

The uneven impact of welfare reform in Warwickshire

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Warwickshire Welfare Rights
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#WelfareReform

Enhancing the evidence base

- **The impact of the reforms taken as a whole**
 - policy makers, practitioners and organisations need to think outside their 'silo'
- **Uneven impact of welfare reform**
 - by place
 - by household type
 - by tenure
- **Cumulative impact over time**
 - coping mechanisms stretched
 - ability to weather financial shocks or further cuts

Enhancing the evidence base

- **'Hitting the Poorest Places Hardest' (2013)**

- Financial impact of reforms introduced by the coalition government



- Austerity Audit, Scottish Parliament, SHU

- **The 'Uneven Impact of Welfare Reform' (2016) funded by**



- **Our estimates are firmly grounded in:**

- HMRC budget announcements

- DWP Impact Assessments and Equality Impact Assessments, government statistics

- For pre-2015 reforms updates since original announcements in subsequent budgets and out-turn figures

- **Document the impacts, not comment on merits**

Pre-2015 reforms

- Housing Benefit: Under-occupation, SRS ('bedroom tax')
- Housing Benefit: Local Housing Allowance, PRS
- Housing Benefit: Non-dependant deductions
- Household benefit cap
- Council Tax Support
- Personal Independence Payment
- Employment and Support Allowance
- Child Benefit
- Tax Credits
- 1 per cent up-rating

Estimated annual financial loss by March 2016 from pre-2015 reforms

	Loss (£m pa)
Tax Credits	4,210
Child Benefit	3,030
1 per cent uprating	2,700
Housing Benefit: LHA	1,670
Personal Independence Payments	1,190
Employment and Support Allowance	650
Council Tax Support	370
Housing Benefit: 'bedroom tax'	360
Non-dependant deductions	210
Household benefit cap	100
TOTAL	14,490

Source: Sheffield Hallam estimates based on official data

Estimated annual financial loss on Warwickshire by March 2016 from pre-2015 reforms

	Loss (£m pa)
Tax Credits	31
Child Benefit	27
1 per cent uprating	18
Housing Benefit: LHA	8
Personal Independence Payments	8
Employment and Support Allowance	4
Council Tax Support	3
Housing Benefit: 'bedroom tax'	3
Non-dependant deductions	1
Household benefit cap	<0.5
TOTAL	104

Source: Sheffield Hallam estimates based on official data

Estimated annual financial loss on Warwickshire by March 2016 from pre-2015 reforms

	Loss (£m pa)
Tax Credits	31
Child Benefit	27
1 per cent uprating	18
Housing Benefit: LHA	8
Personal Independence Payments	8
Employment and Support Allowance	4
Council Tax Support	3
Housing Benefit: 'bedroom tax'	3
Non-dependant deductions	1
Household benefit cap	<0.5
TOTAL	104

Source: Sheffield Hallam estimates based on official data

Post-2015 reforms

- Benefit freeze
- Universal Credit Work Allowances
- Universal Credit Taper (*new 2016 Autumn Statement*)
- Tax Credits
- LHA cap in social rented sector (*revised 2016 Autumn Statement*)
- 'Pay to stay' (*scrapped*)
- Benefit cap (*new reforms*)
- Housing Benefit: 18-21 year olds
- Mortgage interest support
- Employment and Support Allowance (*new reforms*)

Estimated annual financial loss by 2020/21 from post-2015 reforms

	Estimated loss £m p.a.
Benefit freeze	3,580
Universal Credit Work Allowances	3,190
<i>Universal Credit Taper</i>	-570
Tax Credits	2,255
Personal Independence Payments ⁽¹⁾	1,680
LHA cap in social rented sector	535
Employment and Support Allowance	450
Benefit cap	340
Mortgage interest support	245
HB: 18-21 year olds	40
TOTAL	11,745

⁽¹⁾ Additional post-2015-16 impact of pre-2015 reform

Sources: HM Treasury, Impact Assessments and Sheffield Hallam estimates based on official data

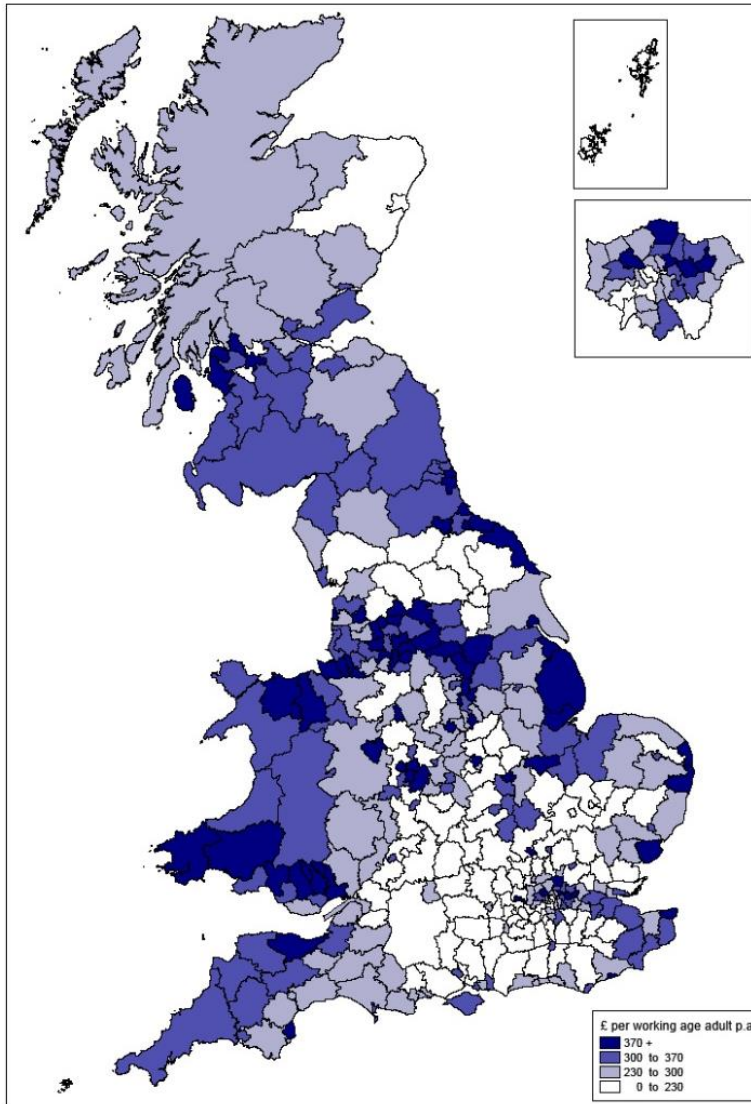
Estimated annual financial loss in Warwickshire by 2020/21 from post-2015 reforms

	Estimated loss £m p.a.
Benefit freeze	24
Universal Credit Work Allowances	24
<i>Universal Credit Taper</i>	?
Tax Credits	15
Personal Independence Payments ⁽¹⁾	12
LHA cap in social rented sector	5
Employment and Support Allowance	3
Benefit cap	2
Mortgage interest support	2
HB: 18-21 year olds	<0.2
TOTAL	80

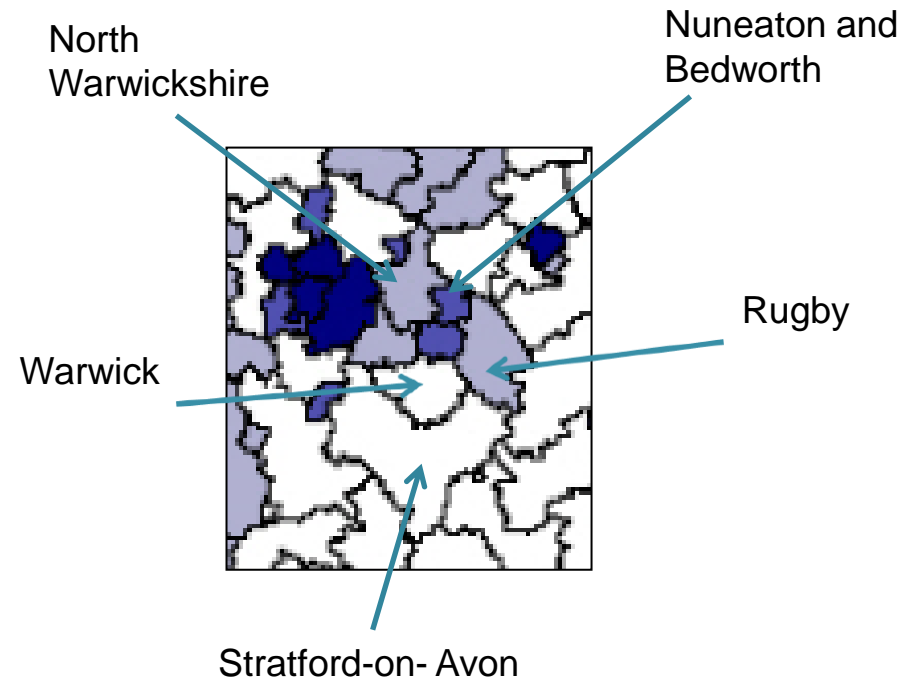
⁽¹⁾ Additional post-2015-16 impact of pre-2015 reform

Sources: HM Treasury, Impact Assessments and Sheffield Hallam estimates based on official data

Anticipated loss by 2020-21 arising from post-2015 welfare reforms, by district



Source: Sheffield Hallam estimates based on official data



Estimated annual financial loss in Warwickshire by 2020/21 from pre and post-2015 reforms

Financial loss per working age adult
£ per year

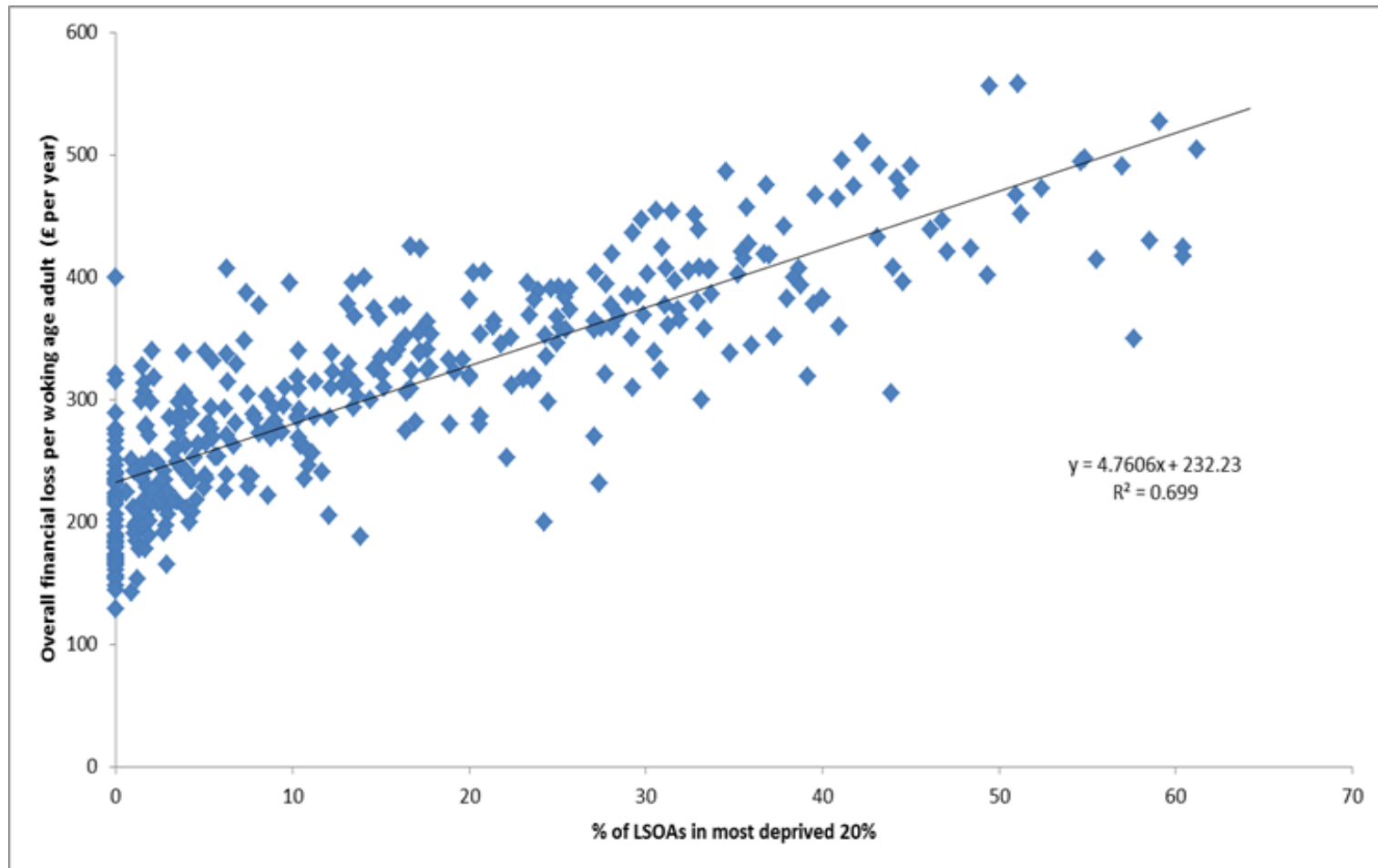
	Pre-2015	Post-2015	Total
Nuneaton and Bedworth	400	330	730
North Warwickshire	310	260	570
Rugby	310	260	570
Stratford-on-Avon	260	200	460
Warwick	250	180	430
Warwickshire	300	240	540
West Midlands	360	300	660
Great Britain	380	350	730

⁽¹⁾ Additional post-2015-16 impact of pre-2015 reform

Sources: HM Treasury, Impact Assessments and Sheffield Hallam estimates based on official data

Impact on local economy in deprived communities

Relationship between deprivation and anticipated financial loss in 2020-21 from post-2015 welfare reforms, by local authority



Sources: Sheffield Hallam estimates and University of Cambridge adjusted IMD for GB
NB. Excludes 2016 Budget and Autumn Statement

Anticipated loss in 2020-21 from post-2015 welfare reforms, by household type

	Average financial loss £ p.a.
Pensioner couple	40
Single pensioner	40
Couple – no children	200
Couple – one dependent child	900
Couple – two or more dependent children	1,450
Couple- all children non-dependent	200
Lone parent – one dependent child	1,400
Lone parent – two or more dependent children	1,750
Lone parent – all children non-dependent	250
Single person household	250
Other – with one dependent child	1,130
Other – with two or more dependent children	1,360
Other – all full-time students	0
Other – all aged 65+	50
Other	300

Source: Sheffield Hallam estimates based on official data

Risk to social rented sector tenants

Anticipated loss in 2020-21 arising from post-2015 welfare reforms¹

	Number of working age households, GB, millions, 2011	Estimated working age loss £m p.a.	Average loss per working age household £ p.a.
Social rented sector	3.6	5,800	1,600
Private rented sector	4.1	2,800	690
Owner occupied	12.2	3,500	280

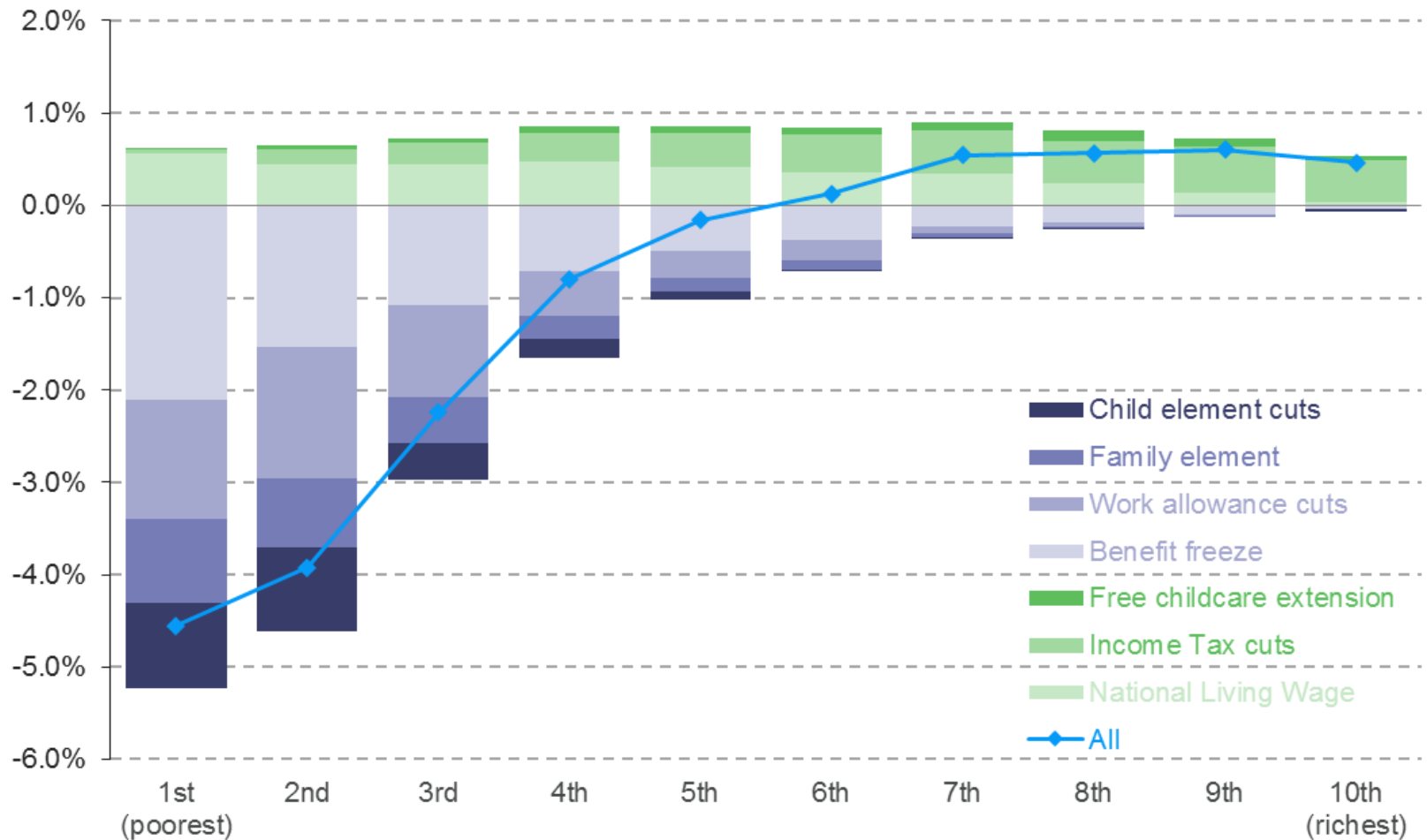
Sources: Census of Population and Sheffield Hallam estimates based on official data

¹ Excludes 2016 Budget and 2016 Autumn Statement

Mitigating factors to offset 'risks' of reduced income

- **Universal Credit Tapers**
- **Discretionary Housing Payments (2016/17 £150m)**
- **Reduction in social sector rents**
- **Personal tax allowances**
- **National Living Wage**
- **Extension of free childcare**
- **Overall**
 - Goes some way to offset financial loss
 - But the winners and the losers are unlikely to be the same people
 - Unlikely full loss will be offset in this way
 - Those not in work unlikely to benefit

Do positive measures offset losses?



Source: Resolution Foundation

Uneven impact of post-2015 reforms

- **Working age tenants**
- **Families with dependent children**
 - over 80 per cent of the cuts fall on households with dependent children
 - especially families with 2 or more children
 - lone parents with 2 or more dependent children hit the hardest (£1,750 per year)
 - possible implications for BAME populations
- **Long-term sick and disabled**
- **Those in low-income work, self-employment, precarious work**
- **Only 20 % implemented so far**
- **Universal Credit full digital roll-out yet to come**

The uneven impact of welfare reform

*The financial losses to
places and people*

Christina Beatty
Steve Fothergill



CRESR Website:

<https://www.shu.ac.uk/research/cresr/>

Report:

<http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016.pdf>

Dataset:

<http://www.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/welfare-reform-2016.xlsx>

Interactive maps:

https://public.tableau.com/profile/welfare.reform.2016#!/vizhome/Impact_1/Maps

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Jobs, Welfare and Austerity

How the destruction of industrial
Britain casts a shadow over
present-day public finances
Christina Beatty and Steve Fothergill



Report:

<http://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/cresr30th-jobs-welfare-austerity.pdf>

CRESR Website:

<http://www4.shu.ac.uk/research/cresr/>

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