

## Welfare Reform Impact Assessment 2014

### Introduction

In March 2013 Wigan Council produced a research paper into the expected impact of welfare reforms on people, place and services at the request of the Council's Welfare Reform Board. This paper provided a baseline overview of the anticipated impact of the reforms using modelled data based on assumptions from local and national sources.

Throughout the last 12 months we have continued to measure the impact of the reforms through a quarterly welfare reform dashboard. This data, alongside anecdotal evidence from service areas, has informed and shaped council provision to ensure residents are appropriately supported throughout the transition phase. During this time we have gathered a significant evidence base to assess the impact of welfare reforms on the borough.

This paper provides an update to the initial baseline research conducted in 2013 and moves away from the modelled data and assumptions that underpin the original document. It provides an analysis of data gathered over the last 12 months to assess the true impact of welfare reform on the borough.

### The Welfare Reform Act 2012

The Welfare Reform Act introduces a wide range of reforms with the aim of making the benefit and tax credits system simpler by:

- Creating incentives to get more people into work by ensuring that work pays.
- Merging out of work benefits and tax credits to create a single universal credit.
- Reforms to other benefits aimed at reducing the cost of the benefits system.

The main elements of the Act are:

- The introduction of Universal Credit together with a benefit cap to provide a single streamlined benefit that includes housing benefit, which will be phased out.
- A stronger approach to reducing fraud and error with tougher penalties for the most serious offences.
- A new claimant commitment showing clearly what is expected of claimants while giving protection to those with the greatest needs.
- Reforms to Disability Living Allowance (DLA), through the introduction of the Personal Independence Payment (PIP).
- Replacing Community Care Grants and Crisis Loans with localised welfare support, giving greater power to local authorities.
- Reforming Employment and Support Allowance (ESA) with the aim of making the benefit fairer and to ensure that help goes to those with the greatest need.
- Provision to abolish council tax benefit, paving the way for the localised council tax support introduced in the Local Government Finance Act.

## Universal Credit

Universal Credit replaces 6 existing benefits with a single monthly payment, paid monthly, one month in arrears, direct to claimants. Central Government wants 80% of Universal Credit applications to be online by 2017.

## Benefit Cap

Benefit cap restricts the amount of benefit a household can receive to broadly the average earned income of a working household. Applying to workless households only, the cap will be set at £500 per week for couples, families and lone parent households and £350 per week for single person households

## Local Welfare Support

Elements of the discretionary social fund (previously administered through Job Centre Plus) have been replaced by local welfare support. The scheme includes a range support offers designed to offer quick and effective support for those with high priority short term needs.

## Personal Independence Payments (PIP)

Personal Independence Payments replaced Disability Living Allowance (DLA) from April 2013 to reduce overall DLA expenditure by 20%. All new applicants aged 16-64 will be assessed for PIP instead of DLA. Most people who were claiming DLA before June 2013 will not be affected by the change to PIP until 2015.

## Under-occupancy (Bedroom tax)

Under-occupation aims to contain growing housing benefit expenditure; encouraging greater mobility in the social rented sector and making better use of available social housing. Anyone deemed to be under-occupying will face a reduction in housing benefit of 14% of their gross weekly rent charge for 1 extra bedroom and 25% for 2 or more extra bedrooms.

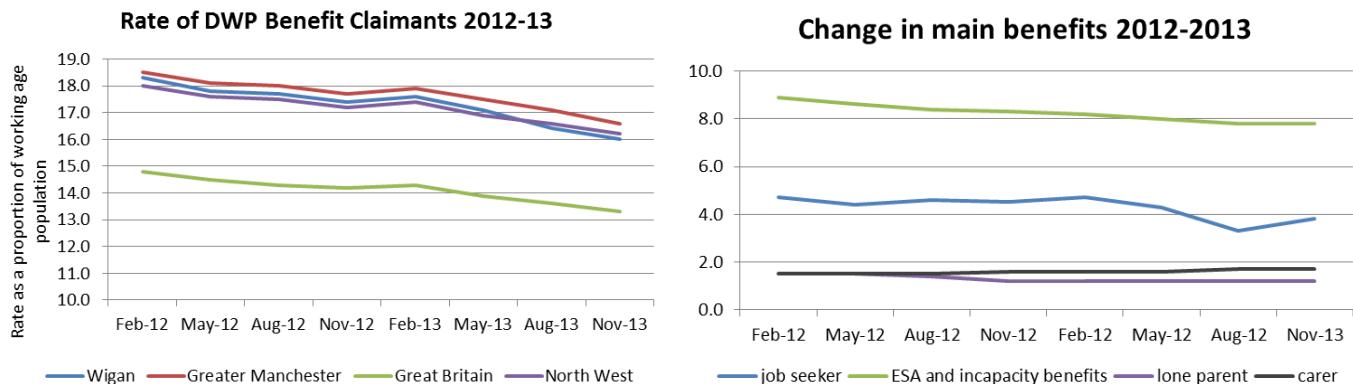
## Council Tax Reduction Scheme

Council Tax Reduction replaced Council Tax Benefit from April 2013. This locally designed scheme applies to households of working age who do not have children under five. Most of these households will receive 20 per cent less support than through the previous Council Tax Benefit scheme. Some of these households will lose all support.

## Overview

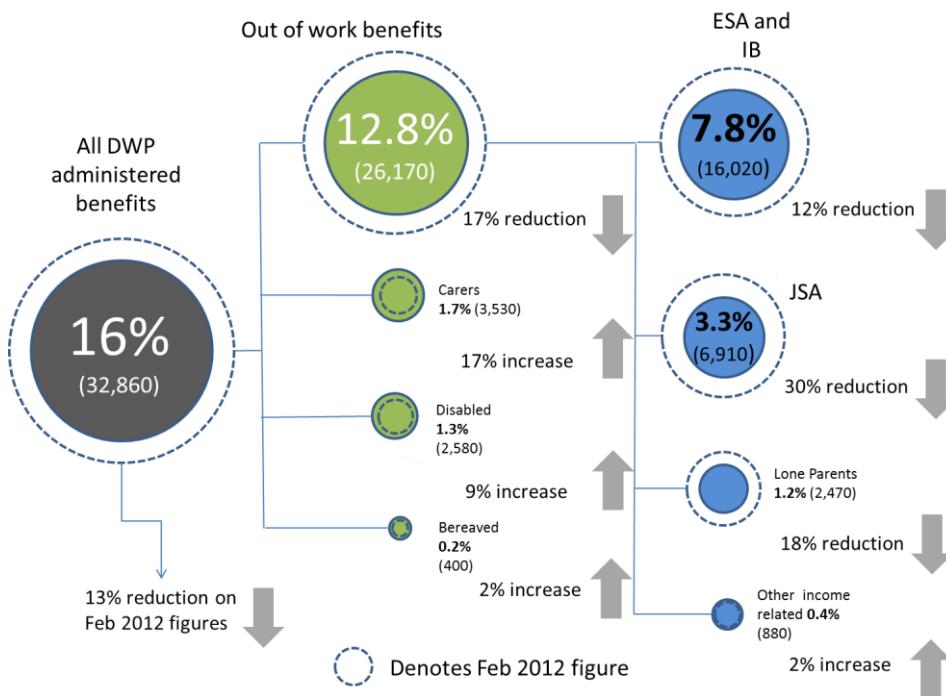
### Benefits Managed by DWP

16% (32,690) of Wigan's working age population claim DWP administered benefits as at November 2013. Since the original baseline was constructed 4,800 residents have stopped claiming benefits. As a proportion of the working age population, this reduction is the 7<sup>th</sup> highest out of 326 local authorities in England



Source: DWP

As can be seen from the chart on the right, the reduction in overall claimants can be attributed to reductions in the number of residents claiming Employment Support Allowance (ESA) / Incapacity Benefit (IB) and Job Seekers Allowance (JSA). From February 2012 to November 2013, 2,120 residents stopped claiming ESA/IB with 2,840 fewer residents claiming JSA. During the same period the borough experienced an increase in the number of residents claiming carers allowance and disabled benefit.



Source: DWP

## **Universal Credit**

Universal Credit is a new benefit that has started to replace six existing benefits and tax credits with a single monthly payment. Universal Credit will eventually replace:

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

The main differences between Universal Credit and the current welfare system are:

- Universal Credit is available to people who are in work and on a low income, as well as to those who are out-of-work
- most people will apply online and manage their claim through an online account
- Universal Credit will be responsive – as people on low incomes move in and out of work, they'll get ongoing support most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours
- claimants will receive a single monthly household payment, paid into a bank account in the same way as a monthly salary
- support with housing costs will usually go direct to the claimant as part of their monthly payment

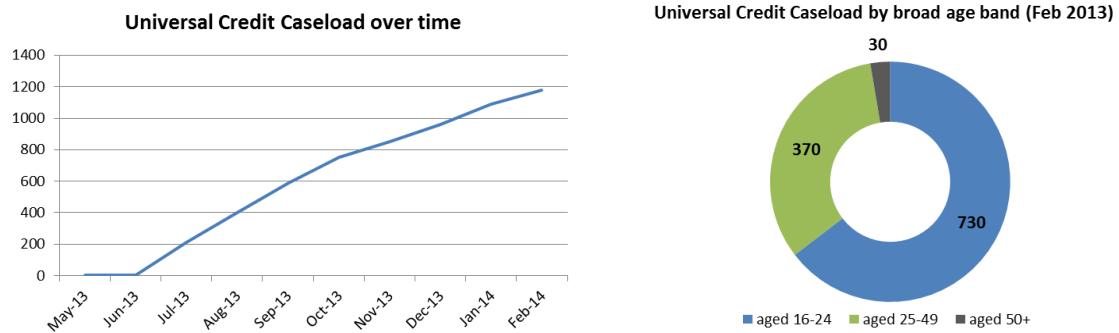
As a pilot and pathfinder authority, Universal Credit was introduced in Wigan in April 2013. Under the phased introduction initial claimants were restricted to single, newly unemployed individuals with no housing costs. As such the number of residents claiming Universal Credit has been relatively small; however, the caseload is expected to increase significantly as claimants migrate over from traditional benefits to 2017.

Between April 2013 and February 2014 a total of 1,370 Wigan residents started<sup>1</sup> to claim Universal Credit. As at February 2014 the caseload<sup>2</sup> of clients in Wigan totalled 1,180 with 65% of these between the ages of 16-24. This is due to the way the benefit has been phased in with younger residents more likely to be single with no housing costs. Gender breakdowns of starters to Universal Credit show that the majority are males, with a male to female ratio around 7:3.

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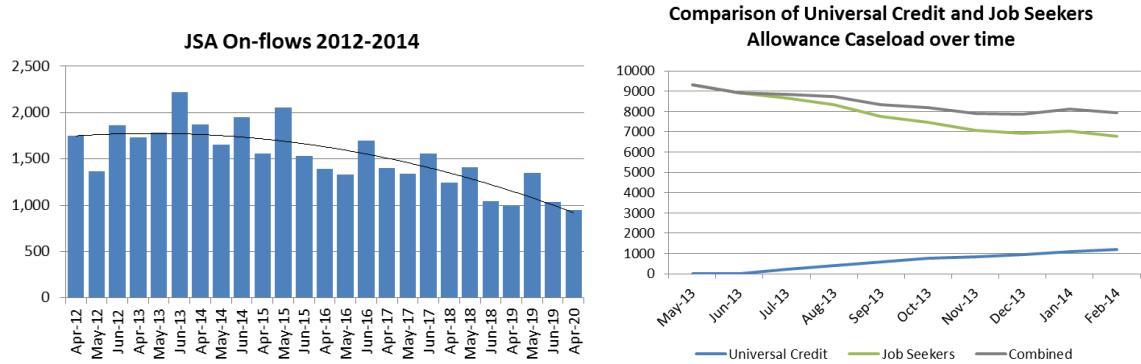
<sup>1</sup> A starter to Universal Credit is defined as an individual who has completed the Universal Credit claim process, attended a Universal Credit interview with a work coach, and has received at least one Universal Credit payment.

<sup>2</sup> The caseload of Universal Credit claimants includes those who have started Universal Credit (as above) and have not had a termination recorded for this spell, up to the reporting point.



Source: DWP Stat Xplore

The phased introduction of Universal Credit has reduced in the number of residents claiming traditional benefits – in particular JSA benefit. Although it is not possible to quantify the exact impact, a comparison of on-flows to JSA for the 12 months before and after implementation shows a 22% reduction in the number of residents claiming. It is likely that some of these residents have started claiming Universal Credit



Source: DWP

With the initial implementation of Universal Credit focusing on relatively simple cases, relatively few residents on the caseload have housing costs. Wigan and Leigh Housing data from March 2014 highlights only 16 tenants living in Wigan's Council stock were claiming Universal Credit. Due to meeting the DWP threshold of 8 weeks arrears, 2 of these claimants have an Alternative Payment Arrangement (APA) where the housing element of their UC payment is now paid direct to WALH.

As the implementation of UC is rolled out to include more complex and vulnerable residents it is expected that there will be a significant impact on the Housing Revenue Account's (HRA's) rental income. With this in mind continued monitoring of Universal Credit caseload will be required to assess need and inform service design to meet the needs of the most vulnerable.

## **Work done to mitigate the impact in Wigan**

As a pilot and pathfinder authority Wigan has used the opportunity to shape the scheme and to put in place support to help our residents this includes:

- Creating a holistic approach to service delivery and supported our more vulnerable customers together with those in short-term difficulties.
- Made available 120 Get Online courses and 86 Managing Money along with Debt Advice and Managing a Tenancy courses and support to Landlords
- Providing support to vulnerable claimants to make their claim for UC
- Worked with partners to test different models of budgeting support Provided feedback to JobCentre Plus about Work Services interviews
- Strengthened customer service provision with an increase in computer accessibility across the borough, supporting self-reliance; telephony capabilities to supply services to customers and facilitate their move to cheaper channels; and our ability to maintain and improve provision across our communities and build for growth.
- Establishing new and enhanced existing partnerships, joining up providers to deliver more rounded services to meet the needs of customers, e.g. DWP presence in Wigan Life Centre
- A Community Bus staffed by Universal Credit Pathfinder to deliver services, provide information and reinforce corporate strategies, contributing to the creation of Community Hubs in the locality bringing services to people's doorstep.

## **Under Occupation Charge**

From April 2013, an under occupation charge was applied to most social housing tenancies in receipt of housing benefit that are occupied by adults of working age, where households have one or more “spare” bedrooms. This is calculated based on DWP guidance and not local policy. The housing benefit deduction for under occupying by one bedroom is 14% and for two bedrooms 25%. For Wigan’s tenants the financial impact for 2013/14 ranged from £9.95 to £24.48 a week, some £517 to £1,273 in the year. This amount is deducted from housing benefit leaving the tenant to find this money from another source. This reduction in housing benefit resulted in an extra £2.3m of rent to be collected in 2013/14.

As at March 2013 there were an initial 4,200 households in Council stock that were affected by the under occupation charge. One year on, this initial cohort had reduced to 2,502 households, but there was also an additional 817 new households affected by the charge resulting in a total of 3,319 affected by the charge at March 2014. These households faced the charge follow changes in their circumstances. 2,638 households (79%) were under occupying by 1 bedroom with the remaining 681 households under occupying by 2 or more bedrooms.

## **Impact on Rent Collection**

Despite the Welfare Reforms starting to take effect, at the end of 2013/14 98.02% of rent due plus arrears had been collected, current arrears had only increased by £112k and arrears as a percentage of rent due had been maintained at 1.71%. However, the identification of the '1996 Loophole' cases and subsequent payments to tenants who should have been exempt from the Under Occupation Charge (£125k) plus contributions from the Discretionary Housing Payments pot (£450k) have considerably assisted in managing the impacts of the reforms. Tenants leaving properties with arrears also increased by £358k to £920k, this debt does not show in current arrears figures.

At year end (March 2014), arrears from the 3,319 under occupation households was £381k with £225k solely attributable to the under occupation charge. 44% of under occupation households were in arrears.

<b>Total Arrears on current Under Occupation (UO) cases</b>	£380,831
<b>Arrears where all rent is UO charge ( previously nil rent payable cases)</b>	£225,281
<b>Arrears on partial HB cases</b>	£155,550

*Table 1: Rent arrears from the under occupation households*

The 1996 loophole has been closed by the DWP and UC will continue to be rolled out so the impact on rent collection is expected to be greater in the coming year. The DHP pot will help to ease the impact, but the direct payments are the main concern and have the potential to significantly affect collection rates depending on the speed of the rollout.

Information from pilot areas on direct payments suggests collection rates of 88-97% with an average collection rate of 92% amongst people receiving direct payments. This has a huge impact on collection rates and will require a further increase in our bad debt provision that has already been increased to £1.7m per annum.

<b>Collection rate of those on direct payment</b>	<b>Overall Collection rate</b>	<b>Approx Debt</b>
88%	92.83%	£6.4m
92%	94.90%	£4.5m
97%	97.48%	£2.2m

*Table 2: Estimated bad debt provision for collection rates based on direct payment demonstration project outcomes.*

### **Impact on Terminated Tenancies**

There was a 20% increase in terminations during 2013/14 compared to the previous year. The key reason for this increase was a 47% increase in the number of transfers from 432 to 637. 102 transfers were tenants affected by the under occupation charge who downsized. Whilst this benefits the tenant and the HRA re affordability/rent arrears, it merely moves the void around rather than reducing the number of voids. Terminations from 3 bed houses accounted for over half of the increase with some of the lower demand estates experiencing double the usual number of terminations. The size of the property and affordability issues were much more of a concern in 3 bed houses than any other property type, but around half of tenants having such issues were transferred to smaller accommodation within the Council's stock.

Terminations this year are still high and increasing from last year. 74 out of the 381 terminations (20%) between April and May this year were affected by under occupation charge. 29 of the 74 (40%) were transfers, plus 5 abandoned and 5 moved to private rented. The increase in transfers has also continued this year. The under occupation charge is a predominant factor in transfers from 3 bed houses and 2 bed flats, but a third of transfers this year are from 2 bed houses - 5 were affected by the under occupation charge and all these downsized, but over half moved to a larger property. In times of lower demand there are more aspirational transfers.

### **Impact on Voids and Relet Times**

At March 2014 there were 264 voids which was an increase from the previous year end position of 213 voids. The increase in the number of properties becoming empty placed additional pressures on the voids process with an extra 1,000 offers of accommodation being made compared to the previous year. The impact of the under occupation charge also affected demand particularly for 2 bed flats and 3 bed houses. Together with the increased workload this resulted in the average relet time increasing by 6 days, with the average for 2 bed flats increasing by 11 days. However, the average relet time this year is now holding steady at 26 days. Reassuringly, void performance is considerably better than other northern authorities with a similar stock profile.

The overall impact of increasing terminations, voids and relet times in 2013/14 was a void rent loss of £1.1m, almost double the previous year, and void repairs spend of £7.7m, an increase of £1.7m from 2012/13. The continued high level of terminations and number of under occupation households is likely to lead to a similar financial cost this year.

### **Comparison against similar organisations**

**Under occupation charge** – National studies continually highlight the marked regional variation on the numbers affected by the under occupation charge and the impact on organisations. Latest figures as at the end of December 2013 showed 6% affected by the UO charge in the Southern region compared to 14% in the North. Wigan is slightly above the Northern average with 15% of affected households.

**Rents** – At the end of December 51% of households affected by the UO charge in the North were in arrears. This compared to 64% of Wigan households, although at year end this dropped to 44% helped by the non-collection weeks.

Comparison against similar northern authorities shows Wigan's rent collection rates being above average.

**Voids and Relets** – Similar to the position in Wigan, there is a view nationally that void times have increased on the back of more churn in the stock. A number of landlords have commented on a large increase in the number of tenancy terminations. There's also the experience nationally that some tenants didn't get into arrears, but simply gave up their tenancy because they would not be able to afford the additional payments. This has been reflected in Wigan with an increased number of abandoned tenancies in 2013/14, up by 31% from the previous year.

**Demand** – Outside of London many landlords are reporting letting some properties to families further down the priority list than previously. 2 and 3 bed flats in particular have seen a reduction in demand, again a position shared in Wigan.

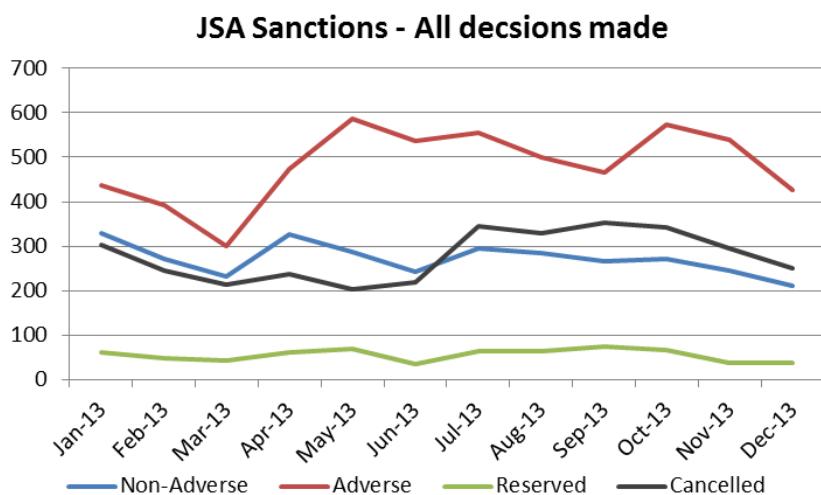
### Work done to mitigate the impact on tenants and the Council

- Forming a Maintaining Income Board, chaired by Cllr Fred Walker, focusing on maintaining the Council's income and reducing the impact on tenants.
- Additional staff employed in the rents team, investment in staff training and enhanced performance monitoring.
- Continued early intervention and advice for people falling into debt.
- Referrals to specialist Financial Support Officers.
- Transferring tenants to smaller properties. 102 transfers in 2013/14 were to tenants affected by the under occupation charge who downsized.
- Promoting exchanges between tenants. There were 200 mutual exchanges in 2013/14, an 18% increase from the previous year. 25 exchanges were households affected by the UO charge downsizing.
- Full financial assessments for all new lets.
- Director's discretionary fund for severe hardship or where this is of benefit to the overall public spending.

## Sanctions

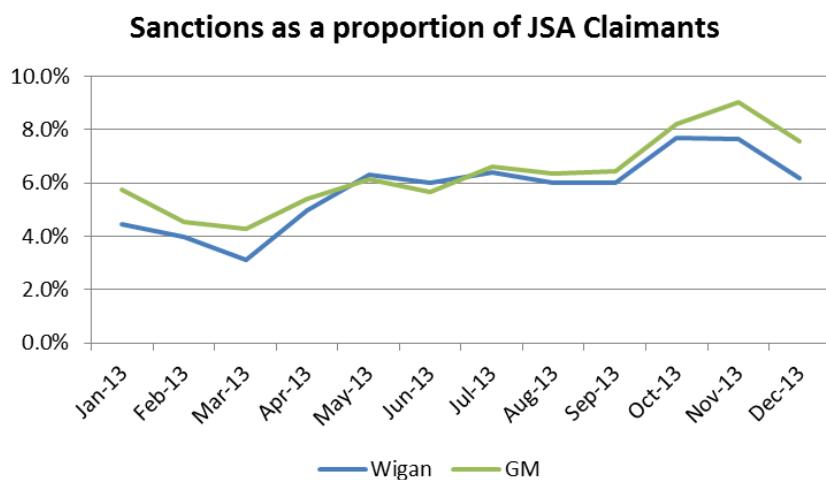
Statistics relating to sanctions are released by the DWP on a quarterly basis and are published at local authority level, 6 months in arrears. It is not possible to provide a timely analysis of sanctions as these datasets undergo a range of statistical tests and revisions to ensure accuracy and confidence in the results. This is an issue shared across all local authorities in England, with data protection restrictions preventing access to data at source.

In 22 October 2012 Government introduced a new sanctions policy to ensure claimants actively seek work and reduce benefit dependency. Following the implementation of this policy 5,787 Wigan residents have received a JSA related adverse sanction.



Source: DWP Stat Xplore

As the chart below illustrates, the proportion of Wigan residents receiving adverse sanctions has largely reflected the Greater Manchester experience for 2013. Most recent data shows that 6.2% of all Wigan JSA claimants received a sanction in December 2013 below the Greater Manchester figure of 7.5%.



Source: DWP Stat Xplore

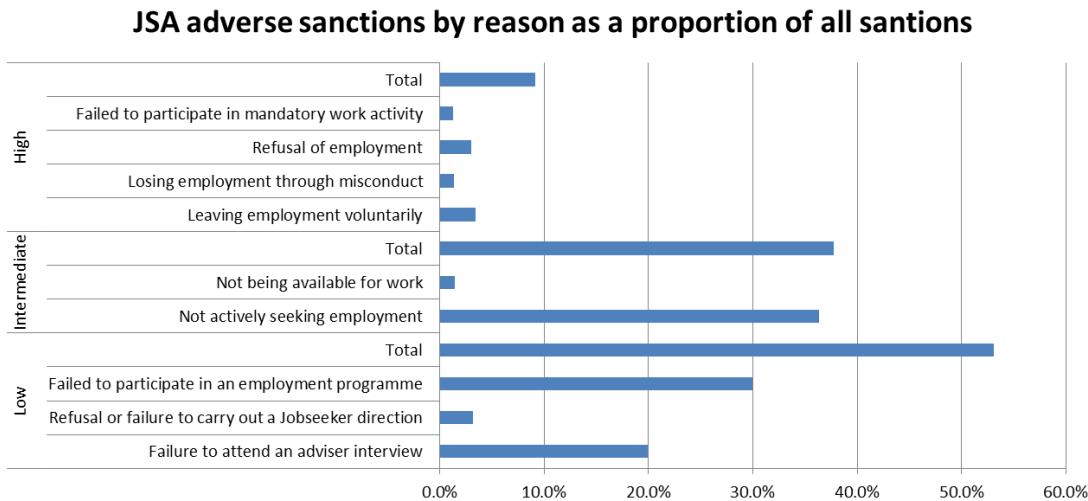
Over the past 12 months the proportion of JSA claimants receiving sanctions increased from 4.5% in January 2013 to 6.2% in December 2013. This increase is due to a 30% reduction in JSA claimants combined with a flattening in the number of sanctions issued.

There are three levels to the new sanctions:

- The highest sanction will see Jobseeker's Allowance withdrawn for 13 weeks when, for example, an individual leaves a job voluntarily. This rises to 26 weeks for a second "failure" and 156 weeks for a third
- An intermediate sanction for failures such as not actively seeking a job or being available for work. Benefit is initially lost for a month, or 13 weeks for subsequently breaking the rules. Claimants must then reapply
- A lower level sanction, resulting in loss of benefit for up to 13 weeks, for failures such as not attending an interview with a jobcentre adviser. Unlike an intermediate sanction, the benefit restarts automatically

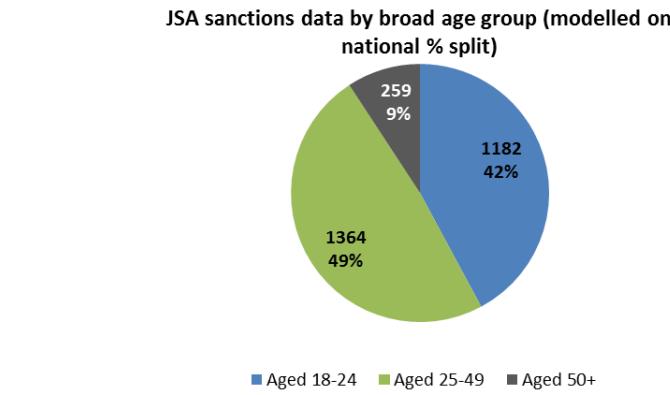
Just over half (53%) of all of sanctioned residents in Wigan received a low level sanction. Of those receiving low level sanctions, 56% failed to participate in an employment programme, a further 38% failed to attend an advisor interview.

The single biggest reason for withdrawal of the benefit is due to claimants not actively seeking employment, accounting for 36% of all adverse sanctions and is the reason 96% of all residents received intermediate sanctions.



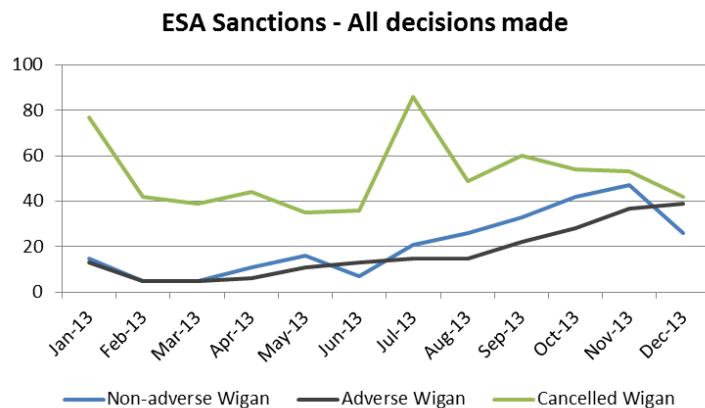
Source: DWP Stat Xplore

According to national data 18-24 year olds are the recipients of 42% of all adverse sanctions issued relating to JSA. Using this data to model local estimates we can assume that approximately 1,182 sanction recipients in the borough are aged 18-24. Given that 18-24 year olds account for 23% of all JSA claimants within the borough, we can assume that younger residents have been disproportionately affected by the new sanctions regime.



Source: DWP Stat Xplore

Separate figures from the DWP showed the number of claimants of Employment and Support Allowance (ESA) receiving adverse sanctions between January and December 2013 totalled 209. As illustrated in the chart below, there has been a significant number of cancelled sanction decisions. Cancelled decisions usually occur as the claimant stops claiming before they actually committed the sanctionable failure. It should be noted that claimants who have had their decision cancelled, are likely to have dropped their ESA claim without appeal.



Source: DWP

### Work done to mitigate the impact in Wigan

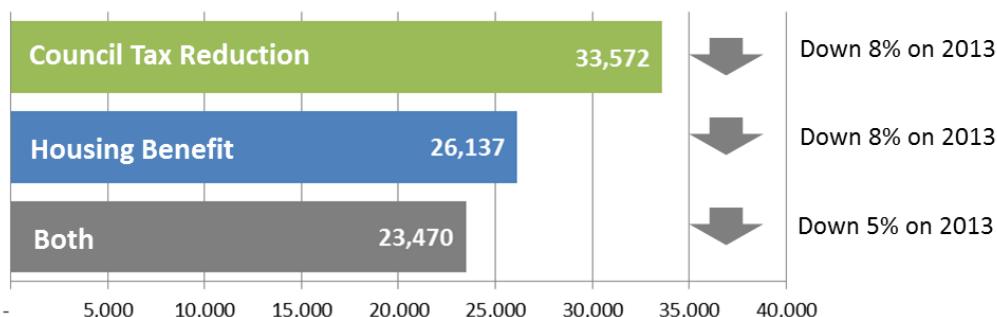
- As part of the wider response to Welfare Reforms a local scheme offering support to vulnerable residents and people in crisis situations was set up. Since its inception over 9,000 people have been triaged
- We work closely with residents and Job Centre Plus to resolve issues relating to sanctions, signposting to partners where appropriate.
- Offer referrals to local food banks, debt advice agencies, homelessness support, and CAB for gas and electricity payments via Paypoint
- Offered small grants to local Food banks prior to setting up in April to develop to sector and meet anticipated need.

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## Council Tax

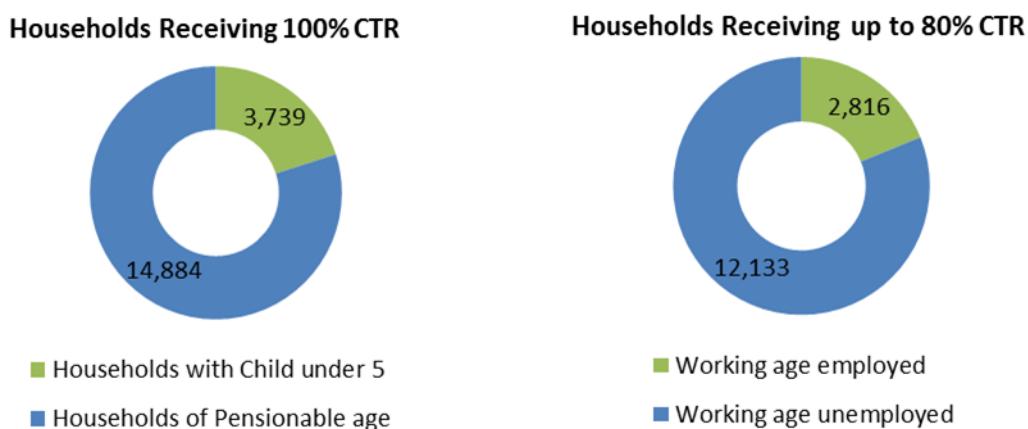
In April 2013 the Council Tax benefit scheme in Wigan was replaced by a local Council tax reduction scheme. The principles of the scheme meant that 12,177 households, who had not previously paid Council Tax were required to pay it for the first time. A further 2,783 households have to pay more Council Tax than under the national scheme.

As the chart below illustrates 33,572 Wigan households are in receipt of Council Tax Reduction (April 2014). This represents an 8% reduction on the number of households claiming previously under national scheme.



Source: Wigan Council, Council Tax Data

Of the 33,572 households receiving Council Tax Reduction 55% (18,623) are entitled to receive 100% Council Tax Reduction and consist of pensioners and households with children under the age of 5. The remaining 45% (14,949) consist of working age households, either unemployed or on low incomes and are eligible to between a 1-80% reduction on their Council Tax.



Source: Wigan Council Citizen Support

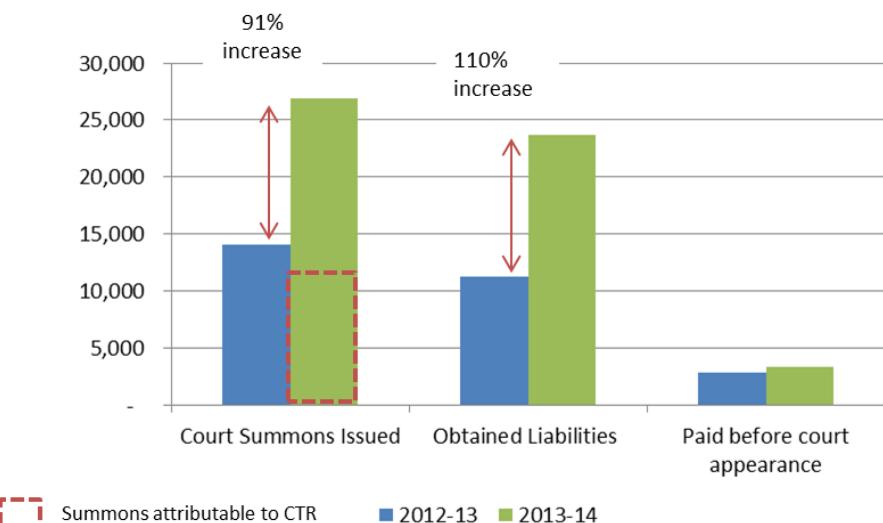
## Council Tax Arrears

With a significant proportion of residents having to pay Council Tax for the first time under the local scheme, the number of arrears cases has increased compared with previous years. Subsequently, this has led to an increase in the number of court summons. In the financial year ending April 2014 the number of court summons issued increased 91% up from 14,092 to 26,943. Of the 26,943 summons issued in

2013-14, 11,277 have been identified as CTR cases. In total CTR cases account for 88% of the increase in court summons between 2012-13 and 2013-14.

Despite this, the Council tax collection rate for the 2013/14 financial year totalled 95%, representing a 1% reduction on the 2012/13 figure. Furthermore, the total amount collected represented 100% of the total budget requirement for the year.

### Court Summons and Obtained Liabilities 2012-14



Source: DWP

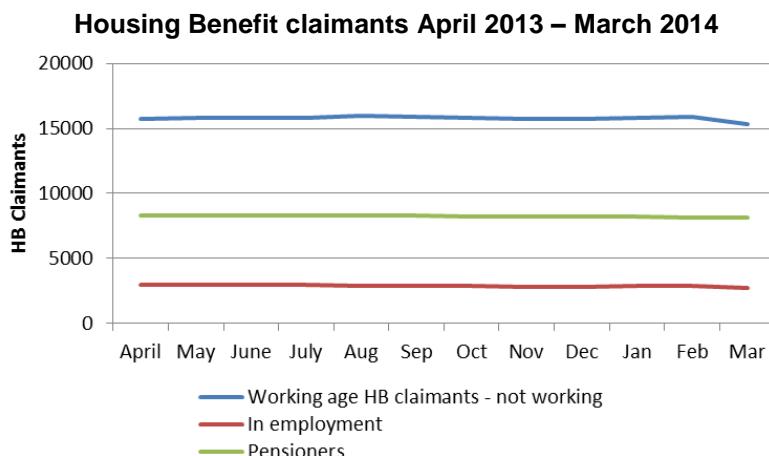
### Work done to mitigate the impact in Wigan

In February and March 2013 we wrote to all the households who were going to lose support under the new Council Tax Reduction scheme. They were invited to agree their new payment plan ahead of receiving their bill and were encouraged to sign up to Direct Debit early to maximise the number of instalments they could pay over. They could also choose to set up a plan for weekly or fortnightly instalments if that suited them better. Of the 15,000 households we wrote to around 5,000 directly engaged with us to prepare ahead of their bill. Over 1,500 set up a Direct Debit.

Our efforts to engage with customers have shown that affected households have taken responsibility for their new debt very conscientiously. When they are having difficulties paying they are communicating with us and negotiating new plans. When it has been necessary to apply to the court for a Liability Order for non-payment, these customers have again actively engaged with us to agree new plans. We have not experienced the same negative publicity and payment refusal behaviour that other authorities in AGMA and nationally have experienced. The magistrates court have been highly supportive and reinforced the need to pay the debt when customers have appeared before them.

## Housing Benefit

The number of housing benefit claimants declined 3% in the last year, equating to a reduction of 859 households in real terms. Further analysis indicates a large proportion of the reduction is due to the falling number of working age unemployed (JSA, ESA, IS) claimants, accounting for 46% (398 claimants) of the total reduction. Employed claimants experienced a smaller reduction of 31% (266) during the same timescale.

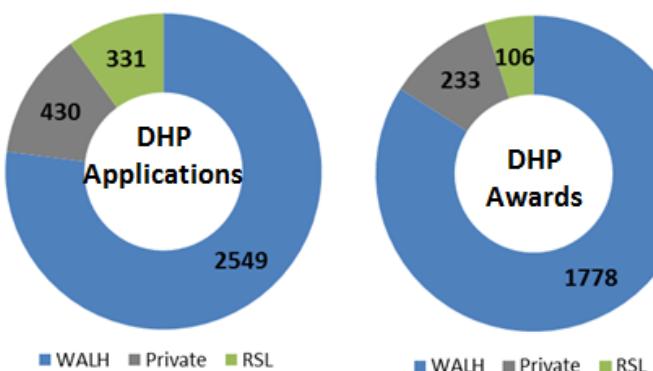


Source: Wigan Council – Business Development and Quality Team

## Discretionary Housing Payment (DHP)

Wigan's Discretionary Housing Payment (DHP) scheme offers limited short term financial help for tenants struggling to pay rent. Initially covering a 13 week period and extended to 26 weeks in exceptional circumstances, DHP is awarded as an emergency payment whilst the tenant considers their housing options

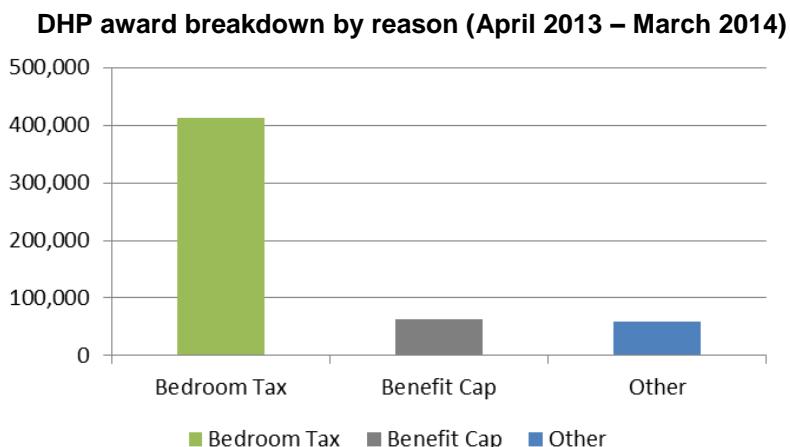
Over the course of the financial year 2013-2014, 3,310 applications for DHP were made with over 77% of these from Wigan and Leigh Housing tenants. These tenants experienced greater success in securing DHP awards than those tenants in Private and accommodation. Over 70% of WALH tenants applying for DHP secured financial help compared with 54% of Private tenants and 32% of Registered Social Landlord (RSL) tenants.



Source: Wigan Council April 2013 – March 2014

## DHP Award Breakdown

Between April 2013 and March 2014, 77% of Discretionary Housing Payments were awarded to households affected by under occupation. In real terms this accounted for £412,864 of DHP with awards relating to benefit cap totalling £63,687 with various other reasons accounting for the remaining £59,448.



Source: Wigan Council Revenue and Benefits

It is clear, based on the data and intelligence supplied from partners, that DHP is reducing the burden of welfare reforms (particularly under-occupation) on residents. During the financial year Wigan Council allocated 100% of its original DHP budget (£450,000), securing an additional £80,000 to cover additional need. Wigan Council will continue to monitor budget spend going forward to assess demand and, if appropriate, develop additional packages to support local residents.

### Work done to mitigate the impact in Wigan

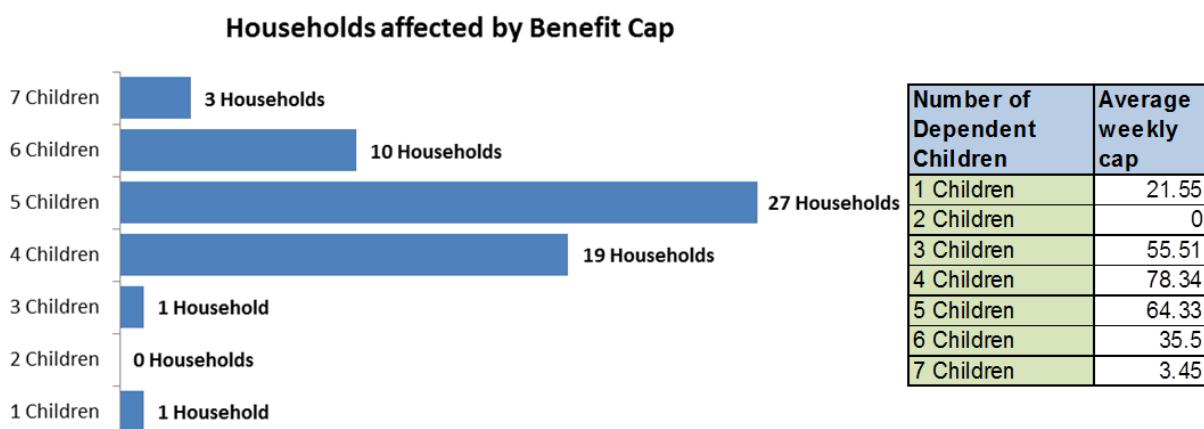
Applications were assessed on the tenant's income and expenditure as well as circumstances at the time of the application, such as ability to move to smaller or cheaper accommodation and steps taken to increase income / reduce expenditure

Special consideration was given to under occupying tenants living in property with disabled adaptations, under occupying tenants unable to move to smaller properties due to arrears and tenants at risk of eviction with under occupancy arrears.

Allocation & spend strategy for 2014/15 will see pro-active engagement with private sector support groups and landlords to encourage uptake in this sector and identify at risk and vulnerable groups to enable early intervention and a more targeted approach.

## Benefit Cap

As at April 2014, 61 families in Wigan were currently affected by the Benefit Cap. The loss of income for the benefit cap cases ranges from £0.50 to £150 per week. The total amount per week in lost income is £3,667.78 and on average each family has lost £60 per week. As demonstrated in the chart below, families with 4 or more dependent children are more likely to be affected by the cap and make up 96% of the all households affected.



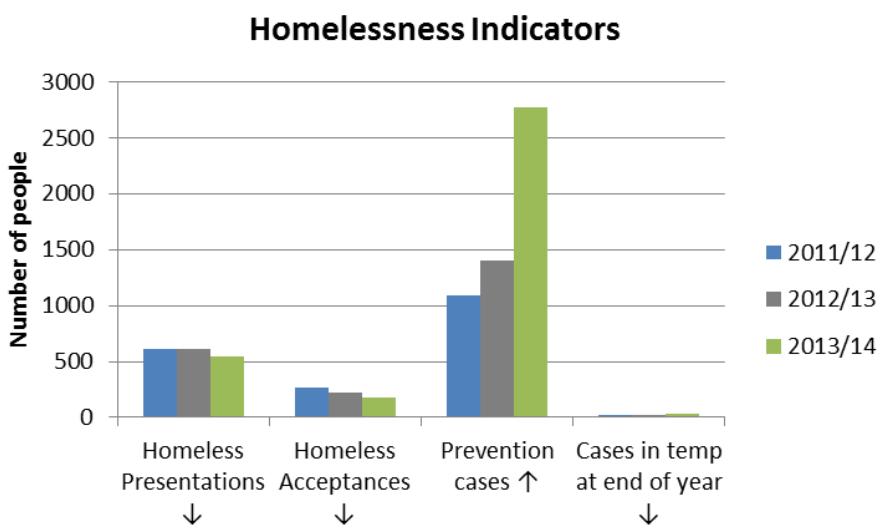
Source: Wigan Council Citizen Support (April 2014)

### Work done to mitigate the impact in Wigan

- Requested that the Help With Rent team (a team set up across GM authorities) contact everyone on the list to offer proactive help
- Cross-referenced the list with Confident Families, Gateway, and Social Care case books and made support workers aware of changes and where to signpost people
- DWP staff member seconded to Confident Families programme offered direct support to those affected to help them find work
- Ring-fenced a DHP for all those affected who apply which provides 13 weeks' financial support

## Homelessness

Recent data indicates the impact of welfare reforms have had a limited impact on the numbers of statutory homeless Wigan. Indeed, during the last 12 months the borough actually experienced a reduction in the numbers of homelessness presentations and acceptances. This performance has largely been achieved thanks to our proactive, preventative approach to homelessness in the borough. In the last year the number of prevention cases increased 98%. This is due to the marked increase in rent arrears that have been addressed through DHP awards which are now being counted within these prevention figures.



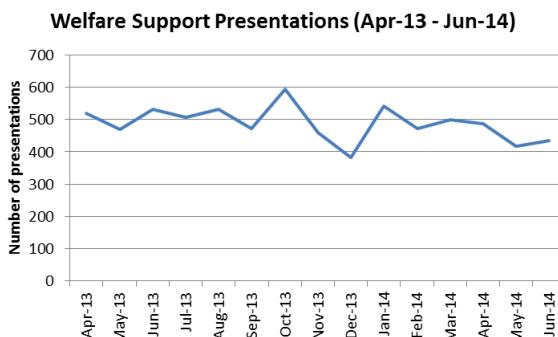
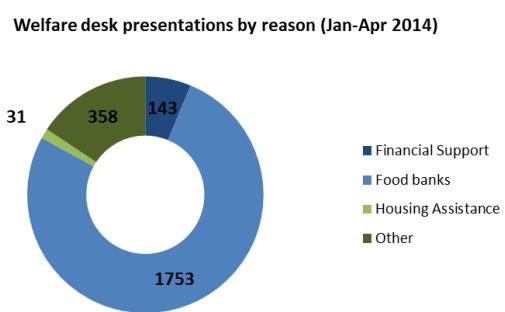
Due to the increase in monies available to households in Wigan through the DHP fund more households have been assisted. Many of these households contacted DWP directly to apply for this funding and it has also been used in cases of WALH tenants who have struggled with affordability issues. At year end the awarding of DHP accounted for 39% of homelessness cases prevented.

## Support Services

From April, the Council introduced a face to face triage service in both its Wigan and Leigh Life Centres in addition to a telephone line for people looking for support. Currently, customers are interviewed and their needs assessed and discretionary referrals are made to local, voluntary sector-provided food banks, and other appropriate agencies including the Citizens Advice Bureau for debt support.

## Welfare Support Desk

In 2013/14, 7,095 residents have contacted Wigan Council through the local welfare support scheme. A trend analysis of month on month presentations to the welfare desk suggests there remains significant demand for support in the borough. A sample of 2,285 contacts between January and April 2014 highlights that over 70% of contacts were referred on to food banks.

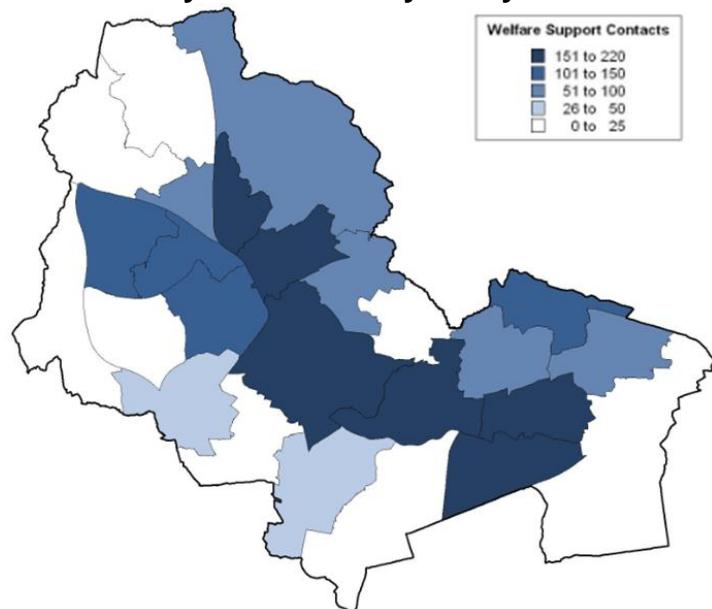


Source: Wigan Council CRM

A sample analysis of welfare desk data indicates the majority of contacts are from

residents residing in the inner core of the borough. Concentrations of residents accessing support appear to map with the borough's areas of deprivation.

### **Welfare Support Contacts by Ward January – May 2014**



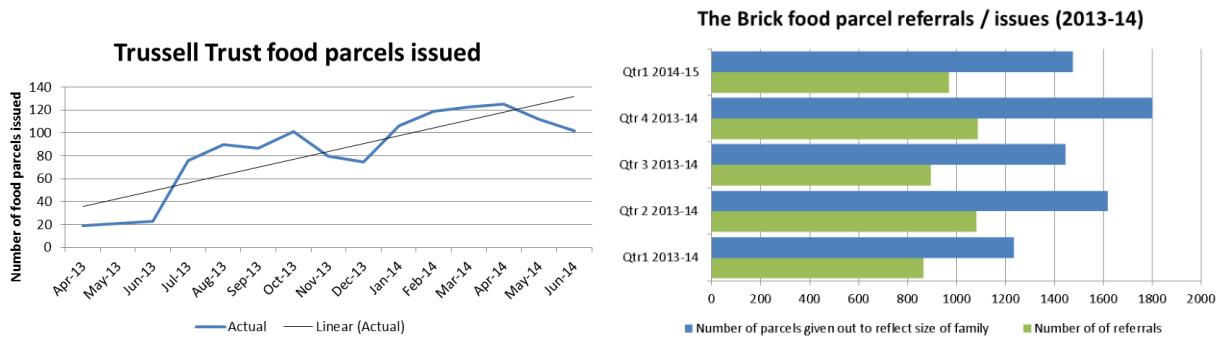
Source: Wigan Council CRM (10% sample data Jan-May 2014)

### **Food banks**

Food banks are a core part of the Council's Local Welfare Support offer, set up in response to the abolition of Crisis Loans and Community Care Grants in April 2013. The council refer residents on to 5 food banks in the borough. These are:

- The Brick Homeless Project
- Compassion in Action
- The Trussell Trust/Kingsleigh Methodist Church
- Ashton Churches Together (ACT)
- The Storehouse Project

Regional data from the Trussell Trust, the country's biggest food bank operator, suggests there has been significant growth in the numbers of people receiving support from food banks. In 2013–14 138,644 people received food parcels in the North West representing a 238% increase on 2012/13 figures. Local data collected by the organisation shows that 920 families in the Borough requested food parcels in the financial year 2013-14 with demand for food parcels increasing throughout the year.

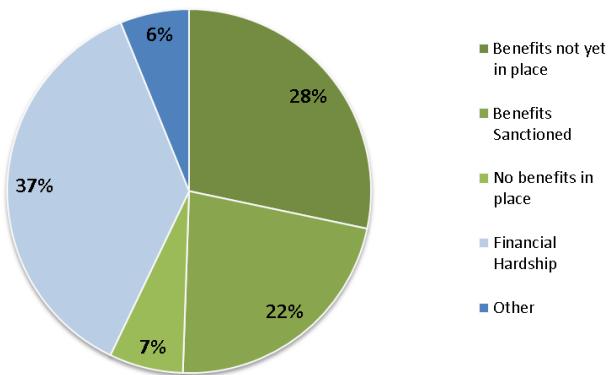


Source: The Trussell Trust & The Brick 2013/14

More detailed data from The Brick shows that 3,931 referrals were made to organisation in the last financial year, with 6,097 parcels distributed to families. Data for the first 12 weeks of the 2014/15 financial year shows that demand for food parcels continues to rise with a 32% increase in referrals and a 41% increase in the number of parcels distributed compared with last year.

According to figures from The Brick, over a third of all food parcels are issued to residents because their present income is not enough to cover their needs. 50% of all food parcels are issued due to benefit sanctions or delays in receiving benefits from the DWP.

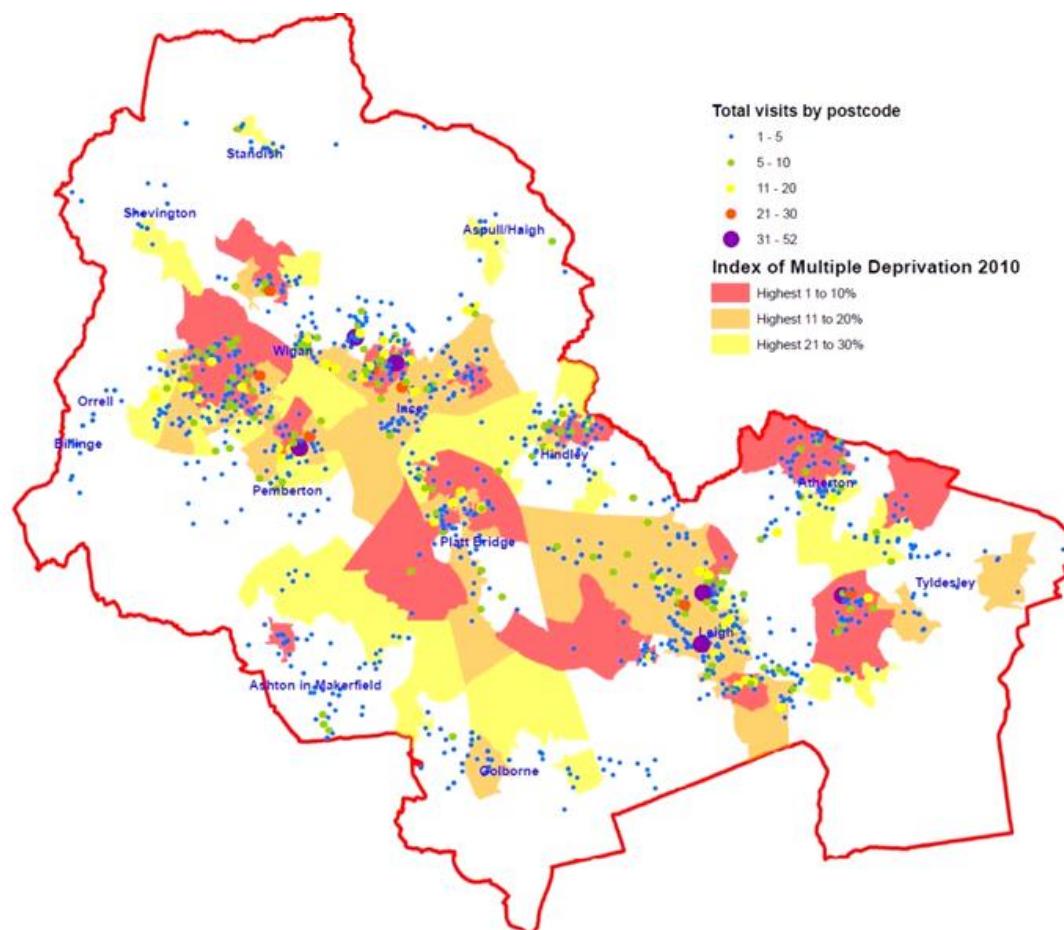
**Issued food parcels by reason given**



Source: The Brick

## Food Bank requests by resident address

As can be seen on the map below food bank requests via the welfare support desk map roughly on to the areas of highest deprivation in the borough.

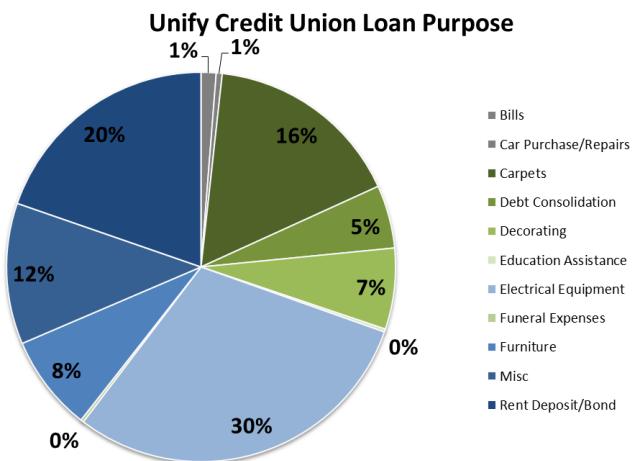


Source: Wigan Council, Welfare Support Desk

## Unify Credit Union

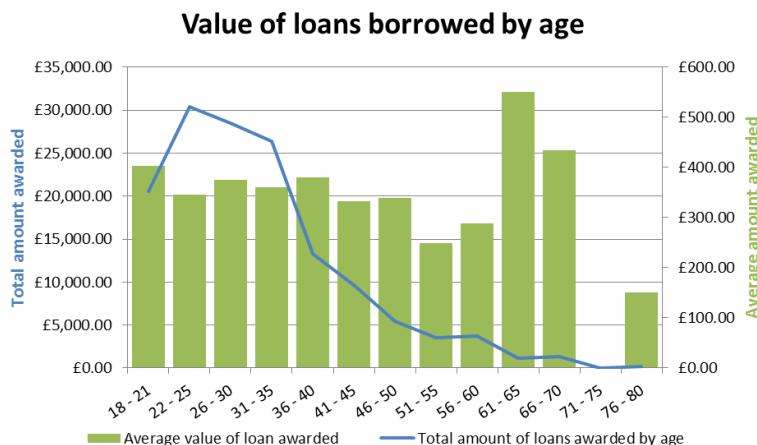
Unify Credit Union provide a co-ordinated response to support people in an immediate crisis alongside longer term holistic support to encourage behaviour change and prevent people from falling into repeat crisis. This includes the offer of low interest loans to people in need of white goods and furniture, or for rent in advance to move into properties.

Between April 2013 and June 2014 Unify Credit Union issued 401 loans at a total value of £144,247.20. The chart below illustrates the common reasons why a loan is issued with just under 30% issued for the purchase of electrical equipment. Intelligence from Unify staff indicates the vast majority of purchases of this nature are for white goods. Other purpose loans were for rent deposits/bonds (20%) and carpets (16%).



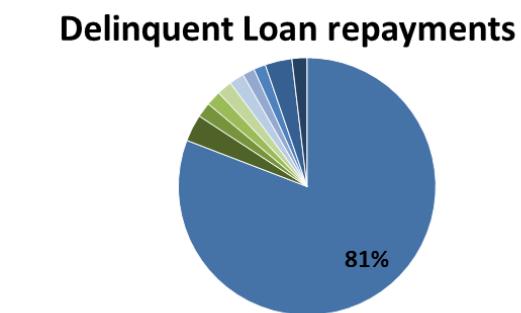
Source: Unify Credit Union

72% (288) of all loans are issued to residents aged 18-35, representing 73% (£105,706) of the total loan budget. The single biggest consumer of unify loans are residents aged 22-25 with 88 loans issued at an average of £345 per loan. Applicants aged 18-35 will typically request loans that are, on average, 10% larger than those residents aged 36-65.



Source: Unify Credit Union

As at June 2014 Unify Credit Union had 266 active loans, 51 of which had delinquent payments accounting for 19% of all loans. These delinquent balances total £15,000 and equate to 28% of all outstanding balances owed to Unify Credit Union. Despite this only 5.15% of all loans were written off between April '13 and June '14.



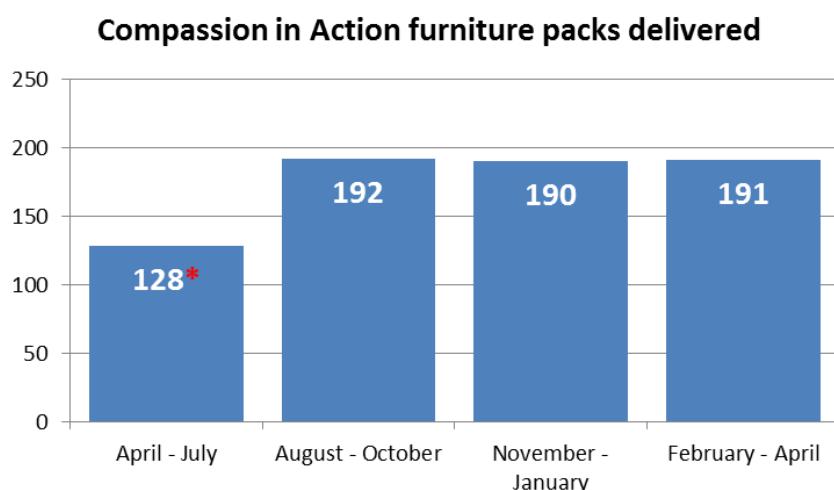
■ 0 months ■ 1 months ■ 2 months ■ 3 months ■ 4 months

■ 5 months ■ 6 months ■ 7 months ■ 8 months ■ 9 months

Source: Unify Credit Union (Apr 2013 - Jun 2014)

## Compassion in Action

Compassion in Action provided 701 furniture packages following referrals from either Unify or directly from Welfare Support between April 2013 and April 2014. An analysis of quarterly trend information suggests that demand for furniture packs have remained constant throughout the year.



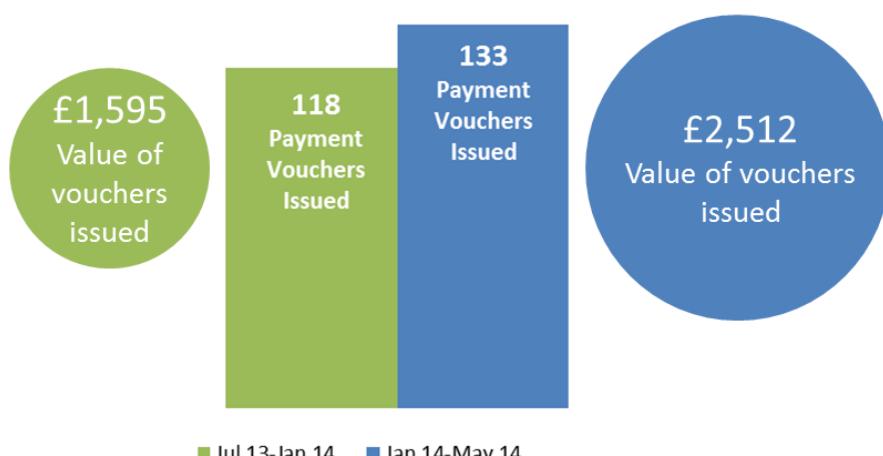
Source: compassion in Action – Quarterly Welfare Reform Reports

\* April – July data includes furniture packages delivered from 17 April - 17 July and is therefore not a complete quarter.

## Fuel Payments

The CAB issue fuel payment vouchers (this was introduced in December; previously cash was paid from July onwards in 2013). It is difficult to have confidence in the accuracy as their recording systems have changed, but it appears that the value and number of these is increasing this year. Anecdotally the CAB connect this to people waiting on mandatory reassessments for their ESA who are without payments for a number of weeks while this is resolved by DWP.

### Payment Vouchers Issued by CAB



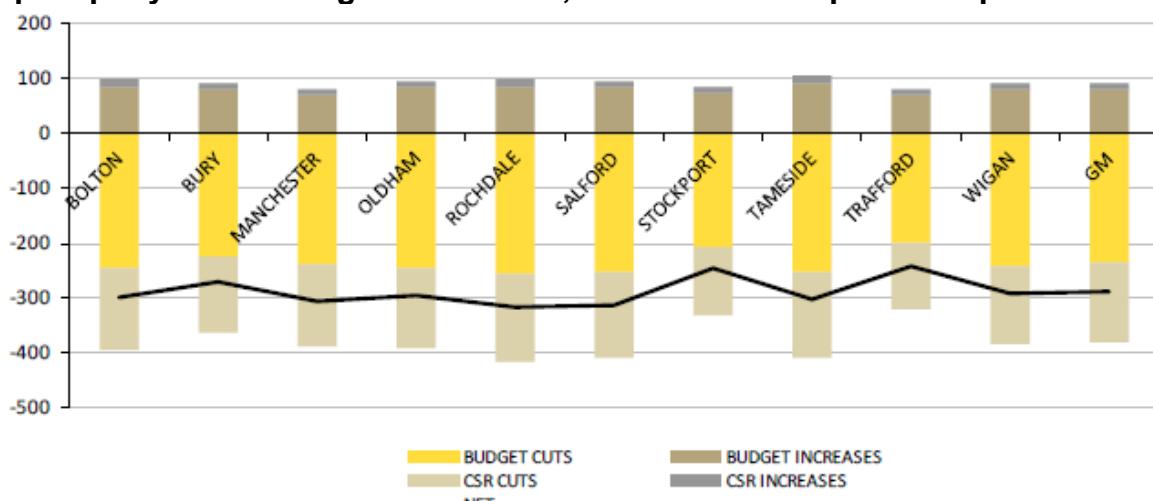
Source: Citizens Advice Bureau

## Economic Context

Apart from the direct impact reforms have on the transfer of money to individuals in receipt of benefits and pressure on services, there will be a significant wider economic impact as these individuals spend less in local shops, who in turn spend less on their supply chains, wages and employment – weakening local economic multipliers. This section first makes estimates of the economic impact on both the local and sub-regional economy based on confirmed reductions in welfare entitlement.

The total net changes on Greater Manchester's districts per head of population are summarised below. The average reduction in benefit spend per head in Wigan is £290 consistent with the average reduction in Greater Manchester. Reduction in benefit spend ranges from £317 in Rochdale to £242 in Trafford.

### Impact per year of changes to benefits, Tax Credits and pensions per head



Source: New Economy analysis of data provided by HM Treasury (2010, 2011); DWP (2011)

Analysis of the savings Government expects to make through Welfare Reform shows that benefit payments in Greater Manchester will be £755m lower per year than would have otherwise been the case in 2014/15. Whilst this is clearly a significant amount, this figure does not take into account the positive impacts arising from residents moving from unemployment into work or increasing their non-welfare earnings. For example, on average, moving from Job Seekers Allowance to work results in additional annual earnings of £4,300 per year as well as an increase in well-being through improved confidence, self-esteem and isolation.

Government's reforms have been designed to provide clear incentives to work. It is therefore important, when interpreting the likely impact of welfare reforms on Wigan to consider the economic context in which they are being implemented.

The Economic outlook for Greater Manchester is largely positive with current forecasts estimating an additional 100,600 jobs will be created over the next 10 years with strong growth in Professional and Scientific Services and Admin and support services. Locally, the Wigan labour market is expected to see job creation of just 4,700 over the next decade. This suggests that city centres will continue to be

catalysts of economic growth, indicating that a greater proportion of Wigan residents will have to travel to access employment.

### Greater Manchester: Change in employment, 000s

	1998-2008	2008-2013	2013-2023
Agriculture	0.5	-0.3	-0.2
Mining and Quarrying	0.0	-0.1	0.0
Manufacturing	-84.2	-15.0	-11.7
Electricity, gas & water	-2.8	6.5	-0.9
Water supply, sewage & waste	2.6	-0.1	-0.5
Construction	17.7	-21.7	13.1
Wholesale and retail trade	0.6	-2.0	13.7
Transport and storage	15.8	-0.8	8.3
Accommodation and food service	7.3	9.1	9.9
Information and Communications	9.6	4.5	7.8
Financial and insurance activities	11.6	-2.4	2.3
Real estate activities	10.4	0.7	6.4
Professional and scientific activities	35.8	14.2	26.7
Admin and support services	22.0	12.6	26.9
Public admin and defence	6.3	-5.2	-9.2
Education	15.0	9.4	-4.4
Human Health & social work activities	35.4	15.4	1.4
Arts, entertainment & recreation	6.5	0.4	6.2
Other personal services	7.3	-8.8	5.0
Total employment	117.4	16.4	100.6

Source: GMFM

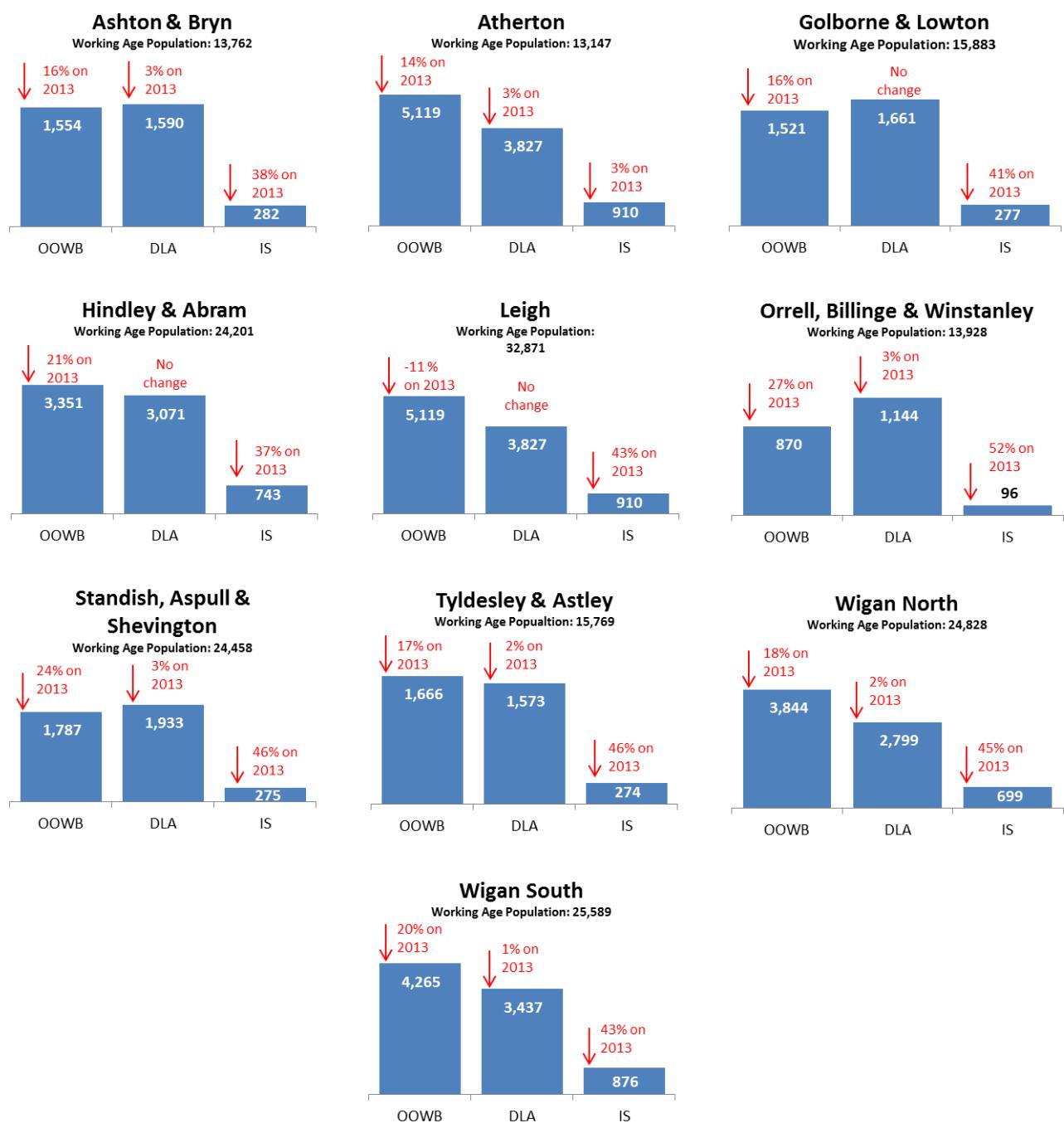
Note 1: Jobs based - includes self employed and employees

Note 2: Selected sub-sectors cover employee jobs only

Note 2: Selected sub-sectors cover employee jobs only

## Appendix A: Claimants by Twin Township

The charts below show the number of people claiming some of the key benefits affected by welfare reform for twin townships in Wigan. Across the borough there have been significant decreases in the number of residents claiming out-of-work benefits (OOWB). This reduction is driven by the falling numbers of Job Seekers Allowance claimant with the transition to Universal Credit restricting on-flows to JSA. Furthermore, growth in the local economy providing greater job opportunities.



## **Appendix B**

### **Welfare Support Desk – Case Studies:**

The following case studies provide insight into some typical presentations to the welfare support desk.

#### **Case Study 1 - ESA has been stopped**

Profile:-

Single male

No dependents

Living in private rented accommodation

Claiming ESA & Housing Benefit

Customer was found fit for work after attending ATOS medical assessment. He has a letter from GP in support of his situation and has asked Job Centre Plus for a mandatory reconsideration. They are still considering this after 3 weeks, even though they aim to make a decision within 2 weeks. Once the decision is made, either it will be overturned and customer's ESA will resume or, he will have to submit an appeal. If it is the latter, then once his appeal is submitted his ESA will be reinstated at the assessment rate of £71 per week whilst they consider the appeal. In the meantime, this customer has had no money for almost 5 weeks and no friends or family that can help him. Customer was given referral for food parcel.

#### **Case study 2 - Change of circumstances**

Profile:-

Single female

Pregnant

2 children aged 6 & 2

Living in temporary refuge

Receiving Child Benefit

This customer left her partner at Christmas due to domestic violence and has moved into a temporary refuge with her 2 young children. She has informed the job centre and HMRC that she has left her partner so their joint claim for benefits has been stopped completely. Customer has had to put in a new claim for Income Support and is waiting for HMRC to process the change of circs on her tax credits. The only income she has is approximate £35 per week child benefit. She fled the house with hardly any possessions and although the refuge are assisting her in finding more permanent accommodation she will need help in getting beds & basic furniture once this is sorted. She will therefore return to us for help with furniture in the near future. She has no money for food & was given a food parcel & advised to speak to the job centre about the possibility of an advance payment.

#### **Case Study 3**

Profile:-

Single male

Living with 10 year old son

Living in private rented accommodation

## Receiving Housing Benefit, ESA, Child Benefit, Child Tax Credits

Customer is struggling to manage due to poor money management and debts. He has a large shortfall on his rent of £130 per month which he has to pay out of his benefits. Customer is quite obviously living in a property he cannot afford. Customer has no money for food for himself and his 10 year old son until he receives next payment of benefits in 5 days time. Customer was given a food parcel as a one-off and given the following advice - To book onto the Money Management course with Wigan Council, to speak to CAB regarding debts, to apply for Discretionary Housing Payment, and finally, to look for more affordable accommodation. Customer has been informed that we cannot agree food parcels in the future if he does not follow our advice and attend the Money Management Course.

### Case Study 4

Profile:-

Single female

No dependents

Living in council rented accommodation

Receiving JSA & Housing Benefit

Customer has been sanctioned from Jan 2014 until March 2014 due to a missed appointment with Job Centre. She has been advised to apply for hardship payment but has been given a food parcel in the meantime whilst this is being considered. Customer's previous sanction only ended in December 2013, which again, was due to missed appointments. I have spoken to her about the importance of attending the appointments. Customer is alcohol dependent.

Key staff members and the Portfolio Holder for Service Transformation have spent time on the Local Welfare Desk to see for themselves the people and the issues coming in.

### Complex Case Studies

In addition to the case studies above, Life Centre staff regularly come into contact with, and support, vulnerable residents with complex issues. The case studies below provide an insight in to some of the wider, underlying causes presented by residents that often require an in-depth triage process. Cases such as those detailed below often lead to repeated presentations

**Peter** is a thirty-nine year old white male who has been homeless for over five months and receives JSA. Peter has underlying mental health issues and repeatedly presents at the support desk and converses for lengthy periods with the staff. Staff believe he suffers from paranoia and feels socially isolated, regularly threatening suicide. He is an alcoholic and was previously addicted to drugs, but is now clean. When under the influence of alcohol he regularly gets into fights and presents himself at A&E. He is in and out of prison for various charges, and has a criminal record that includes the arson of his own home. This means that Wigan and Leigh housing are unable to offer him accommodation. The Welfare desk staff use his arson attempt as an example of his unstable mental state but say that mental health services are unwilling to work with him due to his alcohol dependency. They believe

he is self-medicating with alcohol and requires mental health assessments and rehabilitation in order to break the cycle he is in of homelessness, alcoholism, poor health and crime. The desk staff gave him a referral for a food parcel at The Brick. Staff felt frustrated by his recurring behaviour and feel mental health issues both produce and are a product of his complex dependency.

**Alexander** is a white male between the ages of thirty-eight and forty-five years old. He is Russian and speaks no English, and the Welfare Support Desk must pay for a telephone interpreting service. It is difficult to communicate with Alexander, as not only does he not speak English but seems withdrawn and confused. He states that he has injured his arm and is unable to work, it is not clear if he receives ESA, JSA or housing benefit. He had previously got by with help from his Russian friends who had jobs and spoke English, but they had now left the country and he has been struggling to cope on his own. He presented extremely large council tax and energy bill debts, saying that he had been reluctant to open letters anymore, as he could not read them or afford to pay the amount shown. Debts were shown from 2012, and staff were confused about how he had managed to get by for so long under these circumstances. Alexander was given a food package referral and was guided to CAB to discuss his debts with an in-house interpreter. He now presents the risk of becoming complexly dependent as he has no income to pay off his debts and no skills or adequate health to find employment. This example shows how triages are not long enough to presume mental health issues, but the common characteristics of withdrawal, the inability to communicate to a normal standard, and the inability to take the preventative measures to prevent crisis suggest a greater need to focus on mental health as a root cause.