

# Impacts of welfare reform in Camden



Cabinet Policy Briefing

4 February 2013

PUBLIC VERSION

This **Cabinet Policy Briefing** was prepared in January 2013. The information contained within this briefing represents a snapshot in time, informed by data currently available.

# About these slides

- This is the fourth in a series of welfare reform impact assessments for Cabinet
- Data is correct as of January 2013 for housing benefit data or latest available data for other DWP benefits
- Major new information in this document:
  - More on the characteristics of children affected by welfare changes
  - Current arrears rates for groups of council tenants who will be affected by welfare changes
- Analysis is work in progress and in many cases it is too soon to draw conclusions, particularly as many of the reforms have not happened yet.

# Overview of the national context

- Measures intended to deliver radical reforms to the benefit system for people of working age – also aim to save **£18 billion** within the current spending period, and a further **£10.5 billion** in the next.
- Enabling legislation via the Welfare Reform Act (March 2012). Technical details preserved for secondary legislation – do not require Parliamentary approval.

## The Government's objectives for the reforms:

- promote work and personal responsibility
- simplify the system to make work pay;
- reduce welfare dependency ; and
- reduce the cost of welfare (working-age welfare budget has increased 45% in real terms over last decade – £74bn 2009/10)

- Some measures have already been introduced:
  - cap on **Local Housing Allowance (LHA)** by number of bedrooms (introduced gradually during 2012 for households over the cap);
  - **age threshold** for receiving LHA to live on your own increased from 25 to 35.
- In April 2013 some high-impact reforms will be introduced:
  - **social sector size criteria** (social housing tenants living in homes larger than they need)
  - Council Tax Benefit replaced by **local council tax support** (with 10% reduction in funds)
  - localisation of part of **Social Fund** (Crisis Loans and Community Care Grants)
  - Major working age benefits to be **uprated** by 1% for 2013/14 and two subsequent years (2013/14 CPI inflation forecast is 2.6%, wage inflation 2.2%)
- During the rest of 2013, the following will be introduced:
  - **cap on total benefits** a working-age household can receive (to be administered by reducing Housing Benefit until the introduction of Universal Credit) - expected in summer 2013. Households in work (above certain hours thresholds), with one or more member in receipt of DLA/PIP or in exempt supported accommodation are exempt from the cap.
  - roll out of **Personal Independence Payment (PIP)** to replace DLA – new claims from June, reassessments start in October
  - **Universal Credit** will be rolled out – new claims from October 2013, existing claims between 2013 and 2017

Updated  
timescales

# Summary and contents

Welfare reform	Summary of position in Camden	New information included since Dec 2012	Changes since Dec 2012	Slide no.
Social Fund	In 2011/12, average Community Care Grant award in Camden was £757.28, average Crisis Loan award was £62.66. Nationally, Community Care Grants primarily awarded to lone parents and disabled people; Crisis Loans to unemployed people. Cabinet approved Social Fund approach in October 2012.	No change – no new data available	n/a	5
Housing benefit overview	Slight decrease in total claims and significant decrease in new claims since the introduction of the LHA cap (April 2011). Increase in Discretionary Housing Payments. 21% of current Housing Benefit claimants are affected by the changes to housing benefit (through the LHA changes) or will be affected (through Social Sector Size Criteria and Total Benefit Cap).	New total figure for those impacted by welfare reform	Trends continuing	6&7
Local housing allowance (LHA) changes including shared accommodation rate extended from 25 to 35 year olds	Total claims fairly static but decrease in average value of claim since the introduction of the LHA cap (April 2011). More households with children and fewer young single people claiming. Meanwhile market rents are still increasing.	Updated data	Trends continuing	8
	Of 3,384 claims in April 2011, 1,804 were protected for 12 months from the anniversary of their claim. 52% are no longer claiming LHA in Camden compared with 40% in December 2012. 34% have stopped claiming HB in Camden altogether so may have moved away, found employment etc.	Updated data	Trends speeding up	9
	West of borough has largest number of claims and biggest increases. South seeing decreases.	Updated map	Trends continuing	10
	New case studies show that the end of protection from the LHA cap is continuing to lead to major changes for households.	2 new case studies	Trends continuing	11
Social sector size criteria	2,109 council and RSL tenant households will be affected. Most council tenants are under-occupying by 1 bedroom, for which average loss in benefit is £16.47/week.	A few more RSL underoccupiers included	No change	12
Total benefit cap	761 households will be affected, with large average losses to benefits. 80% have children.	Gvt policy change, update on support	A few households may now be exempt	13
	New case study shows that Total Benefit Cap is already having a major effect on people’s housing choices and make it difficult to find sustainable housing in Camden.	New case study	Trends continuing	14
Impact on children	1,882 children in families affected by total benefit cap. Average loss of benefit per week of £107 – current arrangements unlikely to be sustainable for most. 285 children in families affected by both LHA and TBC facing even larger losses.	Improved matching between benefits and schools data	No change	15
	Somali children make up 32% of children affected by the Total Benefit Cap and attending Camden schools. 40 of 241 complex families will be affected by welfare reform.	Characteristics of affected children at Camden schools	n/a	16
Homelessness	New homelessness cases are currently largely static despite a blip in October. However large increase expected following implementation of Total Benefit Cap (TBC) in the summer.	Updated data	Trends continuing	17
Council rent arrears	Arrears rates for households who will be affected by the SSSC and TBC are already higher than average, suggesting they may struggle (if not supported) to cope financially when those changes take effect.	New data	n/a	18
DLA/PIP	Around 7,000 DLA claimants will be reassessed from October 2013 onwards. New claims will now start from June not April as previously announced. A third get the lower care award and nearly 75% have been claiming for 5 years or more.	No new data available	Amended timetable	19
ESA/IB	In February 2012, there were 3,900 ESA claimants and 2,480 IB claimants receiving payments in Camden. In the 14 month period to February 2012, 32% of people who had their IB claim reassessed were found fit for work.	No new data available	n/a	20

# The Council and welfare reform: the Social Fund

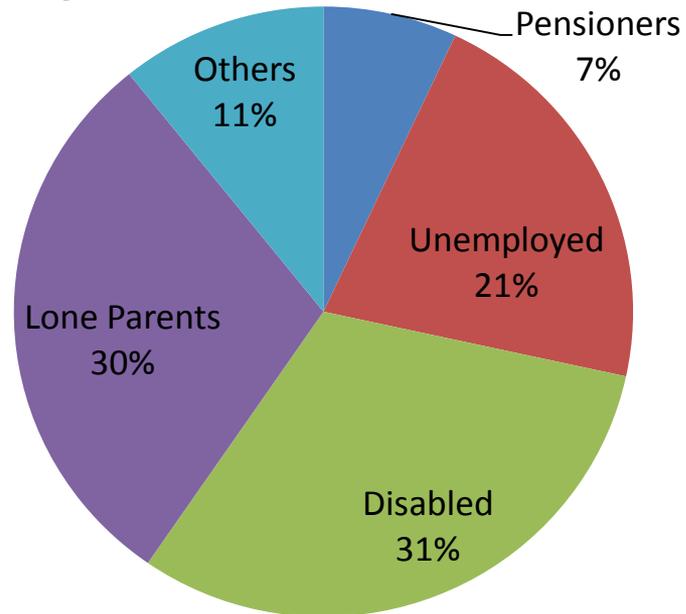
In 2011/12, average Community Care Grant award in Camden was £757.28, average Crisis Loan award was £62.66. Nationally, Community Care Grants primarily awarded to lone parents and disabled people; Crisis Loans to unemployed people. Cabinet approved Social Fund approach in October 2012.

Camden 2011/12 (full year):

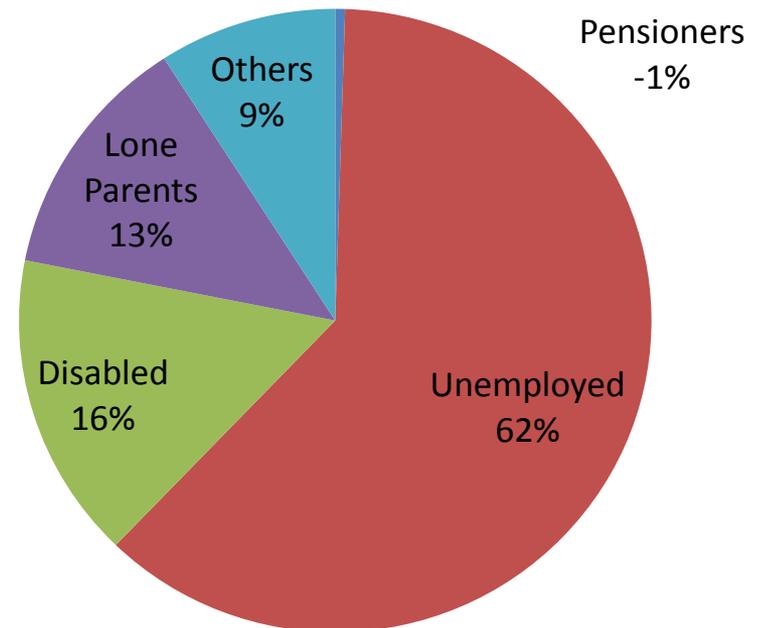


National profile of applicants:

**Community Care Awards**



**Crisis Loans**



# Housing benefit overview

Slight decrease in total claims and significant decrease in new claims since the introduction of the LHA cap (April 2011).  
Increase in Discretionary Housing Payments.

**2010/11**

28,842 claims monthly  
average

616 new claims monthly  
average

Updated  
data

- Increase in DHPs
  - 49 2010/11 monthly average
  - 60 July-December 2012 monthly average
  - 23% increase

**Rolling 6 month average  
(July-December 2012)**

28,467 claims  
462 new claims

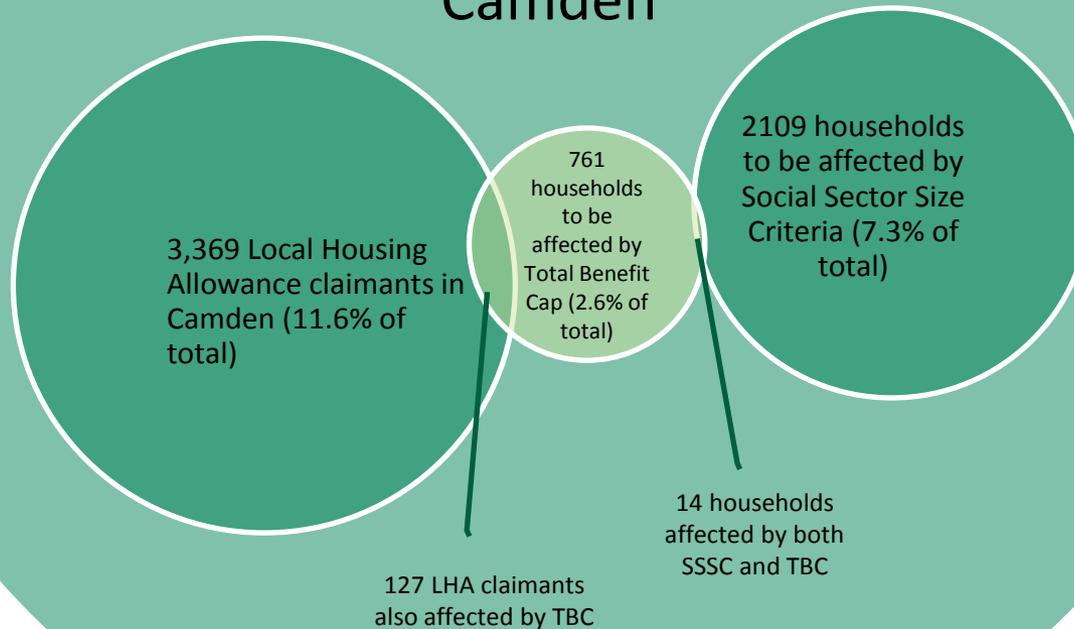
Updated  
data

# Housing benefit change overview

21% of current Housing Benefit claimants are affected by the changes to housing benefit (through the LHA changes) or will be affected (through Social Sector Size Criteria and Total Benefit Cap).

New presentation of data

## 28,992 Housing Benefit claimants in Camden



# LHA overview

Total claims fairly static but decrease in average value of claim since the introduction of the LHA cap (April 2011). More households with children and fewer young single people claiming. Meanwhile market rents are still increasing.

Updated data

**April 2011**  
3,384 claims

**July 2012**  
3,468 claims

**January 2013**  
3,369 claims

Change in make-up of the cohort since April 2011:

- Households with children: now 33% (up from 26%)
- Passporting benefits: %age unchanged
- Under 35s: now 14% (down from 34%)

**April 2011**  
£243.50 average  
weekly LHA payment

**July 2012**  
£225.49 average

**January 2013**  
£215.39 average

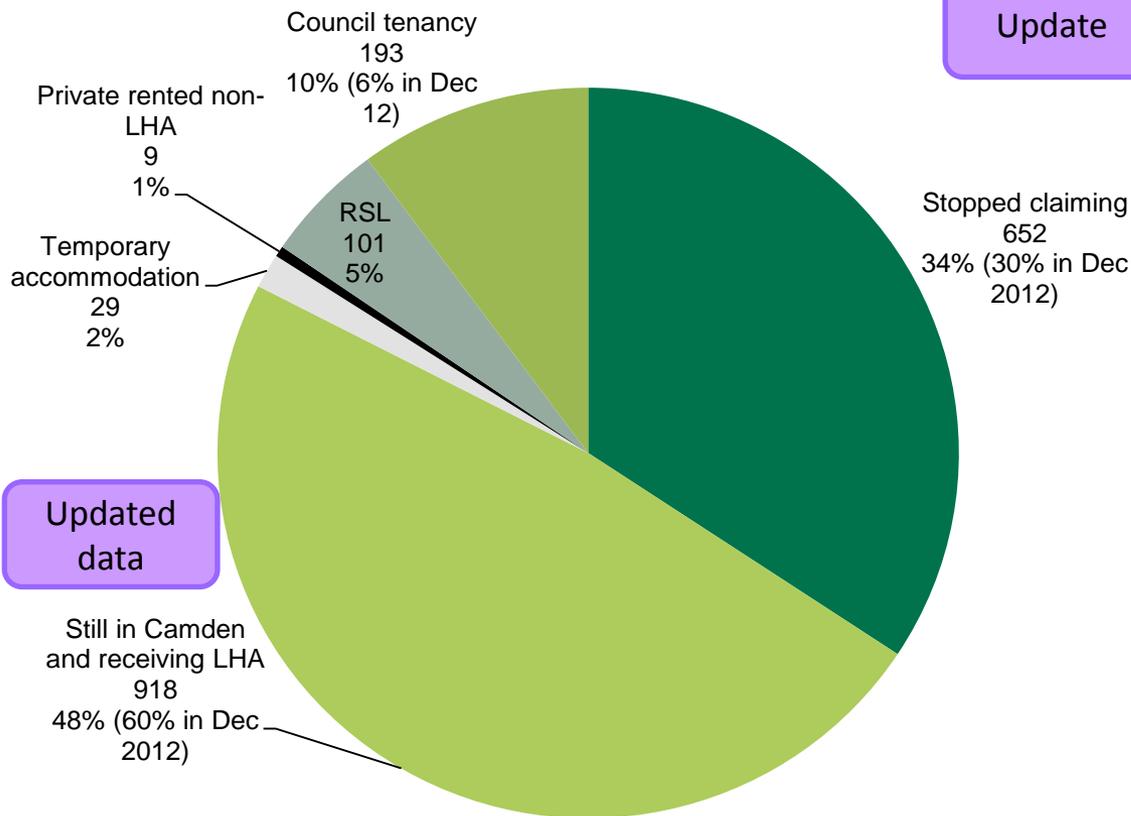
**June 2010-June 2011**  
£433  
Market median weekly rent  
for 2 bed flat\*

**Sept 2011-Sept 2012**  
£466

\* This is a relatively new dataset which only began in June 2011.

# LHA – the protected cohort

Of 3,384 claims in April 2011, 1,804 were protected for 12 months from the anniversary of their claim. 52% are no longer claiming LHA in Camden compared with 40% in December 2012. 34% have stopped claiming HB in Camden altogether so may have moved away, found employment etc.



Updated data

Still in Camden and receiving LHA  
918  
48% (60% in Dec 2012)

Update

## Support

HOAS have supported 470 clients since January 2012. Of these, 300 (64%) have been resolved as follows:

- For 90 families, council has negotiated with landlord to reduce rent to capped level, with judicious use of DHP & HPF payments
- 30 households supported to move to more affordable accommodation, generally outside the borough
- 6 families have approached another LA
- 85 families have successfully bid for social housing (although often for homes that are slightly smaller than their assessed need)
- 15 families are making up shortfall from other income
- 30 families moved of own accord (although some to overcrowded accommodation as a stepping stone to a bid for social housing)
- See new case studies on slide 12

Remaining cases are still work in progress, a significant proportion of these are families who will also be affected by the total benefit cap and may therefore be more difficult to resolve.

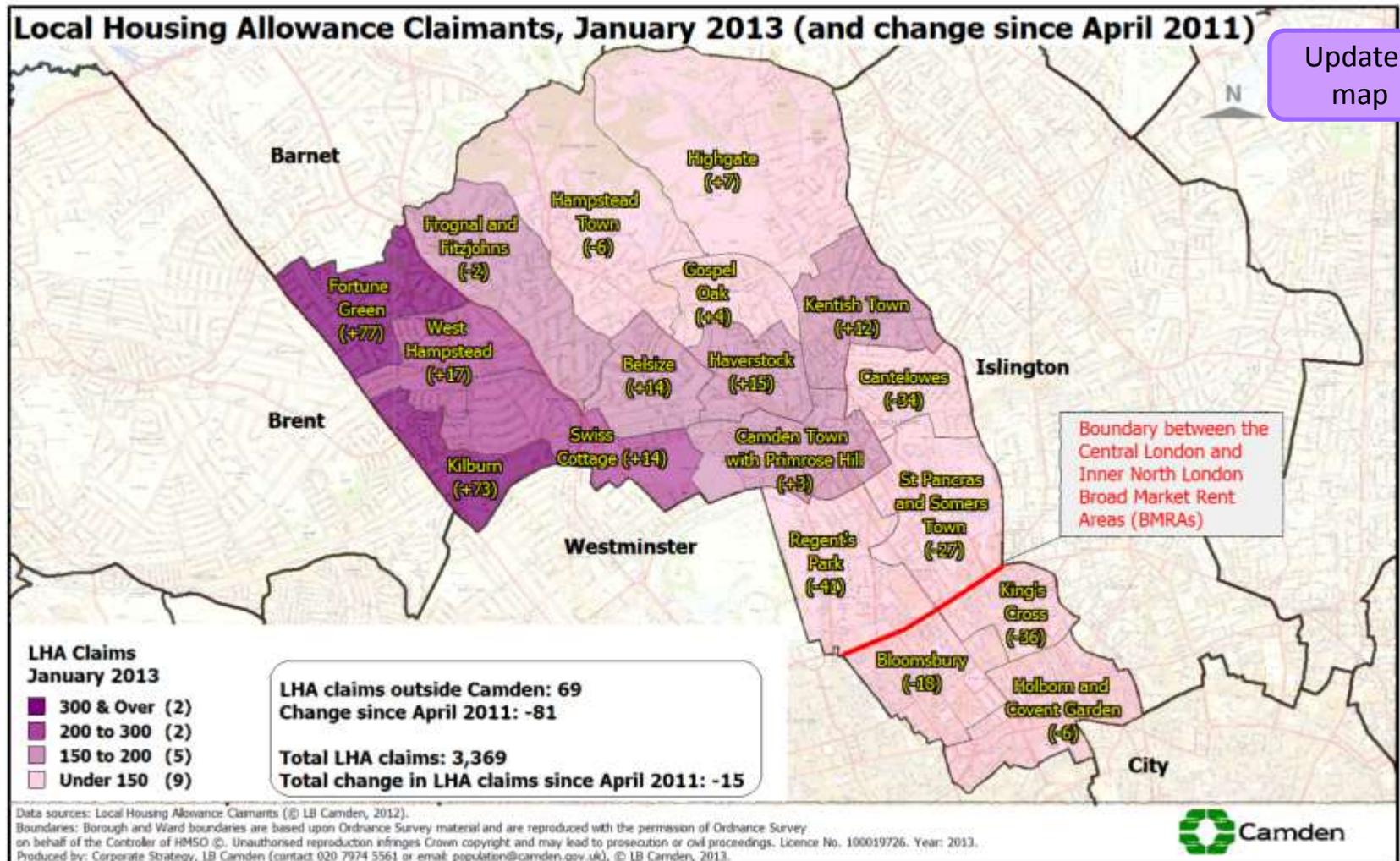
**Joint HOAS/Benefits door knocking team** since May 2012:

- 518 visits, advice given
- Of the 364 who responded to a question on how they were responding to shortfall, 25% said they were not meeting shortfall, 21% meeting it through other benefits and 16% through earnings.

Profile of the protected cohort: 46% have children, 70% on passporting benefits, 21% under 35 (of which over half affected by shared room changes), 7% pensioners

# LHA claims by ward

West of borough has largest number of claims and biggest increases. South seeing decreases.



New case studies show that the end of protection from the LHA cap is continuing to lead to major changes for households.

## Moving out of London

This client is single and has four older children. She was affected by the LHA cap in December 2012, her housing benefit reduced from £610 per week to £400 per week leaving a £210 shortfall. This meant the tenancy was unsustainable and the landlord was not willing to consider a lower rent. This family will also be affected by the total benefit cap this year (she isn't working or in receipt of DLA) and will have about £350 per week for rent for a four bedroom property. With our assistance including accompanied viewings and help with some furniture she accepted and moved into a property in Welwyn, Hatfield close to the station at an affordable rent of £950 per month.

## Finding work

Client lives with and is responsible for his six brothers and sisters, they have a four bed need. He was affected by the LHA caps in December 2012 when his housing benefit reduced from £750 to £400 per week. The landlord couldn't accept this drop and began possession proceedings. Client would have been likely to have to leave London as after the total benefit cap is applied this year, he would have about £20 per week left for rent and would have needed to use other benefits to top up this amount. He was strongly advised to seek employment before having to leave his property in order to become exempt from the total benefit cap. He has found part-time work as a customer services assistant in a food store and as he is working minimum 16 hours per week, he qualifies for working tax credits so is therefore exempt. Although he will still need to move, he will have more choice of location now he is in employment and is working with his adviser to identify an affordable location.

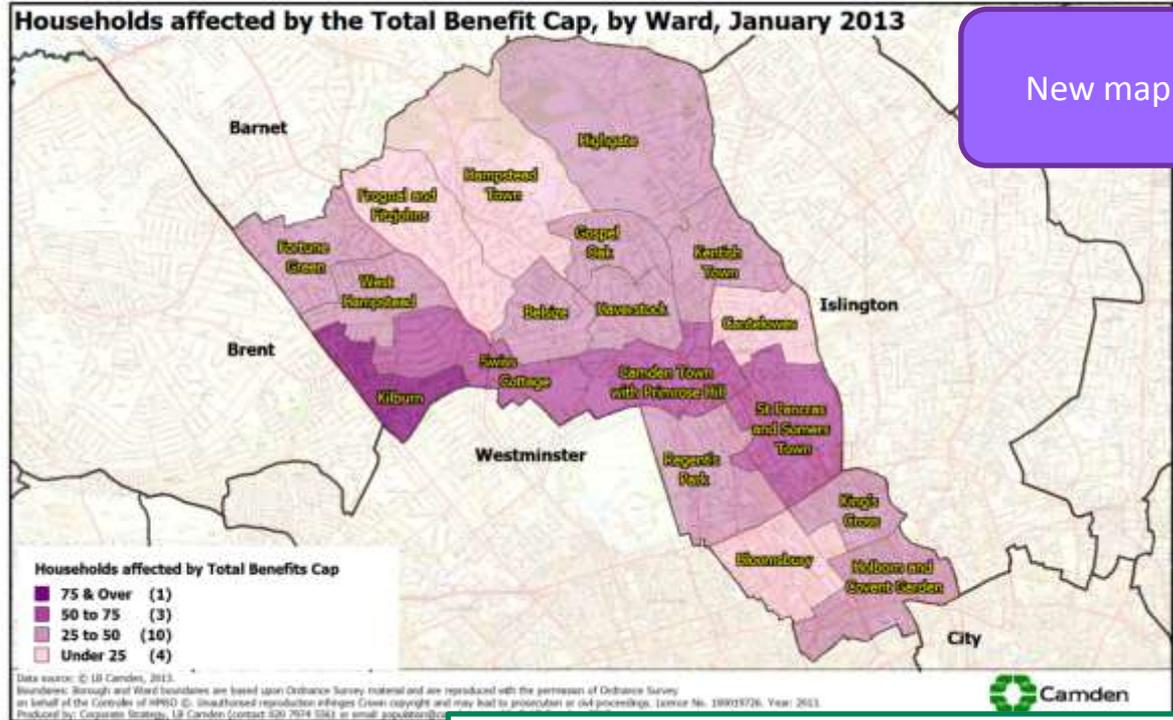


# Total benefit cap from April 2013

761 households will be affected, with large average losses to benefits. 80% have children.

## Who will be affected?

- 40% social rented sector, 46% private, 14% temporary
- Average loss in benefits across all tenures is £91.34 a week.
- Nearly 80% of affected households have children. The total number of children affected is 1887 (about 4% of all children in Camden). 58% are in households with 4 or more children.
- 90% of affected households are in receipt of passporting benefits.
- These figures include supported accommodation which may not be subject to the TBC (see below right).
- DWP will send an updated list of affected households at the beginning of February.



## Support

Housing Management are visiting tenants affected by the cap:

- 14 visits have taken place
  - 5 tenants have been found to be exempt from the cap
  - 5 tenants have been referred for assistance with gaining employment
- Visits and support for these tenants is on-going

Update on support

Change to government policy

## Supported Accommodation

There are many different types of supported accommodation provided to meet the needs of a wide range of people. Residents of this accommodation will receive care, support or supervision. The Chancellor announced in his Autumn Statement on 5 Dec 2012 that households in exempt supported accommodation would not be subject to the Total Benefit Cap or Universal Credit direct payments. However some supported accommodation in Camden is not defined as 'exempt' under the current regulations. Early analysis suggests that few of the 761 TBC households are likely to be in non-exempt supported accommodation – further analysis is taking place to identify numbers.

NOT COUNCIL POLICY

# Total Benefit Cap case study

New case study shows that Total Benefit Cap is already having a major effect on people's housing choices and make it difficult to find sustainable housing in Camden.

Previously accepted homeless client who moved from her Temporary Accommodation to PRS in Camden by taking a Qualifying Offer in November 2011. She is single and has four young children. She was not affected by the LHA caps as moved in post April 2011. However she is not exempt from the total benefit cap and after it is applied this year she will have £151/week to meet her housing costs, a shortfall of £190/week based on current rent. Her landlord served her a section 21 notice in November 2012 which expired at the end of January 2013.

This family didn't want to leave Camden so have chosen to move in with a friend who lives in a Camden Council flat. When the family moves in there will be two adults and nine children occupying a large 3 bedroom flat – both parties have confirmed that they consider this to be a manageable arrangement. She has 452 points on the housing register including 200 prevention points, these will go up by of 250 when she updates her application to reflect her severe overcrowding. The current average for a 3 bed is 646 so she will be in a stronger position to bid successfully.

New case  
study

# Housing benefit changes: impact on children (1)

1,882 children in families affected by total benefit cap. Average loss of benefit per week of £107 – current arrangements unlikely to be sustainable for most. 285 children in families affected by both LHA and TBC facing even larger losses.

Updated  
data and  
new  
schools  
info

677 children in 350 families affected by LHA changes

45% known to attend a Camden school

Mean loss per family: £59/week

1,882 children in 581 families to be affected by total benefit cap

47% known to attend a Camden school

Mean loss per family: £107/week

827 children in 469 families to be affected by social sector size criteria

58% known to attend a Camden school

Mean loss per family: £20/week

285 children in 131 families affected by LHA changes and total benefit cap  
Mean loss per family: £190/week

3,040 children in 1251 families affected in total, about 7% of all children in the borough  
50% are known to attend a Camden school

61 children in 18 families affected by social sector size criteria changes and total benefit cap  
Mean loss: per family £86/week

## Housing benefit changes: impact on children (2)

Somali children make up 32% of the children affected by the Total Benefit Cap attending Camden schools. 40 of 241 complex families will be affected by welfare reform.

The **Schools Census** provides additional information about the 1509 children affected by welfare reform who are pupils in Camden schools (50% of total) . The following groups are overrepresented:

- Children eligible for free school meals (unsurprising as eligibility largely depends on receipt of benefits) - especially TBC
- Children with special educational needs – especially SSSC
- White British children – SSSC only
- White other children - LHA only
- Bangladeshi children – very slightly overrepresented among SSSC and TBC
- Somali children – overrepresented among TBC. Somali children make up 32% of TBC (289 children) but only 7% of all children in Camden schools.

New data

Selected characteristics	All children at Camden schools	Children in families affected by (as % of base)		
		LHA	SSSC	TBC
Eligible for free school meals	36% 7,671	69%	68%	92%
Special educational needs	21% 4,481	26%	34%	27%
White British	24% 5173	9%	29%	11%
White Other	15% 3222	22%	10%	12%
Bangladeshi	16% 3363	11%	19%	19%
Somali	7% 1606	15%	10%	32%
Congolese	2% 366	2%	1%	5%
<b>Base</b>	<b>100%</b> <b>21,560</b>	<b>302</b>	<b>478</b>	<b>897</b>

### Complex Families and Welfare reform

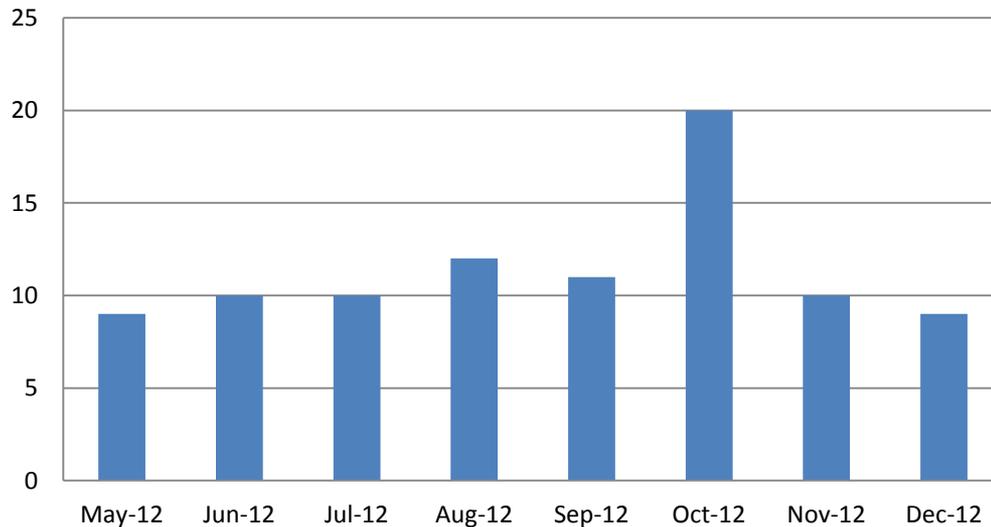
241 families in Year 1 cohort. So far 40 families identified as being affected by welfare reform of which:

- 13 will be affected by TBC
- 27 will be affected by SSSC
- 2 affected by LHA

## Homelessness and temporary accommodation

New homelessness cases are currently largely static despite a blip in October. However large increase expected following implementation of Total Benefit Cap (TBC) in the summer.

**Homelessness acceptances, May-Dec 2012**



Updated  
data

- At end of December 2012, total of 665 households in temporary accommodation (TA) - 520 households have 1075 children. Little change since October.
- But surge in households in TA is expected in 2013/14 as TBC implemented and private rented sector becomes more difficult to procure.
- Latest estimate based on information from the DWP is that the Total Benefit Cap will increase net expenditure on TA by £2m per year.

# Council rent arrears

Arrears rates for households who will be affected by the SSSC and TBC are already higher than average, suggesting they may struggle (if not supported) to cope financially when those changes take effect.

Tenant group	Number of tenants	Arrears rate	Change in arrears rate Apr 2012-Jan 2013 (pp)	Average arrears
All tenants	23,252	42.8%	+5.5	£415.59
All tenants receiving Housing Benefit (who will eventually be affected by Universal Credit)	15,992	43.8%	+6.8	£353.21
<i>of which: will be affected by Social Sector Size Criteria</i>	1,501*	48.6%	+5.3	£489.93
<i>of which: will be affected by Total Benefit Cap</i>	200*	62.0%	+17.5	£241.94

New data

- Note the arrears rates include all tenants who are in arrears no matter how small the amount. Overall only a small proportion of tenants are in significant arrears (5.5% owe more than 7 weeks gross rent).
- The arrears rate for HB claimants is higher than for all tenants (arrears include service charges which are not covered by HB and some tenants receive HB for part of their rent only). The rate for SSSC- and TBC-affected households is in turn higher than for all HB claimants (although the average sum owed is lower for TBC-affected households). This is before the SSSC and TBC takes effect, suggesting that these households already have difficulties managing budgets which will be exacerbated by the SSSC and TBC. This makes the support (such as DHPs) offered by the council to ensure these households can maintain their tenancies all the more important.

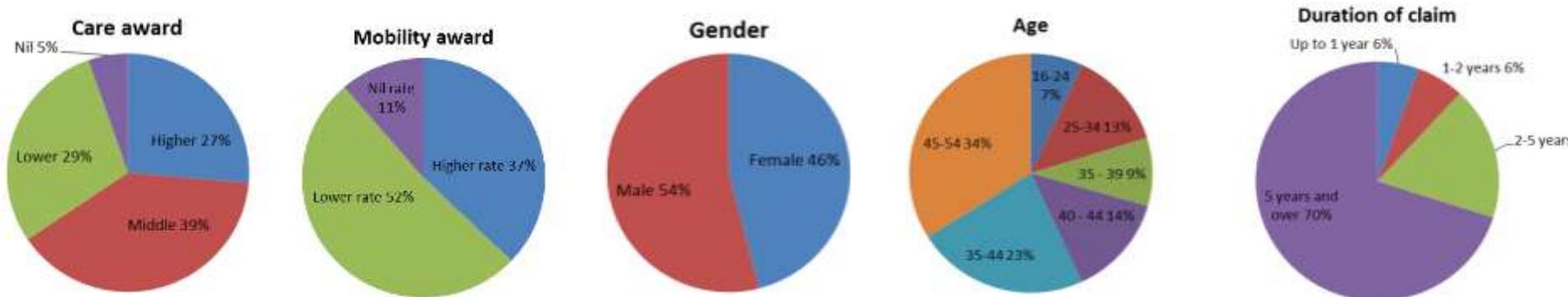
\*These figures refer to households believed to be affected as at April 2012 so vary slightly from current figures given elsewhere in this presentation

# Personal independence payments (PIP) from June 2013

Around 7,000 DLA claimants will be reassessed from October 2013 onwards. New claims will now start from June not April as previously announced. A third get the lower care award and nearly three quarters have been claiming for 5 years or more.

## Who will be affected?

- In February 2012, there were 7,160 working age Disability Living Allowance (DLA) claimants in Camden. 29% (around 2,000) of Camden claimants currently get the lower care award.
- DWP analysis anticipates nationally a 23% reduction in Personal Independence Payments (PIP) caseload compared with current DLA caseload.
- 70% of claimants have been claiming for 5 years or more.



## How will it work?

Data source: DWP. Covers all entitled claimants

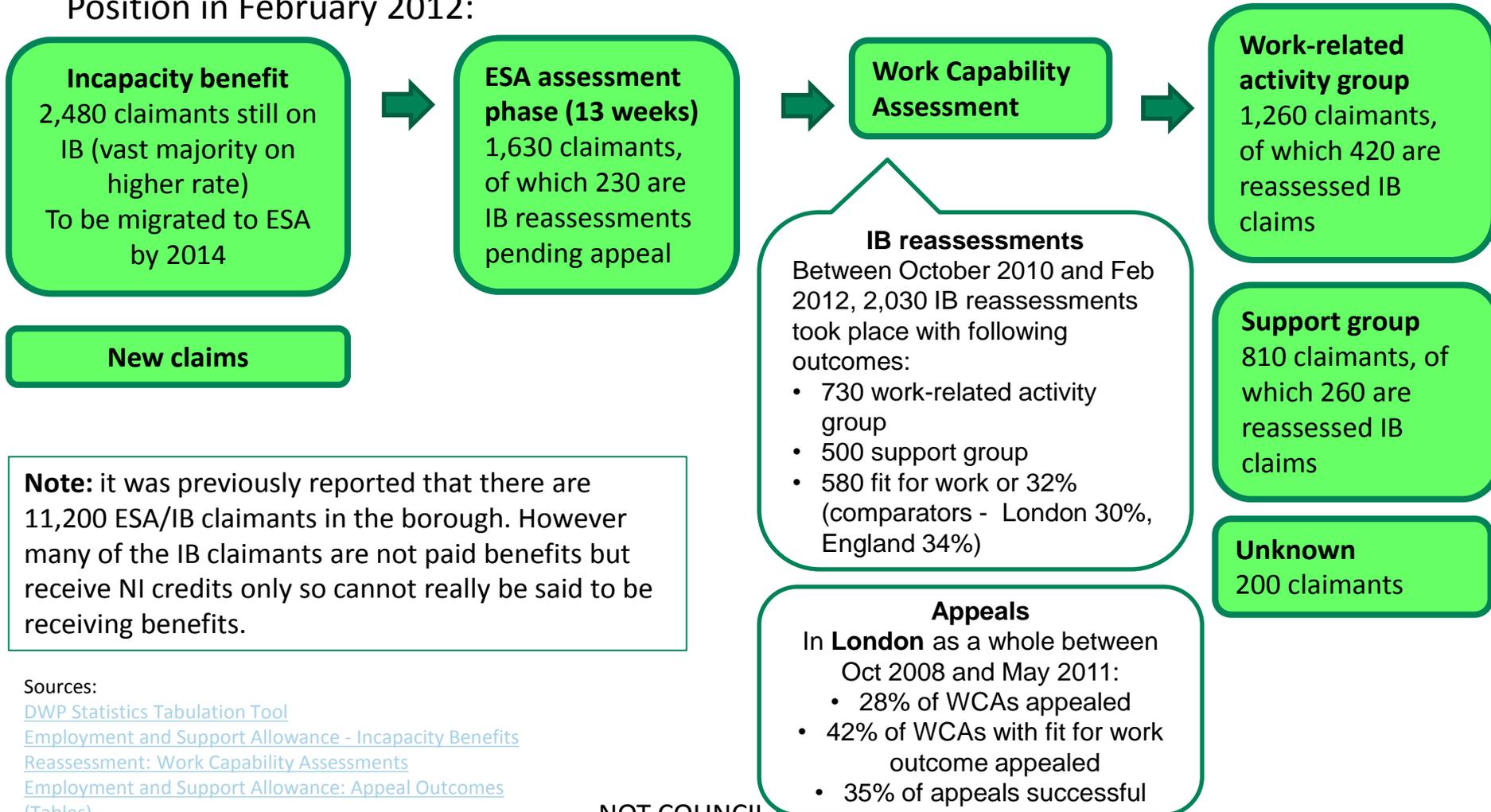
- From October 2013 and Spring 2016 all current DLA claims for people of working age will be reassessed. All new claims will be for PIP from June 2013 – put back from April 2013.
- Most people will have to attend a medical, administered by Atos
- Claimants will not be automatically transferred to PIP, they will have to reclaim
- Process will involve registering intent to claim by phone and then completing a claim form

Amended  
timetable

# Employment and support allowance (ESA) and Incapacity Benefit (IB)

In February 2012, there were 3,900 ESA claimants and 2,480 IB claimants receiving payments in Camden. In the 14 month period to February 2012, 32% of people who had their IB claim reassessed were found fit for work.

Position in February 2012:



Sources:

[DWP Statistics Tabulation Tool](#)  
[Employment and Support Allowance - Incapacity Benefits Reassessment: Work Capability Assessments](#)  
[Employment and Support Allowance: Appeal Outcomes \(Tables\)](#)