

The government's welfare reforms: assessing the impact & our collective response

Wellbeing & Health Open Forum: 7 February 2017

Claire Horton, Active Inclusion Service, Newcastle City Council

The Newcastle context

- Government-imposed budget reductions & cost pressures require Newcastle City Council to save £30 million next year & a total of £70 million by 2020, while demand for services is rising
- This comes on top of the £221 million the authority has already been forced to save over the past six years. By 2020 the council will have to be entirely self-financing
- Using the Treasury costings we estimate there will be **£134 million annual reduction in income arising from working age benefits in Newcastle by 2021-22**
- This estimate doesn't include the savings arising from benefit sanctions because they haven't been costed by the government. Likewise, Discretionary Housing Payments (DHP) aren't included in the estimate because information about the future allocation of DHP isn't available. The government has increased the funding available for DHP to mitigate the impact of some of the reductions to Housing Benefit entitlement. However, it was never their intention that DHP would mitigate the full impact of these

Recently introduced welfare reforms – the lower benefit cap

- The benefit cap is a limit on the maximum amount of out-of-work benefits that most working-age households can receive. The Summer Budget 2015 announced that the government would lower the benefit cap which was introduced in April 2013 from £26,000 for couples & families **to £20,000 per year** (outside of London). This change is being introduced over a 12 week period from 7 November 2016. **The lower benefit cap was applied to 335 newly affected Housing Benefit claims in Newcastle from 26 December 2016**; a large increase from the 57 households in Newcastle who were affected by the benefit cap at 30 November 2016
- **The above number does not include those residents claiming Universal Credit who will be affected by the lower benefit cap**, as the Department for Work & Pensions (DWP) are not providing local authorities with information about Universal Credit claimants
- Since 2016, the council & Your Homes Newcastle (YHN) have been targeting support to the families estimated to be affected to help them to improve their financial situation. This includes checking for exemptions, providing budgeting & debt advice (including liaising with landlords) & referring to employment support

The lower benefit cap – coordinating our support

- To provide temporary financial support to help the affected households to transition to having reduced income from benefits, the council is granting **automatic DHP awards for 70% of their shortfall for the period from 26 December 2016 to 31 March 2017**, although DHP won't be paid for any rent free weeks within that period
- If you are working with any Newcastle households affected by the benefit cap:
 - If they are a non-YHN tenant (private rented or other Registered Social Landlord), please email natasha.vukas@newcastle.gov.uk or phone her on **0191 211 1054** so that we can update the central record for the city which we're using to monitor the impact. If the resident needs specialist advice on benefits, budgeting, debt, housing or employment support, please take their full name, phone number & the first line of their address & say they will receive a call back in the next few days. If there are urgent financial problems & Natasha isn't around, email the details to moneymatters@newcastle.gov.uk & a Debt Adviser will phone them back
 - If they are a YHN tenant, please phone the YHN Benefit Cap team on **0191 278 8754** or email benefitcap@yhn.org.uk

Universal Credit – a reminder

- Universal Credit is a means tested benefit for working age people who are on low incomes, working, seeking to work or unable to work. It is replacing the following benefits & Tax Credits: Income-related Employment & Support Allowance, Income-based Jobseeker's Allowance, Income Support, Child Tax Credit, Working Tax Credit & Housing Benefit
- Universal Credit brings significant changes for residents claiming it because of the way that the benefit is delivered. Usually, this means:
 - **Receiving one single monthly payment to the household which includes an element of housing costs**, meaning that residents have to budget on a monthly basis & pay their rent directly to their landlord (rather than via Housing Benefit)
 - **Making & managing a Universal Credit claim online**, including responding to regular online alerts & tasks to avoid a benefit sanction
 - **Complying with work-related conditionality** to avoid a benefit sanction
- **Council Tax Reduction is not part of Universal Credit & a separate claim must be made with the council**

Universal Credit – further roll out in Newcastle

- Universal Credit will be rolled out for **all new claims to the benefits & Tax Credits listed on the previous slide for claimants living in the Newcastle East Jobcentre area on 8 February 2017 & the Newcastle West Jobcentre area on 15 March 2017**. This roll out includes anyone who is currently on the above benefits & Tax Credits & has a [change of circumstance that would trigger a new claim to Universal Credit](#)
- The transition to Universal Credit creates significant challenges for some residents, especially due to the waiting period for the first payment, the budgeting requirements & the need to manage the whole claim online
- The changes that Universal Credit brings **increase the importance of supporting residents to budget & manage their income on a monthly basis, prioritising their rent payments to reduce the risk of homelessness**. There is free online & face to face training available to support multi-agency staff & volunteers to do this. Information, including dates & booking details, is online at: www.newcastle.gov.uk/financialinclusionforprofessionals

Universal Credit – additional support for Newcastle claimants

The following additional support is available in Newcastle:

- **Online claim support** – residents can ask for support to complete the online Universal Credit claim at their local jobcentre or Customer Service Centre. Alternatively, they can book a one hour 'Universal Credit online claim form appointment' at City Library by phoning 0191 277 4100
- **Personal Budgeting Support** – residents who are claiming Universal Credit & need support with budgeting as a result of the changes it brings should speak to their Jobcentre Plus work coach who will refer them to Personal Budgeting Support if they think it is needed. If a resident has spoken to Jobcentre Plus but has not been referred & believes that they still need support with budgeting as a result of Universal Credit, they can contact the following services:
 - If they are a YHN tenant, email universal.credit@yhn.org.uk
 - If they live in any other type of property, email moneymatters@newcastle.gov.uk

Upcoming welfare reforms in 2017

- The Chancellor of the Exchequer repeated in his speech to Parliament on the Autumn Statement 2016 that “... the government has no plans to introduce further welfare savings measures in this parliament beyond those already announced”
- However, there are still previously announced changes to come this year, including the following planned to take effect from April 2017:
 - **Removal of the housing costs element from Universal Credit for 18 to 21 year olds** – we are waiting for information on exemptions
 - **Reduction to ESA for the work-related activity group** – removing the £29 per week work-related activity component for Employment & Support Allowance, & its equivalent for Universal Credit. We are waiting for the outcome of opposition to the change
 - **Two child limit for Child Tax Credits** (from April 2017) – the amount paid for children in Child Tax Credit (£50 per week per child) is restricted to two children, unless they were born before 6 April 2017 or exempt. Those claiming Universal Credit with two or more children will be directed to claim Tax Credits instead until November 2018
 - **Increased conditionality extended to those with younger children**

Newcastle's collective response

- The government's welfare reforms bring complexity, uncertainty & challenges – for residents & organisations. They can't be cost effectively responded to by a single service approach. We seek to strengthen our systems, meet the interconnected challenges of the welfare reforms & change organisational & staff cultures to make it everyone's business to respond to poverty
- **Active Inclusion Newcastle:** a partnership approach to responding to increased demand with reduced resources by coordinating information, advice & support to promote financial inclusion & to prevent homelessness to support residents to have the foundations for a stable **life**: somewhere to live, an income, financial inclusion & employment opportunities. We seek to:
 - **Support organisations & residents to adapt to the reduced welfare state**
 - **Make the most of our resources:** information, advice, support & care
 - **Strengthen partnerships with the DWP & health:** including on data sharing, case management & joint systems – to adapt & target services to mitigate the challenges
 - **Improve our understanding of the individual, systemic & structural causes of destitution & homelessness**
 - **Manage expectations** – the Council can't replace the huge government cuts

Public sector transformation – examples of partners aligning their resources to make the most of reduced funding in 2015-16

- **Prevention of homelessness** – 3,775 cases of homelessness prevented & no bed & breakfast use since 2006
- **Credit union membership** – 8,276; a 65% rise since 2011 by increasing school-based collection points, payroll deductions & marketing through partners
- **Employment support** – 650 residents supported into employment
- **Telephone welfare rights & debt consultancy advice** – for 1,140 residents
- **Welfare benefit gains** – 18,697 residents helped to secure £27,174,682
- **Debt advice** – 4,269 residents advised & helped to write off £3,622,128 of excessive debt
- **Your Homes Newcastle (YHN) evictions** – 48 evictions (76% decrease from 197 evictions in 2007-08)
- **Benefit sanctions** – 38% reduction in proportion of Job seeker's Allowance claimants sanctioned from Q2 2014-15 to Q2 2015-16
- **Supporting Independence Scheme** – 693 households awarded resettlement support
- **Crisis Support Scheme** – 931 households provided with emergency food, fuel, clothing or travel support

More information

- To read the report for Newcastle City Council Cabinet on 'Newcastle's response to the government's welfare reforms' (13 February 2017), visit <http://democracy.newcastle.gov.uk/ieListDocuments.aspx?CId=857&MId=6497&Ver=4>
- For information about the government's welfare reforms, including a timeline of the changes, visit www.newcastle.gov.uk/welfarereform
- For information about the roll out of Universal Credit in Newcastle, visit: www.newcastle.gov.uk/universalcredit
- For benefit bulletins, consultancy telephone numbers & other resources for staff & volunteers, visit: www.newcastle.gov.uk/financialinclusionforprofessionals
- To join the circulation list to receive weekly information updates, email activeinclusion@newcastle.gov.uk

Contact: Claire Horton, Active Inclusion Service, Newcastle City Council

Email claire.horton@newcastle.gov.uk

Phone 0191 211 6049