"The Government's key anti-poverty policies revolve around reforming the welfare system. Much is riding on the success of Universal Credit ... However, changing the benefits system will not solve problems such as in-work poverty, increasing under-employment and rising health inequalities".*

12. Alison Garnham (Chief Executive, CPAG) gave us a presentation which focused on the impact of the 2010 spending review and the Welfare Reform Act on child poverty. She argued that the poorest families are hit by high inflation, high unemployment and stagnating wages, and face a 'triple whammy' of benefit cuts, service cuts and advice sector cuts. She warned against an unsubstantiated emphasis on 'causes of poverty' or 'underlying drivers': for example, only 2.7% of families include an alcoholic parent, 0.9% with a drug-dependent one. She noted that six in ten poor children live with a working parent - there are far more children in poverty because their parent

is a care worker, a retail assistant, a cleaner or a factory worker than because their parent is a gambler, alcoholic or drug addict.

13. In challenging economic conditions, incomes are continuing to fall. The Government's Households Below Average Income report shows that in 2010/11, incomes in the UK fell by 3.1%, the largest fall in real household income since 1981.
14. In November 2012, the Department for Education and Department for Work and Pensions published a consultation paper on Better Measures of Child Poverty. The paper contended that a multidimensional measure would provide a more accurate picture of poverty than one based solely on household income, and sought views on what factors should form part of such a measure. We commented that income should be a central element of any measure of poverty, supported by a limited number of additional factors such as health, housing and fuel poverty; however, it was important not to allow the income element to become diluted by a wide variety of measures, some of which (such as family breakdown) may be as much an effect as a cause of poverty. The approach of a multidimensional measure with a strong weighting for income but taking account of other key factors could be achieved through use of a Minimum Acceptable Income Measure to define a poverty threshold: the threshold would be determined by public consensus regarding the net resources required to live a minimum acceptable way of life, and then calculating the level of income needed to meet this threshold. We are pleased to note that the Association incorporated these views into its response.
15. Given that the definition of poverty is likely to continue to be a matter of debate, **we would urge authorities to maintain a focus on income as a central factor in any discussion on the definition of poverty.**

Theme 1 - Welfare reform

Key issues

16. Welfare reform is a major element of the coalition Government's policy. Its stated intentions include:
 - encouraging people back into work (and to take more hours when they are at work);
 - reducing welfare dependency by ensuring that 'work pays' - that people are not better off on benefits than they would be if they were working;
 - delivering savings - the Welfare Reform Act 2012 was designed to deliver £18 billion savings from the welfare budget, and subsequent announcements in the 2012 budget aim to reduce welfare spending by a further £10 billion. The 2013 national budget report in March announced a further budget cut of 1% in each of the next two years, and while no reference was made to further budget reductions in welfare reform, this is likely to have a further detrimental impact; and
 - simplifying benefits administration by combining several existing benefits into a single payment of Universal Credit (UC).
17. From the perspective of family poverty, one outcome of the reforms is that many individuals and families who are already on a low income will be worse off as a result of the reforms, unless they change their circumstances, e.g. by finding work or moving house. Since those individuals who receive benefit are by definition on low incomes, even small changes in entitlement can have a significant effect on their finances.
18. The key changes can be summarised as follows:
 - (i) **Under-occupancy** - benefit is reduced when a household is considered to be occupying more bedrooms than its assessed needs. The reduction is 14% when the property is under-occupied by one bedroom and 25% for two bedrooms; in cash terms, this is estimated to equate to around £12-£22 loss of benefit per week. The under-occupancy rules affect substantial numbers of households in the North East: a survey carried out by ANEC in February/March 2012 put the number at over 40,000. Six local authorities who gave a figure estimated the resulting financial loss to their areas as £13.1 million in total.
 - (ii) **Household benefit cap** - the total welfare benefits paid to a household will be capped at the level of average earned income after tax -

£500 to a couple or lone parent, £350 to a single person. By comparison with under-occupancy, the benefit cap will affect relatively few households in the North East - for example, Durham estimates between 200 and 400 households will be affected. However, from a family poverty perspective, it is households with large families that are more likely to be caught by the cap.

(iii) **Disability Living Allowance to Personal Independence Payments** - the DWP has estimated that 20% of households currently in receipt of disability benefits will lose them following the introduction of PIPs. As yet there are no figures for the North East as a whole, but four authorities who responded to the ANEC survey estimated that they had a total of over 46,000 households in receipt of disability benefits, of whom 9,200 were likely to lose them, with an estimated financial loss of £22.5 million.

(iv) **Localisation of council tax support** - all local authorities were required to adopt a council tax support scheme by 31 January, within the context of a 10% reduction in the available funding and statutory protection for pensioners and certain other vulnerable groups. Schemes vary, but the net effect is to bring some households into the council tax 'net' who were not previously liable to it.

19. These changes take effect from 1 April 2013, apart from the household benefit cap which will be rolled out nationally by 1 October 2013. Universal Credit will be introduced in phases, with a pathfinder starting in April 2013. Initially, UC will replace new claims from single jobseekers of working age in certain defined postcode areas. During Phase 2, from October 2013 to March 2014, DWP will extend the service to include jobseekers with children, couples and owner-occupiers, gradually expanding the service to locations across Great Britain. The migration of existing claimants from the old system to the new is planned to be complete by the end of 2017.

20. In December 2012 the Chancellor of the Exchequer announced in his Autumn Statement that most working age benefits would be uprated by 1% for each of the next three years, in other words by less than the assumed rate of inflation. This will almost inevitably increase the gap between the income of households on benefits and median household income. A response by a

DWP Minister to a parliamentary question acknowledged that the uprating measure would lead to an extra 200,000 children falling into poverty (on the 60% of median income measure) over the three-year period.

21. It is a key feature of Universal Credit that claims will be made online and payments will be made monthly and direct to the household, rather than the landlord - although there is a possibility of 'alternative payment arrangements' in certain cases. We share the concerns raised by many organisations - for example, by the House of Commons Work and Pensions Select Committee and CLG Select Committee - about the impact of these arrangements, including:

- the fact that some claimants do not have access to the internet or the skills to use it;
- concerns about some claimants' ability to budget on a monthly basis, lack of access to a bank account and potential vulnerability to loan sharks; and
- potential increases in rent arrears if rent is no longer paid direct to landlords, and the impact on housing providers.

22. We have more to say about financial inclusion and housing in the next two sections. As regards welfare reform, there is a huge job to be done by local authorities in providing advice and support to claimants, which is made all the more difficult by successive reductions in local government funding which have put authorities' ability to provide these services at risk.

23. In February the Department for Work and Pensions and the Local Government Association published a draft Local Support Services Framework for consultation. The framework recognises that some claimants are not yet ready to budget for themselves on a monthly basis or to use the internet, and therefore need to be protected and assisted on to the new system. It sets out proposals for DWP and local authorities to work together, and in partnership with the voluntary sector and social housing providers, to set up local delivery partnerships which will provide targeted local support to claimants in relation to accessing the internet and managing money.

24. The Association has responded welcoming the recognition that local government has a central role to play in providing services to support both

claimants and Universal Credit implementation at a local level. It expresses concern about the level of funding that will be provided, which has yet to be clarified, and about the possibility that DWP has over-estimated the extent to which claimants are confident about using the internet - and has therefore under-estimated the extent of support claimants will need in navigating the online system.

25. As well as advice, local authorities are able to provide some financial assistance to individuals in need through two routes in particular:

- **Localisation of the Social Fund** - from April 2013 local authorities will be responsible for establishing their own schemes for providing assistance to individuals in need, replacing the previous system of community care grants, crisis loans and budgeting loans administered through Jobcentre Plus. Government funding (not ring-fenced) has been allocated to authorities for this purpose. Authorities are implementing two types of support: crisis support, where the applicant has suffered a disaster to their home; and community support, where the applicant needs help to move back into the community after a stay in supported or temporary accommodation; and
- **Discretionary Housing Payments (DHP)** - a scheme that aims to provide clients with further financial assistance with housing costs where rental liability is not met in full by housing benefit or Universal Credit entitlement. The total amount of DHP that a council can pay out in any year is cash-limited by the Secretary of State.

26. It is evident that there will be considerable, and potentially unsustainable, pressure on councils' DHP and social fund schemes. As one authority has stated, "While the number of instances where Ministers have cited DHP as providing transitional support is very large, the amount of grant allocated for such purposes is not and it is very apparent that the funding will be insufficient to meet all of the demands and expectations placed on it". It is therefore essential that councils keep their social fund replacement schemes and DHP schemes under regular review to ensure that they remain targeted to those in greatest need. At the same time, Government needs to respond by monitoring and reviewing the amount of resource made available to councils - which is clearly insufficient.

27. It appears to us that the Government's implementation of its welfare reforms rests on a number of assumptions which may be open to challenge: for example, assumptions about the proportion of claimants who can confidently manage their claims online, or about the scope for 'over-occupying' tenants to move into smaller accommodation. (For example, the Citizens Advice Bureau has estimated that 50% of claimants are confident about using IT rather than the 80% assumed by the DWP). We note that Government is carrying out a number of pilots and demonstration projects designed to provide evidence on some of these assumptions. However, it is essential that the position is monitored, and ANEC has an important role to play in maintaining dialogue with Government and challenging assumptions that are not supported by evidence.

28. A further point for authorities to bear in mind is the likelihood of high concentrations of households affected by benefit changes in particular geographical areas. For example, the ILG research found that five wards in Stockton account for well over half of the nearly 2,700 households in Stockton assessed as being subject to the under-occupancy rules.

29. Recent research by Sheffield Hallam University ("Hitting the poorest places hardest", April 2013) shows that the welfare reforms impact on different places in different ways. The older industrial areas of England, Scotland and Wales, including substantial parts of North East and North West England, are hardest hit, along with a number of seaside towns and some London boroughs. At the other end of the spectrum, a substantial part of southern England outside London is much less acutely affected.

30. The welfare reforms will also have a particularly severe impact on certain groups. As the Sheffield Hallam University research shows, sickness and disability claimants can expect to be hit hard: those individuals adversely affected by the incapacity benefit reforms can expect to lose an average of £3,500 a year, and those affected by the change from Disability Living Allowance to Personal Independence Payments are likely to lose an average of £3,000 a year. (This is in addition to any loss of Housing Benefit).

31. There is also likely to be an adverse impact on women's financial independence. Currently, child

tax credits are paid to the main carer, which in a couple is generally the woman - 86% of in-work couples receiving child tax credit have a female payee. Under Universal Credit, however, most means-tested benefits (including tax credits) will be combined into a single monthly payment which in the case of couples will be paid to one partner only. There is a real risk that in many cases the net result will be that the woman loses the element of benefit that she previously received direct and becomes entirely dependent on her partner for income.

32. The above are illustrations of the way particular groups can be affected by the reforms. It will be important that these outcomes are monitored as part of the proposed North East wide monitoring framework referred to under Theme 8 - Monitoring and Advocacy.
33. There are some wider impacts of the reforms that also need to be monitored and taken into account, including impacts on housing (see theme 3 below), health, crime and disorder, education and community cohesion - for example, what will be the effect on previously settled communities if tenants move out, in significant numbers, to avoid losing benefits through under-occupancy? These are all important questions to which, as the Public Accounts Committee has noted, Government is adopting a 'wait and see' approach. It is essential that the DWP and other Government departments monitor these impacts. We would also urge Government departments to visit the North East, meet front-line staff and familiarise themselves with conditions on the ground.
34. Government also needs to give thought to how it communicates messages about welfare reform. Communications need to be timely and perhaps underpinned by a protocol which could include, for example, a minimum period of notice when newspaper advertisements are about to appear suggesting people ring their local council. (To illustrate the point, councils were given only a day and a half's notice of the recent announcement that foster carers and armed forces' families would be exempt from the under-occupancy rules). It is also important that Government avoids creating unrealistic expectations in people's minds of their council's ability to resolve their problems.
35. Finally, it is important to recognise that there will be considerable pressures on front-line staff who will be advising and working with claimants and are often likely to be in a stressful situation. Local

authorities should therefore monitor the impact on front-line staff and put measures in place to support them.

Key findings

36. **We note that councils are working with partners to ensure they develop effective advice services that can provide advice to claimants over a range of issues including entitlements, online access and money management. Advice services should preferably be readily accessible, co-located with IT access and with other services that claimants are likely to be using, such as housing services.**

Recommendations

37. **We recommend that:**

- **training in understanding of welfare reform issues of front-line staff in all agencies and information services who come into contact with claimants should be a priority;**
- **DWP should work with councils to ensure effective, properly funded delivery partnerships under the Local Support Services Framework;**
- **Councils should keep their social fund replacement schemes and DHP schemes under regular review to ensure that Government is made aware of any shortfalls and of the impact of lack of funding;**
- **ANEC, supported by member authorities, should maintain a robust dialogue with Government over the implementation of the reforms, challenging assumptions that are not supported by evidence, monitoring their impact and raising issues as and when they arise;**
- **Government should be urged to provide, as soon as possible, clarification (and where appropriate extension) of the criteria for 'vulnerable' claimants (i.e. those who are eligible to have their rent paid direct to their landlord);**
- **DWP and DCLG should maintain a dialogue with authorities. ANEC can help facilitate this;**

- **Government should monitor the wider impacts of welfare reform, including impacts on housing, health, education, crime and disorder and community cohesion;**
- **DWP and other relevant Government departments should arrange for their officials to visit the North East, meet frontline staff and familiarise themselves with conditions on the ground;**
- **Government should give more thought to how it communicates messages regarding welfare reform in a timely and appropriate manner. It should avoid creating unrealistic impressions in people's minds of their council's ability to resolve their problems; and**
- **Local authorities should recognise the pressures on front-line staff who are advising and working with claimants, and put measures in place to support them.**

Theme 2 - Financial inclusion

Key issues

38. We are concerned that welfare reform, coupled with the wider effects of the recession, may increase levels of indebtedness, especially among people who are not used to managing their finances on a monthly basis and do not have a bank account. The fact that the housing element of Universal Credit will be paid one month in arrears can only increase indebtedness further.
39. One suggested solution put forward by DWP is the promotion of so-called "jam jar" bank accounts - accounts where money coming in is earmarked for a specific purpose, such as rent, and cannot be spent on anything else. In September 2012, the Government called for providers to introduce these financial products for UC claimants. It is still unclear, however, precisely how these accounts would work and who would pay for them.
40. We heard evidence about the DWP's credit union expansion programme. Since 2007 the DWP has invested £130 million of capital funding in competent credit unions to enable them to provide affordable credit and a further £38 million to 2015 with the aim of making them sustainable. One effect has been that they are starting to attract savers who have not previously saved. While some credit unions are still small, run by volunteers and of variable quality, the DWP is committed to developing them further as a means of getting people away from the high-cost lending provided by payday lenders and (worse still) loan sharks. We also noted that there may be a possibility of, in effect, making direct payments to landlords via a credit union account; although there is a transaction fee for this service, we understand that some landlords may be happy to pay this as it guarantees them their rent.
41. We consider that credit unions have an important role to play in combating financial exclusion, and we would encourage local authorities to do what they can (recognising the financial constraints they are under) to support them. This could be done in any of a number of ways, such as providing premises; providing professional support in areas such as accountancy and IT (we understand that even a limited amount of support, say one day per month of an accountant's time, would be valuable); arranging for an elected member or senior officer to serve on the credit union's board; promoting membership. We note that one authority has recently seconded a senior

officer with banking experience to support a local credit union.

42. We would encourage credit unions themselves to be more proactive in raising their profile and making their services more widely known to people who are likely to need them. In some cases they might benefit from operating on a larger scale (although not so large that they lose their local identity). Ideally they should have a presence on the local High Street so that they are perceived as a real alternative to expensive payday lenders.

43. We are concerned at the prospect of benefit payments going straight into the hands of high-cost lenders. Equally, we are concerned that payday loan companies are far too ready to emphasise in their advertising the ease of taking out a loan, with minimal information about the risks. The concerns we expressed about misleading advertising have recently been given strong support by the Office of Fair Trading's report on Payday Loans (March 2013). This stated:

"We found that most [payday lenders' websites] made claims we considered to be potentially misleading. We saw a pattern of advertising that emphasised speed and easy access to cash, at the expense of giving customers balanced information about the cost of lending, the risks if things go wrong and the consequences of non-payment. Overall, we found that the majority of lenders do not give consumers important information about the total cost of the loan or detailed terms and conditions until after the application is approved. This means consumers may not be able to make informed decisions about the suitability of the loan for their individual circumstances or to shop around for the best deal".

44. The OFT has given the leading 50 payday lenders 12 weeks to change their business practices or risk losing their licences.

45. We discussed the possibility of councils using existing powers, or seeking additional powers, to check the proliferation of payday lenders on local High Streets. We recognise that there would be a resource implication for councils in exercising such powers. This is an area that requires further investigation.

46. There is, of course, a real danger that people with debts may approach not just high-cost but legitimate lenders, but also loan sharks or illegal money lenders, who are known to target vulnerable people. Again, this risk increases as people have to stretch out their benefits to last a month rather than a fortnight. We are aware that there is much good practice in the North East of councils working with the national Illegal Money Lending Team to raise awareness of the dangers of borrowing from loan sharks. For example, in May 2012 Newcastle City Council held a week of action in two wards, as part of which 145 members of staff from 33 organisations were trained to identify the signs of loan shark activity, with a further 16 representatives of community groups being trained as advocates. This resulted in the prosecution of two loan sharks and helped people to become aware of the alternatives. (*Newcastle City Council, Cabinet briefing paper, 16 January 2013*).

Recommendations

47. We recommend that:

- if they have not done so already, councils should consider having a policy on support for credit unions as a means of providing claimants with inexpensive and reliable banking services, and promoting financial inclusion; and should consider the kind of practical measures outlined in paragraph 41;
- credit unions should be encouraged to be more proactive in raising their profile and making their services more widely known to people who are likely to need them;
- complaints against payday loan companies can be pursued through councils' trading standards services, including referring bad practice to the Office of Fair Trading where appropriate;
- the possibility of using existing powers, or seeking additional powers, to check the proliferation of payday loan companies on local High Streets should be investigated; and
- councils should be encouraged to continue their efforts to take action against loan sharks and to discourage people from borrowing from them.

Theme 3 - Housing

Key issues

48. We received direct evidence from the National Housing Federation (NHF) about the concerns of the social rented housing sector regarding the impact of welfare reform. 90% of housing associations in the North East predict that they will be greatly affected by the introduction of direct payment of rent to the tenant, with one association predicting a 50% increase in rent arrears. (A similar figure was given by a housing association that gave evidence to the Public Accounts Committee). 74% expect to be greatly impacted by the under-occupancy rules. Housing associations in the North East estimate the combined effect of the under-occupancy rules and the end of direct rent payment to cost them over £62 million.
49. There is very little flexibility in the housing stock to provide accommodation for those facing cuts in their income and needing to relocate to a smaller property. To illustrate the point, the ILG study of welfare reform in Stockton refers to a housing provider that has over 450 tenants under-occupying but has only 37 one-bed homes available each year for letting. It would therefore take over 10 years to rehouse these tenants if all of them requested a transfer. The DWP's stated intention of enabling social landlords "to make better use of their housing stock [by] matching the size of accommodation to the needs of tenants" seems likely to be frustrated by the realities of the situation, at least in the short to medium term.
50. Social landlords' housing strategies have for a number of years been focused on providing properties with a minimum of two bedrooms, as a matter of policy. Social landlords will therefore need to think carefully about whether they should change strategy to reflect changing circumstances, though this will not be possible without significant capital investment. As an example of the sort of innovative solution that might be considered, the possibility of using Empty Homes funding for conversions could be investigated. There is also a broader issue of social cohesion if numbers of people are forced to move out of a settled community in order to obtain a smaller property. Increasing instability of communities will potentially affect a wide range of council services, such as schools.
51. Housing associations rely on their rent income stream to support their credit rating and ability to borrow to fund future development. They will therefore have difficult choices to make in deciding how to deal with households in arrears; while evictions will create homelessness and other social problems (which will then fall to councils to deal with), housing associations will need to protect their income stream. One unknown factor is how the judiciary will react to arrears in cases where the tenant is clearly unable to pay.
52. One approach that social landlords might wish to consider is to develop arrangements with their local credit union to manage tenants' rent accounts; in return for a small fee per tenant to the credit union, the social landlord would be guaranteed payment of rent. We understand that such a system has been introduced in one authority.
53. While acknowledging that social landlords (including councils in their role as housing providers) are in a difficult situation, we suggest that they will need to review their policies and strategies in a number of key areas.

Recommendations

54. We recommend that:

- **while recognising the need to protect their income stream, social landlords be asked to consider how far it may be possible to develop alternatives to eviction;**
- **social landlords should review their allocations policies, for example on allowing tenants to move when they are in arrears, in appropriate cases;**
- **councils should work with social landlords to seek out innovative solutions to the lack of one-bedroom accommodation (for example, the possible use of Empty Homes funding) and to free up as much movement as possible. Social landlords may also wish to review their strategies for housing investment and consider the case for more one-bedroom accommodation;**
- **social landlords should be encouraged to work across the sector to develop common policies and approaches. The National Housing Federation and others, such as the National Housing Consortium should be**

asked to provide guidance on these matters;

- **social landlords should consider developing arrangements with their local credit union for management of tenants' rent accounts;**
- **ANEC and its member authorities should continue to work closely with the National Housing Federation and others, including the Northern Housing Consortium, to analyse the impacts of welfare reform through sharing information, holding joint meetings of respective welfare reform leads and so on;**
- **government should monitor the impact of welfare reform on social landlords and on housing supply and be ready to respond quickly to any adverse impacts.**

Theme 4 - Health

Key issues

55. Sir Michael Marmot's report on health inequalities, 'Fair Society, Healthy Lives (February 2010) provided compelling evidence on the social and economic determinants of health and the links between poverty and ill health and mortality. Marmot's findings included:
 - people living in the poorest neighbourhoods in England will on average die seven years earlier than people living in the richest neighbourhoods;
 - people living in the poorest neighbourhoods not only die sooner, but spend more of their lives with disability (on average, people in the poorest neighbourhoods spend 17 more years of life with disability than those in the richest neighbourhoods);
 - there is a social gradient to health inequalities - the lower one's social and economic status, the poorer one's health is likely to be; and
 - health inequalities arise from a complex interaction of many factors - housing, income, education, social isolation - all of which are strongly affected by economic and social status. Action on health inequalities requires action across all these determinants.
56. A presentation from Edward Kunonga (Director of Public Health, Middlesbrough Council) graphically demonstrated the link between poverty and life expectancy with an illustration from Middlesbrough: life expectancy reduces by two years for every mile from suburb (Nunthorpe) to centre (Pallister). He drew attention to the social causes of poor health and wellbeing, to lifestyle and behavioural risk factors and to issues around access to health and social care services, as well as the Government's welfare reforms and their potential impact on deprived communities. As well as lobbying Government to maintain the commitment to reduce family and child poverty and to carry out impact assessments on welfare reform, Mr Kunonga stressed that local action was also needed, making tackling poverty everyone's business; he drew attention to the important strategic leadership role of Health and Wellbeing Boards in this.
57. Since Michael Marmot published his report, there have of course been some significant changes in health governance, which take full effect from April 2013. Local authorities are taking the lead in

convening Health and Wellbeing Boards, with a responsibility for joining up social care and health, and preparing Joint Strategic Needs Assessments (JSNAs) and Joint Health and Wellbeing Strategies for their area; and are assuming responsibility for a wide range of public health functions which, together with their wider roles in areas such as housing, economic development, education and environmental health, will put them in the front line for tackling health inequalities. We consider that Health and Wellbeing Boards have a key role to play in driving this agenda forward.

58. We also believe that it is vital that clinicians recognise poverty as an underlying determinant of poor health and do not simply treat the symptoms. A holistic approach is needed and this should be part of medical training. We recognise that the content of medical training is not something that local authorities can easily influence. However, CCGs are represented on every HWB and Foundation Trusts (and other providers) are represented on some HWBs, and local authority representatives have an opportunity to use these contacts as a means of getting the point across.

Recommendations

59. **We recommend that local authority representatives on HWBs should seek to ensure that the need to recognise poverty as a determinant of poor health is fully appreciated by all participants and reflected in JSNAs and Joint Health and Wellbeing Strategies.**

Theme 5 - Fuel Poverty

Key issues

60. A household is defined as being in fuel poverty if it spends more than 10% of its net income on fuel to maintain a reasonable standard of warmth. This is not simply a question of income; a combination of factors work together to drag a household into fuel poverty, including health-related heating needs, the price they pay for fuel and the energy performance of their home. The problem has grown in recent years with above inflation rises in fuel prices; it has been estimated every 1% increase in energy prices pushes another 40,000 households in England into fuel poverty.
61. We received a presentation from Tim Cattle-Jones (Chief Executive, Green Deal Products) on the implications of fuel poverty. He noted that over 30% of households in the North East are affected by fuel poverty and the numbers are increasing: from 271,000 households in 2009 to 339,000 households in 2011. This takes a toll particularly on older people in terms of ill health and mortality; it is estimated that typically 30,000-50,000 more people die in the winter in the UK than would be expected given the average death rate for the year, and most of these deaths are of older people.
62. Mr Cattle-Jones referred to a study carried out in Craghead and South Stanley, where residents were paying significantly more than the national average for their energy. There was a much higher percentage of households using pre-payment meters (the most expensive way to purchase energy) - 47% as opposed to the national average of 16%. Awareness of the energy efficiency agenda was very low. In terms of a response to the problem, he outlined a need to secure better tariffs for disadvantaged households; to provide information and advice on energy; and to deliver energy-efficient improvements. There was scope for partnership working across the North East and it was noted that the 'Warm Up North' partnership, to which six authorities in the North East have signed up, is procuring a delivery partner to improve the energy efficiency of domestic properties (public and private) and publicly owned non-domestic properties across the North East using the Government's Green Deal and Energy Company Obligation (ECO) initiative. Mr Cattle-Jones also outlined a specific proposal to provide free winter energy for vulnerable people from 1 November to 31 March, using money top-sliced from the benefits system.

63. We are aware that all authorities are already engaged in a wide range of measures to provide energy advice and deliver energy improvements. However, this may be an appropriate time for them to review their fuel poverty strategies in the light of the increase in fuel poverty referred to above. We have some reservations about the ‘free winter energy’ proposal as this would mean moving money round within the benefits system which might advantage some people and disadvantage others; we suggest that ANEC should keep a ‘watching brief’ on this as the implications of changes to the benefits system become clearer.
64. Recognising the amount of older housing stock in the North East, such as terraced houses more than 100 years old (which have sometimes been considered unsuitable for ‘conventional’ methods of insulation) authorities may wish to investigate innovative technological solutions to insulating such homes. We noted that six North East authorities have signed up to the ‘Warm Up North’ Partnership; we recommend maintaining a watching brief on this project and participating where appropriate in stakeholder events to share good practice.
65. Government has an important role to play in putting pressure on energy companies to keep prices down and ensure that the poorest customers are not further disadvantaged by unfavourable tariffs. We note the Prime Minister’s pledge, in November 2012, to force energy companies to offer the lowest possible tariff to customers, and we look forward to seeing it translated into action. We also endorse the initiatives that authorities have taken in the cooperative buying of energy on behalf of their residents; further assessment and understanding of these initiatives would be useful.

Recommendations

66. We recommend that:

- **all authorities should be encouraged to have an outcome-driven strategy to reduce fuel poverty in their area, to include such actions as securing better tariffs for disadvantaged households, providing advice and information (particularly to the vulnerable elderly), delivering energy efficiency improvements and disseminating good practice;**
- **authorities may wish to investigate innovative technological solutions to insulating older homes that have previously been considered unsuitable for conventional methods of insulation;**
- **a watching brief should be kept on the Warm Up North Partnership;**
- **at the appropriate time, an assessment should be undertaken of initiatives undertaken by authorities in the cooperative buying of energy on behalf of their residents;**
- **government should be urged to continue to take all possible action to ensure that energy companies keep price increases to a minimum and do not disadvantage the poorest customers through unfavourable tariffs; and**
- **ANEC should keep a watching brief on the proposal for free winter energy for vulnerable people and review the matter as the implications of changes to the benefits system become clearer.**

Theme 6 - Employment and economic development

Key issues

67. There are some important interactions between family poverty and economic development. Firstly, it is clear that the changes to benefits will result in a loss of money to the local economy: it is difficult to arrive at a precise figure, but the recent research by Sheffield Hallam University estimates that some £940 million will be lost to the economy each year across the North East. Much of the impact will be felt by local businesses, such as corner shops, as individuals lose benefits that they would previously have spent in their community.
68. The Government has explicitly stated that one of the purposes of its welfare reforms is to get people off benefits and back into work. For this to happen, there need to be jobs available and people need to be suitably skilled to move into those jobs.
69. Authorities in the North East are already focused on creating the conditions for local economic growth and put regeneration and economic development at the heart of what they do, with some positive results. They are also taking specific initiatives to help people back into work. The Youth Jobs Summit convened by ANEC in July 2012 brought together partners from the public, private and voluntary sectors to consider routes for getting young people into work. A number of suggestions emerged from the discussions and these are being taken forward.
70. In parallel with this Task & Finish Group, the Economic Development Task & Finish Group is considering the role of local authorities in economic development, taking into account the changing landscape and fiscal climate. Councils need the financial resources to help create the conditions for economic growth, which is pivotal to providing more jobs, but as councils' budgets tighten, this is put at risk.

Theme 7 - Early intervention and resilience

Key issues

71. We received a presentation from Gill Rollings (Chief Executive, Middlesbrough Council) on the case for early intervention with families at risk of falling into serious difficulties. She commented that too often intervention is late and expensive; there is a need for coordinated services, tackling the 'causes of the causes' and requiring a longer-term approach. Serious Case Reviews, for example those in the Baby P and Victoria Climbié cases, frequently identify missed opportunities to engage with a family at an earlier stage. Examples of good practice in the North East include the Durham Early Intervention Team (reducing the impact of alcohol on families) and the Darlington Child Development Programme (aimed at narrowing the gap between low-achieving children and their higher-achieving peer group). Ms Rollings also gave examples from Middlesbrough where early intervention with troubled families had realised savings calculated at £87k in one case and £50k in another.
72. We noted a number of examples of what local authorities and schools can do to develop resilience among children and families and especially raise children's self-image.
73. **We note and endorse the importance of councils ensuring that they have effective early intervention policies in place to focus on individuals and families before they get into difficulties; and recommend that councils consider discussing with schools in their area the steps they can take to raise children's self-image, and consider how their own services can contribute towards this.**

Theme 8 - the Cumulative Impact; Monitoring and Advocacy

Key issues

74. This report has taken a thematic approach, looking at different aspects of family poverty in turn. However, it is essential not to overlook the cumulative impact of so many things that are going on at the same time. An individual may be hit by the recession, lose his or her job, lose benefit because of the under-occupancy rules, find himself/herself having to pay an element of council tax for the first time, make benefit claims through an unfamiliar IT system, open a bank account and manage a monthly benefit payment. (Some examples from Newcastle City Council which illustrate this point are included in Appendix C). Local authorities, because of the financial pressures they are under, are less well equipped to support and advise people in this situation. They are also having to make cuts in key services including adult and children's services.
75. There are many uncertainties about what will actually happen from 1 April 2013 when the welfare reforms take effect. As the Public Accounts Committee has recently pointed out, "The Department [for Work and Pensions] is relying on a 'wait and see' approach to identify the impact of Housing Benefit reforms, for example on homelessness". The DWP has not attempted to model the impacts of the reforms as they depend on the actions claimants take in response to changes in their individual circumstances and local conditions.
76. We note that individual authorities are developing their own monitoring framework to track the effects of welfare reform and its impact on family poverty. There also needs to be a North East wide monitoring framework which will build an evidence base for lobbying Government as the impact of welfare reform becomes clearer. ANEC should develop such a framework.
77. The importance of developing an evidence base is that, as we have previously pointed out (paragraph 27), some aspects of the Government's policy on welfare reform rest on untested assumptions. Examples include the adequacy of funding for Discretionary Housing Payments (the Public Accounts Committee report points out that there was no assessment of need); the scope for 'over-occupying' tenants to move to smaller accommodation; and the ability of claimants to make claims online. By producing robust evidence that these assumptions are

misguided, it may be possible to convince Government to rethink at least some aspects of the reforms.

78. The PAC report calls on the DWP to monitor emerging trends on homelessness, rent levels and arrears with a view to responding rapidly should the need arise, for example by changing rules on rents or returning to more direct payments to landlords. It should monitor changes at a regional and local level and be ready to act rapidly by identifying in advance what action increases in homelessness or rents will trigger.
79. We note that the Resources Task & Finish Group is lobbying for additional resources for adult and children's services and is making a robust case based on a range of factors including the rapid increase in the workload.
80. We note that the Government, in its Measuring Child Poverty consultation paper, states its commitment to ending child poverty. We welcome that commitment; it is vital that pressure is maintained on Government to sustain it.

Recommendations

81. We recommend that:

- **ANEC develop a North East wide monitoring framework which will build an evidence base for lobbying Government as the impact of welfare reform, including impacts on particular groups, becomes clearer. This should also involve monitoring the progress of the Universal Credit pilots and direct payment demonstration projects;**
- **ANEC use the framework as a basis for advocacy, focusing on areas where Government may be open to the possibility of change;**
- **DWP be pressed to comply with the recommendation of the Public Accounts Committee that it should monitor emerging trends, at regional and local level, on homelessness, rent levels and arrears with a view to responding rapidly should the need arise;**
- **ANEC continues to develop links with the National Housing Federation and the Northern Housing Consortium to review the implementation of welfare reform and**

emerging best practice, and consider issues such as data sharing;

- **ANEC continues its advocacy for additional resources for adult and children's services;**
- **The Association presses Government to maintain its commitment to end child poverty, and to retain income as a central element of any measure of child and poverty; and**
- **A follow-up event on welfare reform is held in 6-12 months time.**

Concluding remarks

82. Family poverty is a serious, and growing, problem in the North East, and one with which local authorities and their partners are fully engaged. Our aim in this report has been to highlight the key issues, disseminate an awareness of existing good practice and offer some practical recommendations for addressing the challenges that local authorities and their partners face.

Appendices

- Appendix A** **Membership of the Task & Finish Group**

- Appendix B** **Summary of Recommendations**

- Appendix C** **Illustrations of impact of welfare reforms on households** (provided by Newcastle City Council)

Appendix A Membership of the Task & Finish Group

Members

Councillor Jan Brunton (Chair)	<i>Middlesbrough Council</i>
Councillor David Coleman	<i>Stockton on Tees Borough Council</i>
Councillor Ernest Gibson	<i>South Tyneside Council</i>
Councillor Lucy Hovvels	<i>Durham County Council</i>
Councillor Doreen Huddart	<i>Newcastle City Council</i>
Councillor Cyndi Hughes	<i>Darlington Borough Council</i>
Councillor Ian Lindley	<i>Northumberland County Council</i>
Councillor Shirley Mortimer	<i>North Tyneside Council</i>
Councillor Lynn Pallister	<i>Redcar & Cleveland Borough Council</i>
Councillor Chris Simmons	<i>Hartlepool Borough Council</i>
Councillor Clare Vasey	<i>Durham County Council</i>
Councillor Susan Watson	<i>Sunderland City Council</i>
Councillor Amy Wilson	<i>Sunderland City Council</i>

Advisors

Nicola Bailey	<i>Acting Chief Executive, Hartlepool Borough Council (until September 2012)</i>
Gill Rollings	<i>Chief Executive, Middlesbrough Council (from September 2012)</i>
Melanie Laws	<i>Chief Executive, ANEC</i>
Andy Robinson	<i>Head of Local Government Policy, ANEC</i>
Jonathan Rew	<i>Specialist Support Officer, ANEC</i>

Appendix B Summary of Recommendations

Context

1. Authorities are urged to maintain a focus on income as a central factor in any discussion on the definition of poverty.

Welfare reform

2. Training in understanding of welfare reform issues of front-line staff in all agencies and information services who come into contact with claimants should be a priority.
3. DWP should work with councils to ensure effective, properly funded delivery partnerships under the Local Support Services Framework.
4. Councils should keep their social fund replacement schemes and DHP schemes under regular review to ensure that Government is made aware of any shortfalls and of the impact of lack of funding.
5. ANEC, supported by member authorities, should maintain a robust dialogue with Government over the implementation of the reforms, challenging assumptions that are not supported by evidence, monitoring their impact and raising issues as and when they arise.
6. ANEC should also seek clarification (and where appropriate extension) of the criteria for 'vulnerable' claimants (i.e. those who are eligible to have their rent paid direct to their landlord).
7. DWP and DCLG should maintain a dialogue with authorities. ANEC can help facilitate this.
8. Government should monitor the wider impacts of welfare reform, including impacts on housing, health, education, crime and disorder and community cohesion.
9. DWP and other relevant Government departments should arrange for their officials to visit the North East, meet frontline staff and familiarise themselves with conditions on the ground.
10. Government should give more thought to how it communicates messages regarding welfare reform in a timely and appropriate manner. It should avoid creating unrealistic impressions in people's minds of their council's ability to resolve their problems.
11. Local authorities should recognise the pressures on front-line staff who are advising and working with claimants, and put measures in place to support them.

Financial inclusion

12. If they have not done so already, councils should consider having a policy on support for credit unions as a means of providing claimants with inexpensive and reliable banking services, and promoting financial inclusion; and should consider the kind of practical measures outlined in paragraph 41 of our report.
13. Credit unions should be encouraged to be more proactive in raising their profile and making their services more widely known to people who are likely to need them.
14. Complaints against payday loan companies can be pursued through councils' trading standards services, including referring bad practice to the Office of Fair Trading where appropriate.
15. The possibility of using existing powers, or seeking additional powers, to check the proliferation of payday loan companies on local High Streets should be investigated.
16. Councils should be encouraged to continue their efforts to take action against loan sharks and to discourage people from borrowing from them.

Housing

17. While recognising the need to protect their income stream, social landlords should be asked to consider how far it may be possible to develop alternatives to eviction.
18. Social landlords should review their allocations policies, for example on allowing tenants to move when they are in arrears, in appropriate cases.
19. Councils should work with social landlords to seek out innovative solutions to the lack of one-bedroom accommodation (for example, the possible use of Empty Homes funding) and to free up as much movement as possible. Social landlords may also wish to review their strategies for housing investment and consider the case for more one-bedroom accommodation.
20. Social landlords should be encouraged to work across the sector to develop common policies and approaches. The National Housing Federation, and others such as the National Housing Consortium, should be asked to provide guidance on these matters.

21. Social landlords should consider developing arrangements with their local credit union for management of tenants' rent accounts.
22. ANEC and its member authorities should continue to work closely with the National Housing Federation and others, including the Northern Housing Consortium, to analyse the impacts of welfare reform through sharing information, holding joint meetings of respective welfare reform leads and so on.
23. Government should monitor the impact of welfare reform on social landlords and on housing supply and be ready to respond quickly to any adverse impacts.

Health

24. Local authority representatives on Health and Wellbeing Boards should seek to ensure that the need to recognise poverty as a determinant of poor health is fully appreciated by all participants and reflected in Joint Strategic Needs Assessments and Joint Health and Wellbeing Strategies.

Fuel Poverty

25. Authorities should be encouraged to have an outcome-driven strategy to reduce fuel poverty in their area, to include such actions as securing better tariffs for disadvantaged households, providing advice and information (particularly to the vulnerable elderly), delivering energy efficiency improvements and disseminating good practice.
26. Authorities may wish to investigate innovative technological solutions to insulating older homes that have previously been considered unsuitable for conventional methods of insulation.
27. A watching brief should be kept on the Warm Up North Partnership.
28. At the appropriate time, an assessment should be undertaken of initiatives undertaken by authorities in the cooperative buying of energy on behalf their residents.
29. Government should be urged to continue to take all possible action to ensure that energy companies keep price increases to a minimum and do not disadvantage the poorest customers through unfavourable tariffs.
30. ANEC should keep a watching brief on the

proposal for free winter energy for vulnerable people and review the matter as the implications of changes to the benefits system become clearer.

Early intervention and resilience

31. We note and endorse the importance of councils ensuring that they have effective early intervention policies in place to focus on individuals and families before they get into difficulties; and recommend that councils consider discussing with schools in their area the steps they can take to raise children's self-image, and consider how their own services can contribute towards this.

Monitoring and advocacy

32. ANEC should develop a North East wide monitoring framework which will build an evidence base for lobbying Government as the impact of welfare reform, including impacts on particular groups, becomes clearer. This should also involve monitoring the progress of the Universal Credit pilots and direct payment demonstration projects.
33. ANEC should use the framework as a basis for advocacy, focusing on areas where Government may be open to the possibility of change.
34. DWP should be pressed to comply with the recommendation of the Public Accounts Committee that it should monitor emerging trends, at regional and local level, on homelessness, rent levels and arrears with a view to responding rapidly should the need arise.
35. ANEC should continue to develop links with the National Housing Federation and the Northern Housing Consortium to review the implementation of welfare reform and emerging best practice, and consider issues such as data sharing.
36. ANEC should continue its advocacy for additional resources for adult and children's services.
37. The Association should press Government to maintain its commitment to end child poverty, and to retain income as a central element of any measure of child and poverty.
38. A follow-up event on welfare reform should be held in 6-12 months time.

Appendix C Illustrations of impact of welfare reforms on households (provided by Newcastle City Council)

Case study 1: Working couple, housing, disability. This case study demonstrates the cumulative impact of changes to ESA, under-occupancy, PIPs and pension age increases.

A couple are both aged 56. He gave up work because of arthritis - and is currently receiving contributory work related activity Employment and Support Allowance of £94.25. Mr also gets Disability Living Allowance Higher rate mobility and lower rate care. Mrs works 24 hours a week for £6 per hour. She doesn't get Working Tax Credit because she works under 30 hours. They live in a 2 bed flat and their rent is £75 per week. They get £29.24 housing benefit and £6.42 council tax benefit. Once they have paid their rent and council tax they are left with £248.56 pw. Under proposals due to come in April 2012, Mr will lose ESA of 394.25 because he will have been on it for over 52 weeks - in spite of the fact that he paid his national insurance contributions for years.

With the drop in income after they have paid their

rent and Council tax they will have £214.15 pw. From April 2013 their rent will be limited to the one bed rate and they will have to find an extra £7.50 to pay towards their rent. Also from 2013 Disability Living Allowance will be replaced by Personal Independence Payment and Mr is likely to be reassessed. The Government intends to save 20% of the cost - if he loses his payment their income will drop to £113 pw after they have paid their rent and council tax. Under new rules both Mr and Mrs will have to wait until they are 65 to become entitled to Guarantee pension Credit - under the old rules this would have been 60 for Mrs. This would have given them £209.70 with their rent and council tax paid in full. This means that over the 5 years from 60 - 65 they will have lost out on £25,142.

Case study 2: (Single man, jobseeker and Housing Benefit). This case study demonstrates the cumulative impact of JSA sanctions and LHA cuts.

Mr is aged 30 - he has worked in the past - mainly on nil hour contracts where he got sent home if there was no work. He is currently signing on and gets £67.50 in Job Seekers allowance. He lives in a 2 bed flat. After he has repaid his crisis loan of £2 pw and his water rates of £6 pw, gas and electricity of £25 pw, TV licence of £5.50 a week he is left with £28.90. This has to cover food, clothing, transport costs and his mobile. Mr has been sanctioned for 2 weeks because he was late signing on. This means that he will get no JSA for

2 weeks. He is not in a priority group so he will get no hardship payments or crisis loan. As well as having no money for food he will get into arrears with all his regular payments. He'll have to rely on soup kitchens for food. From January 2012 he will lose £7.57 per week off his housing benefit when he is restricted to the one bed rate. He'll then have just £21.33 to live on. This could be reduced by a further £3 a week once localised Council Tax support is introduced in April 2013.

Ms is a single parent with 2 daughters aged 5 and 7 working 35 hrs per week and earning £10,920 pa (minimum wage). The children go to a child minder for 3 hours each a day costing £105 per week. She lives in a privately rented two bedroom flat paying rent of £120 pw. Her current income and benefit entitlement was:

• Net Income from work	=	£188.08
• Working Tax credit	=	£127.00
• Child Tax Credit	=	£108.29
• Child Benefit	=	£33.70
• Housing Benefit	=	£60.40
• Council Tax benefit	=	£1.18

Case study 3: Ms (working lone parent). This case study demonstrates the cumulative impact of cuts to Tax Credit, Housing Benefit and child-related help.

From April 2011, as a result of benefit reform Ms has seen reductions in the following benefits:

- Freezing of Working Tax Credit and Child benefit - £3.95 reduction per week
- Reduced Child Care Help - £7.30 reduction per week
- Non Introduction of FSM - £19.00 reduction per week
- Reduction of LHA calculated on lower 1/3 of market - £3.00 reduction per week

Therefore due to Welfare Reform it is estimated that she is now £1729.00 worse off per year.

Case study 4: Family (unemployed family, disabled child). This case study demonstrates the cumulative impact of the Housing Benefit cuts and the benefit cap.

The family have 6 children. Both Mr and Mrs are of working age and unemployed. One of their children is entitled to Disability Living Allowance (DLA). The cap is introduced in April 2013 but they are not affected but in 2014 the child's DLA is reassessed and stopped. This means a weekly reduction in DLA of £20.55 a week and £56 Tax Credits but it also means that now; they are not

exempt from the cap and in this case, a loss of all their Housing Benefit. They will now have to find all the rent of £150, whereas they got all of it in Housing Benefit. They have already moved once to a cheaper property to meet the reduced Local Housing Allowance reductions (cap on 4 bedrooms and lower third LHA rate).

Case study 5: Family (unemployed, disabled child). This case study demonstrates the impact of lower levels of support for households with a disabled child under Universal Credit.

Daughter on lower rate of DLA presently means an extra £56.63 a week. When the family are transferred across to Universal Credit, this will reduce to £28.15 a week. Although they may receive some transitional protection, it is estimated the family could lose up to £20,000 by the time the child reaches 16.

Appendix C Illustrations of impact of welfare reforms on households (provided by Newcastle City Council)

Case study 6: This case study is similar to case study 5, but in this case, the household is unaware of DLA entitlements for a disabled child.

Family are unaware they can claim DLA for disabled daughter. That means they are already missing out on DLA and extra Tax Credits. Sometime after October 2013, family are transferred across to Universal Credit. If they had received the higher rate of DLA for the daughter before the transfer, they would at least have

received a higher amount and a frozen transitional protection up to the old higher amount of £28 a week for a number of years. And they would never be able to get that higher amount even if they claimed and received DLA for her. They need advice to claim DLA before transfer to Universal Credit.

Case study 7: Lone parent. This case study demonstrates the cumulative impact of Tax Credit cuts.

A single parent working full-time on the minimum wage (£12,334 annual gross income), with two children and paying £300 a week or more for childcare, will lose support totalling around £1,620 a year (13% of their gross income).

A single parent working full-time and earning the national average wage (£25,948 annual gross income), with two children and paying £300 a week or more for childcare, will lose around £1,900 a year (7% of their income).

All single parents will face a reduction in their gains to work, with an average cash loss of £492 a year for those using childcare.

According to the Institute for Fiscal Studies, lone parents, are, on average, among the biggest losers as a result of the reforms.

Employment Support Allowance (ESA) (2011 - 2014) - 15,000 people affected as they are moved from Incapacity Benefit to ESA. Tax Credit claimants losing an average £1,000 a year.

Typical impact scenario - tenant moved from ESA to Job Seekers Allowance (JSA) income drops from £105 pw to £71, in addition loses out on the under occupancy charge of £14 pw, loss of £48 pw a 34.6% drop in income Action : targeted advice, appeal representation, self-help support.

Personal Independence Payment (PIP) from April 2013 – there are currently around 10,800 in Newcastle in receipt of Disability Living Allowance (DLA). From October 2013 to April 2016 these people will be reassessed and those that qualify for support will move to PIPs. DWP are projecting a 20% budget reduction for PIP, equating to a loss of £5M from Newcastle. Additionally there will be a high demand on services for advice and support.

Typical impact scenario - a person losing the middle rate care component of DLA would lose £51.85 care component again this is likely to coincide with cuts in connected benefits, housing and council tax benefits.

Cumulative impact on disabled people over time

DEMOS have produced a study following 6 disabled people.

The 'Destination Unknown' series, reports twice a year on how six disabled households have been faring. The study found that disabled people stand to lose £9bn in benefits alone over the course of this Parliament. The fourth and final instalment of the project provides an overview of the experiences of these families and identifies the risks they and other disabled people face in the near future.

Since the last report the Welfare Reform Act has gained Royal Assent and the Act contains a number of measures that will affect the material income of disabled people and their families over the next two years'.

The financial impact:

- Aisha and her parents lost £211.09
- Albert and his wife lost £1,285.12
- Steve lost £663.70
- Philip lost £70.98
- Carla lost £129.35
- Helen and her son lost £319.41

It also has findings on the less predictable impact, the precarious financial situation disabled households face, including administrative errors, how well the household is coping or not, and what they can expect over the next 2 to 3 years as the Welfare Reform Act takes effect.

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