



Report of: Assistant Chief Executive (Strategy & Community Partnerships)

Meeting of	Date	Agenda Item	Ward(s)
Health and Wellbeing Board	16 July 2014		All

Delete as appropriate	Exempt	Non-exempt
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SUBJECT: Welfare Reform: Health and Wellbeing Implications

1 Synopsis

- 1.1 This report explains some of the changes that have been introduced so far as part of the government's programme of welfare reform, the rationale for those changes and the impact that they having in Islington on children and families and people in receipt of sickness and disability benefits.
- 1.2 Welfare reform presents challenges and opportunities in relation to the Health and Wellbeing Board's priority outcomes, particularly in terms of the wider determinants of people's health. It highlights the number of children living in households in a financially precarious situation because of welfare reforms, compromising efforts to ensure those children have the best start in life. Welfare reforms for people on sickness and disability benefits also present challenges for the prevention and management of long-term conditions and improving mental health and wellbeing, particularly given the interrelationship of those outcomes with deprivation. However, if together we can realise the opportunities of welfare reform, creating a more positive narrative around the changes and supporting more people to return to work, we know that there is strong evidence that will have a positive impact on their wellbeing.

2 Recommendations

- 2.1 Note the impact of welfare reform locally, particularly households with children and people on sickness and disability benefits. (See sections 4 below);
- 2.2 Consider options for further integrating employment into strategic plans;
- 2.3 Consider options for working with partners to develop an empowering culture towards employment, based on a positive narrative and practical support.
- 2.4 Consider how best to work with partners to improve health input into Work Capability Assessments.

3 Background

3.1 Some of the biggest changes to the UK's welfare system in the last fifty years are currently being implemented, following the enactment of the Welfare Reform Act 2012. The government has set out the following aims for welfare reform:

- Simplification of the benefit system;
- Improved incentives to work with the intention that no-one on benefits should be better off than someone working and earning the average wage;
- A reduction of the 'welfare bill' by £18 billion per annum (around 15%) by 2014-15.

3.2 The reforms are summarised in Appendix A, with a particular focus on changes to sickness and disability benefits, which seem to be having the most immediate and obvious effect on the health sector. In addition to the main reforms there are continuous changes which have impacts of their own on residents. For example, changes to operational arrangements (e.g. move to electronic claims) and the enforcement of conditions (eg financial sanctions).

3.3 Since 2012 Islington Council has responded to welfare reform by:

A. Seeking to understand the impact of changes on different groups of residents by producing impact briefings on how different groups of residents are likely to be affected:

[workless families with children](#)

[low income working families with children](#)

[People claiming out of work sickness benefits](#)

[disabled people of working age](#)

[Impact on disabled residents](#)

B. Making representations to central government to reduce the negative impact on residents e.g, the vote of no confidence in Atos.

C. Producing information and guidance for residents and front line services e.g. on [Mental Health](#) and [Drugs and Alcohol](#).

D. Providing immediate practical and financial support to residents.

E. Supporting residents with solutions that are sustainable in the long term.

4 Impacts of welfare reform on Islington residents

4.1 Welfare reform will bring some benefits for some people, such as increased income, and there is the potential for positive opportunities in relation to employment. However, serious concerns have been raised locally and nationally about the impact of reforms on already disadvantaged groups. Claimants face a complex process of changes to a whole range of benefits. For example, an individual resident may face some or all of the following:

- A loss or reduction of disability and/or out-of-work sickness benefits
- Penalties for under-occupation of social housing
- Unsustainable reductions in income due to the limiting of the annual up-rating of benefits to 1%
- A 'benefit cap' on the total amount of income that a household can claim

4.2 There is no comprehensive quantitative and qualitative study of the total impact of welfare reform on Islington residents and the impacts are contested by people of different political persuasions. However, the council does have detailed individualised data on impacts of some specific reforms such as the benefit cap and together with service intelligence and national research, it is possible to form a picture of the impacts that are relevant to the Health and Wellbeing Strategy.

Overall

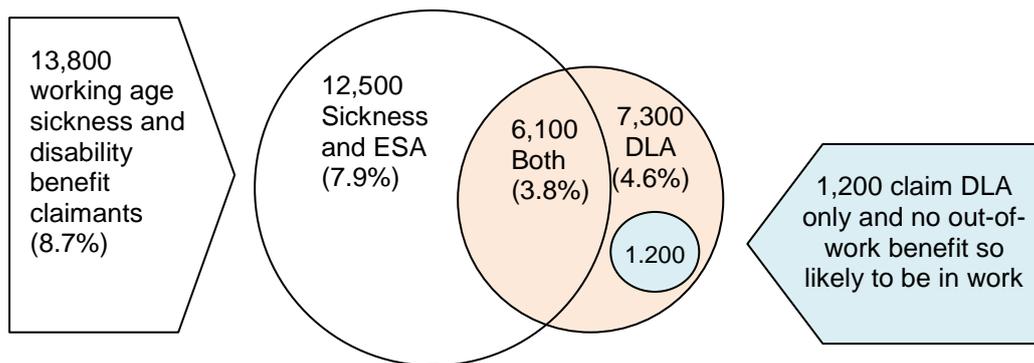
- 4.3 The overhaul of the current welfare system has affected, and will continue to affect, a large number of Islington residents, with considerable risks for a range of social determinants of health and wellbeing, particularly reductions in income and affordability of suitable housing.
- 4.4 People in receipt of benefits have less income and this is estimated to affect 30,000 people in Islington. 20,000 residents were charged council tax for the first time or were liable to pay more than they had done prior to April 2013, due to the central government cut to funding available. Around 300 households are affected by the Household Benefit Cap, the majority facing a shortfall of over £50 a week. 1,500 tenants are affected by the Bedroom Tax, losing either £14 or £25 on their housing benefit per week.
- 4.5 There are more people seeking support from council and partner services. Examples include advice on debt, requests to GPs to provide information for work capability assessments and requests for financial assistance to meet basic needs. According to the Trussell Trust over 913,138 people received emergency food in 2013/14 compared with 346,992 in 2012/13.
- 4.6 There are more people proactively seeking to improve their skills and get a job and those presenting have higher needs than services have traditionally seen, such as lack of English and poor mental health. That said, the employment success rate for services such as Islington Learning and Working and Mental Health Working is good and the unemployment rate in Islington is falling with a 23% decrease on Job Seekers Allowance (JSA) claimants in the year to March 2014.
- 4.7 There has been a significant increase in sanctioning by Job Centre Plus (JCP) whereby people can lose their benefits for between 4 weeks and 156 weeks for failure to comply with job seeking requirements. 3,243 Islington residents were sanctioned in the year to September 2013 and the average since 2010 has been 3,600 per year compared with a total (not average) of 1,700 in the previous four years. Disabled residents, young people aged 18 to 24 and BME people were over-represented in sanctions compared with the proportions of those groups claiming JSA. 83% of food banks attributed the rise in requirements for emergency food being driven by sanctions.

Children

- 4.8 There are at least 6,400 parents in Islington claiming out of work benefits and approximately 3,200 working families on low incomes claiming in-work benefits. According to the latest data from HMRC (2011) Islington has the second highest rate (39%) of child poverty in the UK after Tower Hamlets. The trend was downwards but the data pre-dates the most significant impact of welfare reform. According to the Child Poverty Action Group "The toxic combination of low-paid work and extremely high housing and childcare costs alongside welfare reform means that many families face the choice between extreme poverty and leaving London".
- 4.9 Of those families in Islington affected by the benefit cap 112 households with 369 children (248 aged under 4) currently have shortfalls of over £50 per week. 64% of this group are female lone parents. There are 91 families at significant risk to the sustainability of their tenancy who have an average annual rent shortfall of £6,300.
- 4.10 The council and its partners are supporting many of these families with short-term payments to cover their rent and an offer of intensive employment support, but for most their current financial and housing situation is unsustainable unless they find work.

Sickness, disability and mental health

- 4.11 In the 2011 Census 20,100 working age Islington residents reported a long-term health problem/illness or disability which limited their day-to-day activity 'a lot' or 'a little'. Islington has the highest proportion of working age people claiming Disability Living Allowance (DLA) and/or sickness benefits of any London borough: 8.7% (13,800 people) in November 2012.



- 4.12 As explained in Appendix A, welfare reform involves using the Work Capability Assessment to move people off incapacity benefit to either Employment Support Allowance (ESA) or JSA. It is estimated that when all the IB claimants have migrated approximately 5,722 (48%) will be in the category of not capable of work, 4,053 (34%) capable of some work and 2,265 (19%) will be deemed fully fit for work and will have to claim JSA in order to maintain an income. Becoming a JSA claimant means a reduction in weekly income of around £25 and only receiving payments if they comply with the “claimant commitment”.
- 4.13 The government intends that the transition from DLA to Personal Independence Payment (PIP) will deliver a cost reduction of 20%. For Islington, this would mean a potential loss of income for approximately 3,000 DLA claimants, and the related loss of the Carer’s Allowance (CA) for the carers of some claimants. Many disabled people rely on DLA and CA to obtain the level of care and mobility that they need in order to live independently. Without this necessary income they would be at risk of increased isolation and loneliness, less likely to be able to maintain employment, and/or more reliant on health services and local authority social care support.
- 4.14 Several concerns have been raised by disability campaigners about the impact of welfare reform on disabled people. In addition to the reduction of funding for some people there are concerns that the assessment process does not take account of fluctuating conditions and focuses on the condition rather than the full range of social, practical and environmental barriers that disabled people face.
- 4.15 A significant number of appeals against Work Capability Assessment decisions have been successful (39% nationally). In Islington, an incredible 87% of the appeals managed by the council’s Income Maximisation Team against ESA decisions have been successful. This decision-making process, together with huge backlogs and delays has caused unnecessary stress and financial difficulty for claimants. Anecdotal evidence, both national and local, indicates that the uncertainty of long waits for appeals and transitions between benefits is causing extreme anxiety, exacerbating other conditions and impairments of those affected. For example, Hillside Clubhouse, commissioned as part of the Mental Health Working programme to support people with mental health problems into work, have reported such issues amongst clients, particularly if they are put onto JSA and become subject to significantly increased conditionality.
- 4.16 Given that 99% of IB claimants have been on the benefit for more than two years, and 88% have been claiming for over five years, it is likely that a significant proportion of this large group will experience major challenges in looking for work and doing work related activity.
- 4.17 The sanctions regime is likely to affect more sick and disabled people as new rules come in. Nationally, 22,840 ESA WRAG claimants were sanctioned in the year to September 2013. In Islington, 369 disabled people were sanctioned in that year, and 71 people on ESA. This figure is likely to increase as more people transition to ESA.

5 Health Service Issues

- 5.1 If a claimant is not happy with a DLA, PIP or ESA award, they can appeal to the DWP and then to the tribunal system. At this stage, a range of health and care services are called upon by claimants themselves and by welfare advocacy services to provide evidence in support of the claim. For ESA, this is usually evidence describing why the person is unable to work. For DLA or PIP, this is likely to be evidence describing the type and level of care and mobility needs a person has.
- 5.2 Local welfare advocacy services have reported the following range of responses from health professionals to requests for medical evidence:
- Hospital consultants often provide good quality evidence and do not make a charge for it
 - Few GPs provide good quality evidence for no fee
 - Some GPs in Islington will not provide evidence
 - Some GPs will provide evidence only once their invoice (£70- £110) has been paid, and claimants don't get to see how valuable the report is until they've paid for it
 - Some GPs that initially ask to be paid for evidence can be persuaded by patients to provide it for free
 - The evidence provided by some GPs is of poor quality
 - GPs and consultants are both more confident about describing a person's ability to work (ESA) than their level or nature of care need (DLA/PIP)
- 5.3 It is clear that provision in this area is mixed, unpredictable, and uncoordinated, causing stress and anxiety for claimants, and additional work for welfare advocacy services, DWP and for the tribunal system. This may be partly due to a lack of understanding by health professionals of the complex and changing benefit system. Additionally, there is a conflict between health professionals' role as patient advocates, and the need to assess the patient's capability for work and report findings to a government agency.

6 Options for Health & Wellbeing Board to consider

- 6.1 Islington's Health and Wellbeing Strategy reflects the evidence that being in work is good for your wellbeing and there is also evidence that most disabled people want to work but are prevented from doing so because of practical barriers and attitudes. It could therefore be argued that the government's stated aim of encouraging sick and disabled people to focus on what they can do, rather than what they can't is not wrong. Unfortunately the negative experience of many claimants means they feel coerced and pressured rather than encouraged. A strong local approach which uses these changes in benefits to shift the tone of the conversation to a more positive narrative and empowering experience, followed up by good quality practical support, could do more to achieve the stated aims of welfare reform, with a significant effect on employment rates of sick and disabled people and an improvement in their wellbeing.
- 6.2 Given the huge pressure on those now required to look for work, having previously been considered to sick to do so, the instinct of some services to 'protect' people from DWP conditionality is understandable, whether through welfare advocacy and support with appeals or revised medical assessments. However, embedding a culture of 'protection' from employment is not helpful in the long-term and public services need to work together to counter this.
- 6.3 It is clear from government explanations of high levels of successful appeals against ESA award decisions, and from the experience of the council's own welfare advocacy service, Income Maximisation, that good quality medical evidence, i.e. evidence that is specific to the benefit rules being considered by DWP decision-makers and tribunal judges, is vital for good decisions to be made about sickness and disability benefit claims.
- 6.4 We need to engage all public services in efforts to achieve sustainable work for everyone who is able, in a more positive way than the current rhetoric suggests. Locally there is potential to improve joint working between the Department of Work and Pensions/ Jobcentre Plus, health services, the council and other public services to move towards a positive

culture of public services supporting and empowering sick and disabled people to move towards work, alongside practical support, and this is something the Islington Employment Commission is looking at currently.

- 6.5 Improving the quality of decision-making for sickness and disability benefit claims, and the confidence of public service workers in these decisions would also have a positive impact on this broader aim. Improving the system for providing consistently good quality and timely medical evidence for both ESA and DLA claims would improve decision-making by DWP and the tribunal system, reduce stress and financial hardship to claimants, and improve efficiency in the system. Improving the understanding of health professionals around the range of benefit changes is key to this.

7. Implications

7.1 Financial implications

None at this stage.

Any financial implications arising need to be considered and agreed by the relevant Council departments and any other partners.

Any plans or strategies derived or agreed in relation to this report should use existing available resources and therefore not create a budget pressure for the Council.

7.2 Legal Implications

The Court of Appeal has considered the human rights implications of the cap on housing benefits (SG and others) and the bedroom tax (MA and others) and upheld the lawfulness of these key reforms in the Welfare Reform Act 2012 (judgment from the Supreme Court is awaited in the benefits cap case). Islington Council is an interested party in a High Court challenge to the Government's decision to cut funding for local welfare provision (R(CJ) v SSCLG).

7.3 Equalities Impact Assessment .

7.4 Environmental Implications

8. Conclusion and reasons for recommendations

- Note the impact of welfare reform locally, particularly households with children and people on sickness and disability benefits. (See sections 4 below);
- Consider options for further integrating employment into strategic plans;
- Consider options for working with partners to develop an empowering culture towards employment, based on a positive narrative and practical support.
- Consider how best to work with partners to improve health input into Work Capability Assessments.

Background papers:

Attachments:

Final Report Clearance

Lela Kogbara

Signed by

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16th July

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Date

Received by

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Head of Democratic Services

Date

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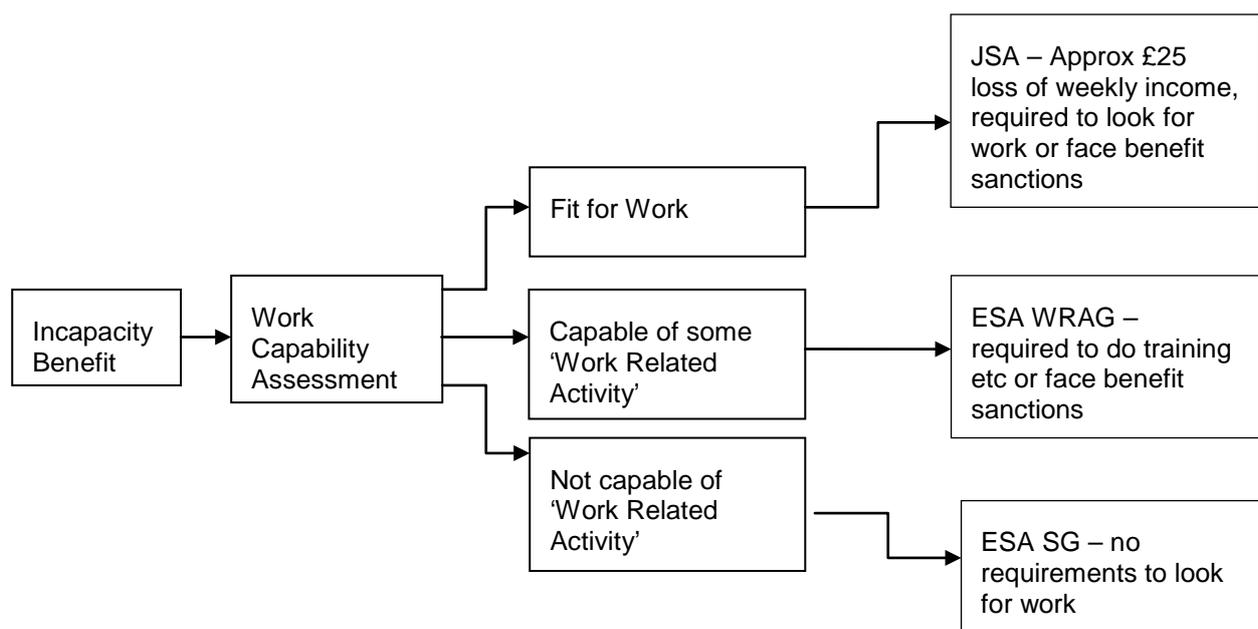
Summary of Welfare Reforms

6.6 Table 1 below summarises the full range of benefit changes. We are currently in a transition phase. The main reform, through which the government hopes to achieve its goals of simplifying the benefits system and improving incentives to work, is the introduction of Universal Credit (UC), which will replace a range of means tested benefits between now and 2017. It has been piloted in some areas, but much-reported issues mean the roll-out is likely to be delayed. Universal Credit will ‘smooth’ the transition from receipt of benefits into work, so households are always better off in work, as well as creating incentives to support people into better paid work, but it will also bring fresh challenges, requiring claimants to be more digitally and financially capable.

7 Sickness and disability benefits

7.1 Incapacity Benefit (IB) is a means-tested benefit which provides a basic income for people who are considered unable to work. All claimants of IB are required to have a Work Capability Assessment (WCA) to assess both their entitlement to the new Employment Support Allowance (ESA) and the level of support that they receive on that benefit.

The flow-chart below shows how IB claimants are transitioning to Job Seekers Allowance (JSA) and Employment & Support Allowance.



7.2 Disability Living Allowance (DLA) is not means-tested. It is designed to help disabled people to meet the higher care and mobility costs of living with a disability. There are 8,030 working age DLA claimants in Islington. In April 2013 the government began the staggered introduction of Personal Independence Payment (PIP). This new benefit will eventually replace DLA for everyone except children under 16 and claimants aged 65 and over.

7.3 There is a significant overlap between disability and sickness benefits, with 81% of working age DLA claimants also on out-of-work sickness benefits and about half of sickness benefit claimants also on DLA.

Transition from Incapacity Benefit

- 7.4 All Incapacity Benefit claimants are now required to undergo a Work Capability Assessment (delivered by Atos on behalf of the government) which assesses their capability to work and determines what level of support they receive. If claimants are assessed as not fit for work, they will be awarded the ESA 'Support Group' benefit (ESA SG). If they are considered capable of some work related activity they will be awarded the ESA 'Work Related Activity Group' benefit.
- 7.5 ESA WRAG benefit claimants have to attend work-focused interviews and under take work-related activities such as training or condition management programmes, but ESA SG benefit claimants do not. Additionally, ESA SG is paid at a higher rate than ESA WRAG. If IB claimants are considered fit for work they will be moved onto Jobseekers Allowance, which has stricter requirements ("claimant commitment") around look for and preparing for work. Both JSA and ESA WRAG claimants could face sanctions (i.e. loss of benefits) if requirements are not fulfilled.

Transition from Disability Living Allowance

- 7.6 The process of introducing PIP has begun slowly. In Islington it is currently for new claims only and to date, 69 claims have been assessed. DLA claimants (7,450 in November 2013) are not expected to be re-assessed for PIP until October 2015. For new claimants delays are reported to be severe: six weeks to receive a claim form, then a seven month wait for a medical assessment. However, the small number of decisions that have been received, welfare advocacy services report that awards have been fair.

Table 1: Changes to the benefit system between 2011 and 2013

Change	Who will it affect	Date of implementation
Migration from Incapacity Benefit to Employment and Support Allowance	Incapacity Benefit claimants	Migration started in October 2008, planned to end in March 2014 (but now delayed)
Increases in non-dependant deductions	All housing benefit claimants with non-dependants living with them	In April 2011 and again in April 2012 and 2013
National caps on Local Housing Allowance, depending on property size	Housing Benefit claimants subject to Local Housing Allowance	From April 2011 to April 2012 for new claimants. For existing claimants, on the anniversary of their claim. Nine months' transitional protection available to most claimants.
Removing the £15 excess that Housing Benefit claimants can keep if their rent is below Local Housing Allowance rates	Housing Benefit claimants subject to Local Housing Allowance	April 2011
Setting local housing allowance rates at the 30th percentile of rents in each broad rental market area rather than the median	Housing Benefit claimants subject to Local Housing Allowance	April 2011
Uprating local housing allowance by the Consumer Prices Index rather than by increases in rents	Housing Benefit claimants subject to Local Housing Allowance	April 2012 (and by 1 per cent from September 2013)
Shared accommodation rate to apply to single tenants without dependent children up to 35 years old (rather than as previously those up to 25 years)	Housing Benefit claimants subject to Local Housing Allowance	January 2012

Change	Who will it affect	Date of implementation
Introduction of under-occupation penalties in the social rented sector ('bedroom tax')	Housing Benefit claimants in the social rented sector	April 2013
Increasing the number of hours to be worked for couples claiming working tax credit from 16 to 24 hours a week	Couples claiming working tax credit	April 2012
Localisation of the discretionary social fund	All local residents	April 2013
Localisation of council tax benefit	All local residents	April 2013
The benefit cap	Benefit claimants receiving over £350 (single people) or £500 (lone parents and couples) a week	April 2013
Introduction of personal independence payment (replacing disability living allowance)	Working-age disabled people receiving disability living allowance	April 2013
Introduction of universal credit (replacing means-tested benefits)	Working-age claimants	Originally planned for October 2013 until at least 2017 but has been delayed