

# Impact of Welfare Reform

Developing an effective local response

**HaringeyStat - June 2016**

# Why is this a focus?

# Haringey households are being affected by the cumulative impact of welfare reform

## Changes:

Under-occupation  
LHA cap  
Benefit Cap £26k  
Reduction in Council Tax Support

Benefit Cap £23k (Carers Exempt)  
Freeze in working age benefits including the LHA rate

18-21 and Housing Benefit  
18-21 Earn to learn  
Cut to tax credits for third and subsequent children  
ESA claimants in work related groups receive JSA rate

Housing Benefit capped at LHA rates for new social sector tenancies

Roll-out of Universal Credit??????

## Mitigation:

National living wage

30 hours free childcare for 3-4 year olds

Rise in personal tax allowance to £12,500 (incrementally between 2017 and 2020)

To 2020



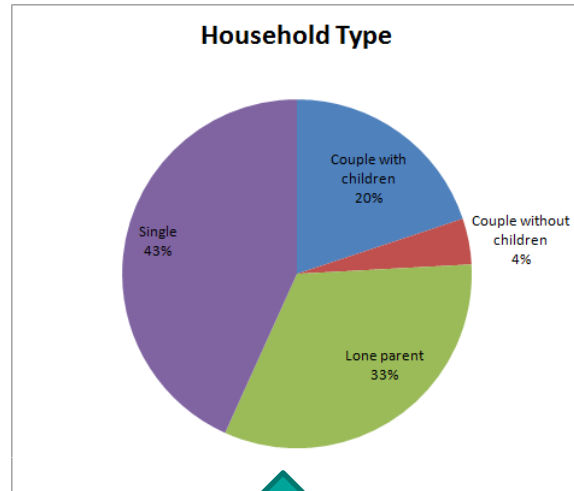
# 22,696 households are affected – 20% of Haringey Households

These losses are to be transitionally protected



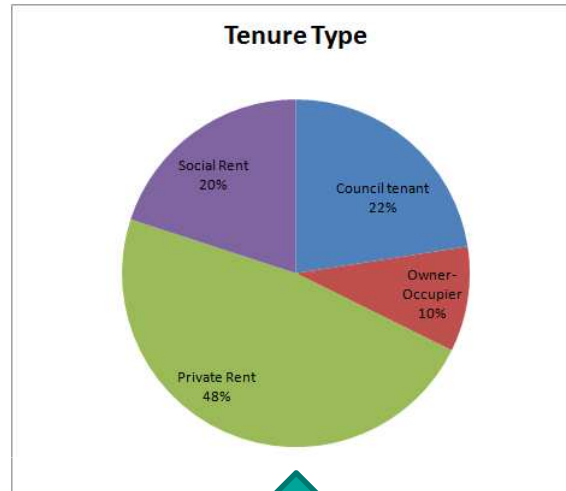
	Up to 2015	2016	2017	2018	Universal Credit effect
Numbers affected (negatively)	17,142	2,007	513	1,152	9,751
Newly affected (negatively)	17,142	460	173	686	4,397
Average Weekly Amount (not cumulative)	£25.04	£76.67	Unknown	£38.64	£65.60
Main Group Affected	Privately Rented	Lone Parents	Single/ Private Rent	Singles	Private Rent

# Some households are disproportionately affected by Welfare Reform



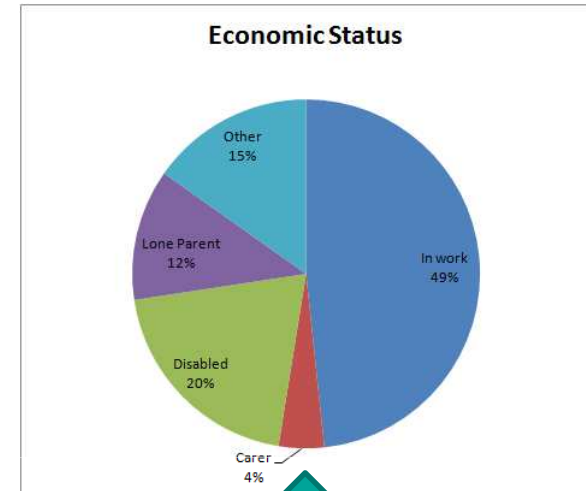
**LONE PARENTS**  
are over-  
represented

Covers around half of Lone Parent households in the borough



**PRIVATE RENTED** sector  
are over-  
represented

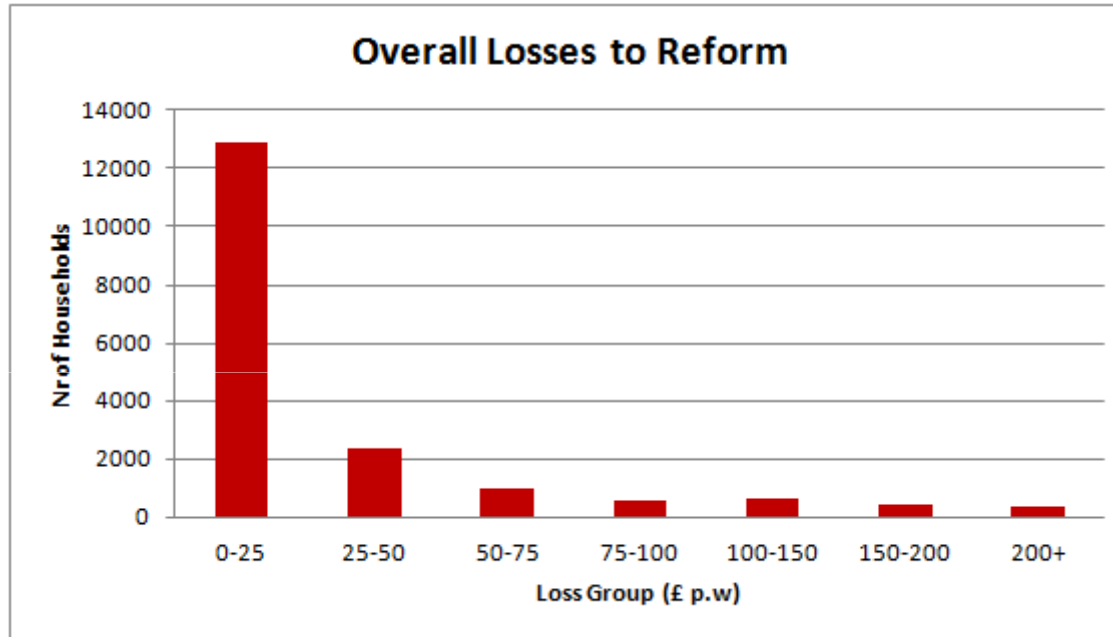
Covers around a third of Haringey's PR households



**IN WORK** are  
over-represented

99% are working  
age

# Overall, some households face a bigger financial loss from Welfare Reform

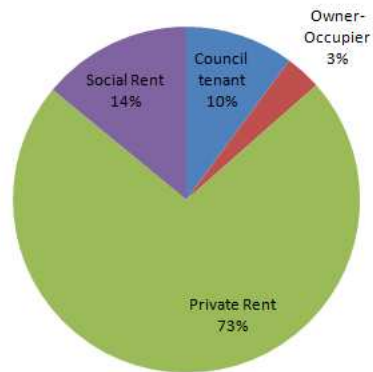


The average loss over all households is **£32.40** per week.

**1,421** households will lose more than £100 per week.

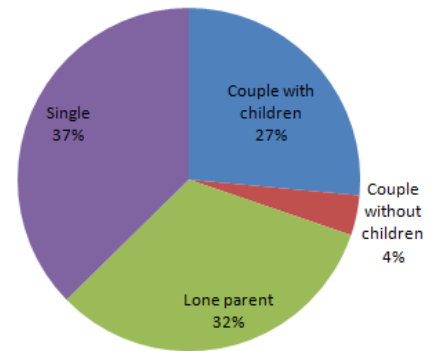
# Private Rent and Family Households will lose more

Tenure Types for High Losses (£100+)



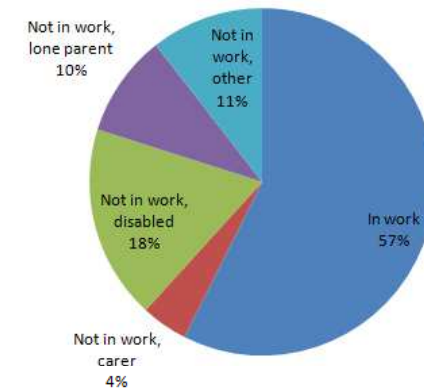
**73%** of households that will lose over £100 p.w in total are in the Private Rented Sector.

Household Types for High Losses (£100+)



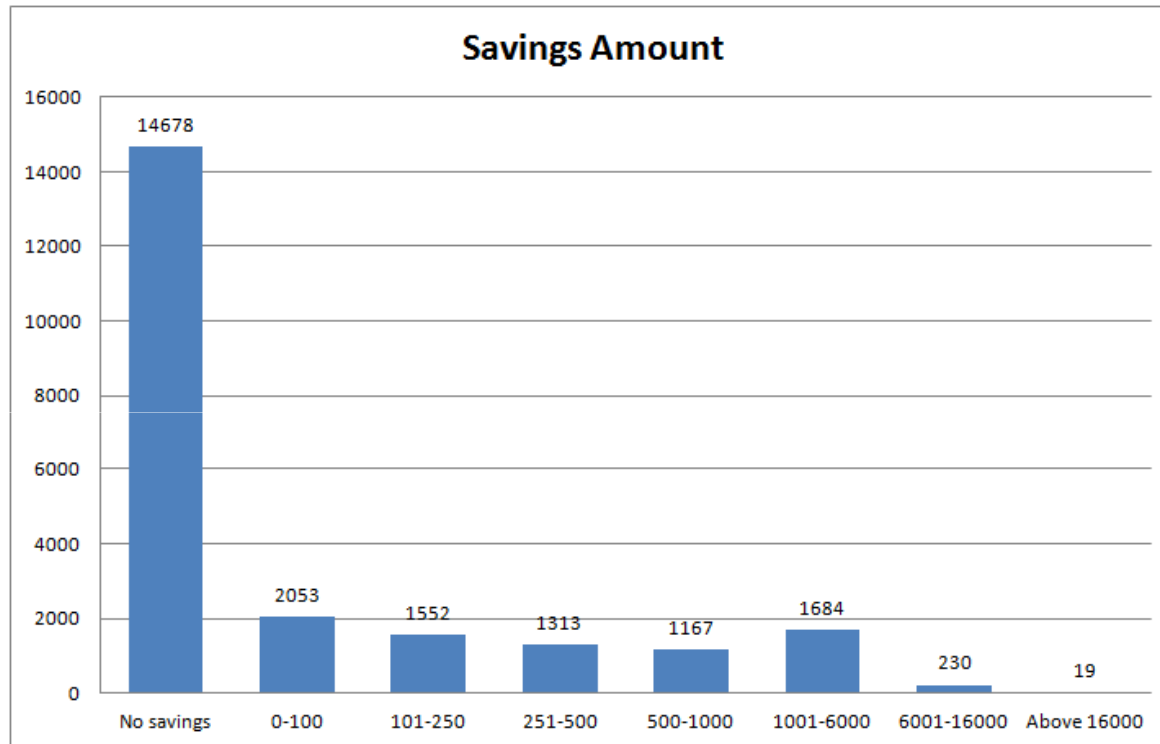
Households with Children are slightly over represented, **59%** of the cohort

Economic Status for High Losses (£100+)



**57%** of high loss households are in work, an over representation

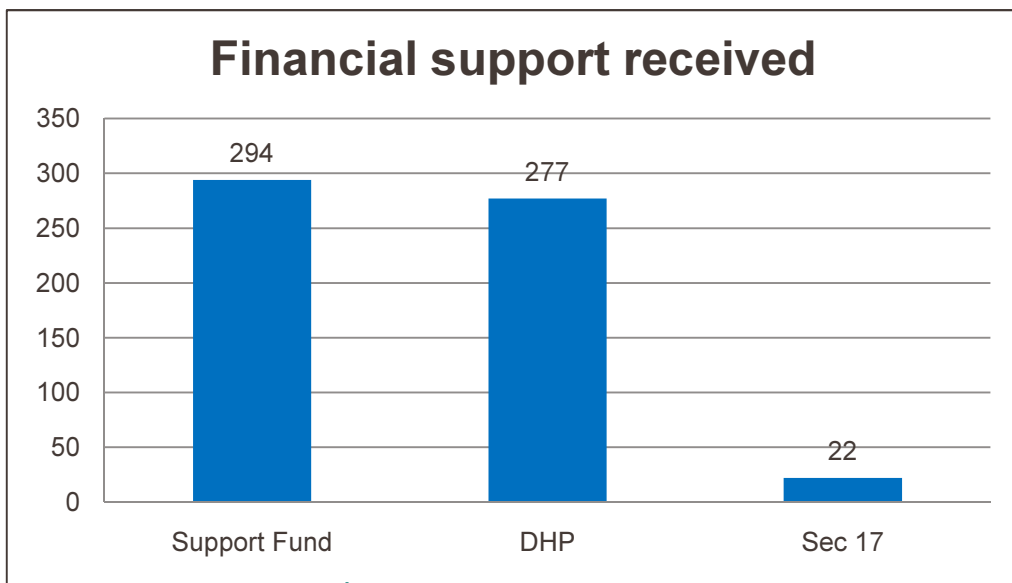
# Nearly all households lack the resources to cope with significant falls in household income



**91.5%** of households have less than £1,000 in savings



# A small proportion of households are reliant on financial or other support from the Council 9



Nearly **600** households received financial support from the council in the past year

**6.7%** are in temporary accommodation and **1.3%** are potentially in supported housing

**1.9%** are engaged with adult social care

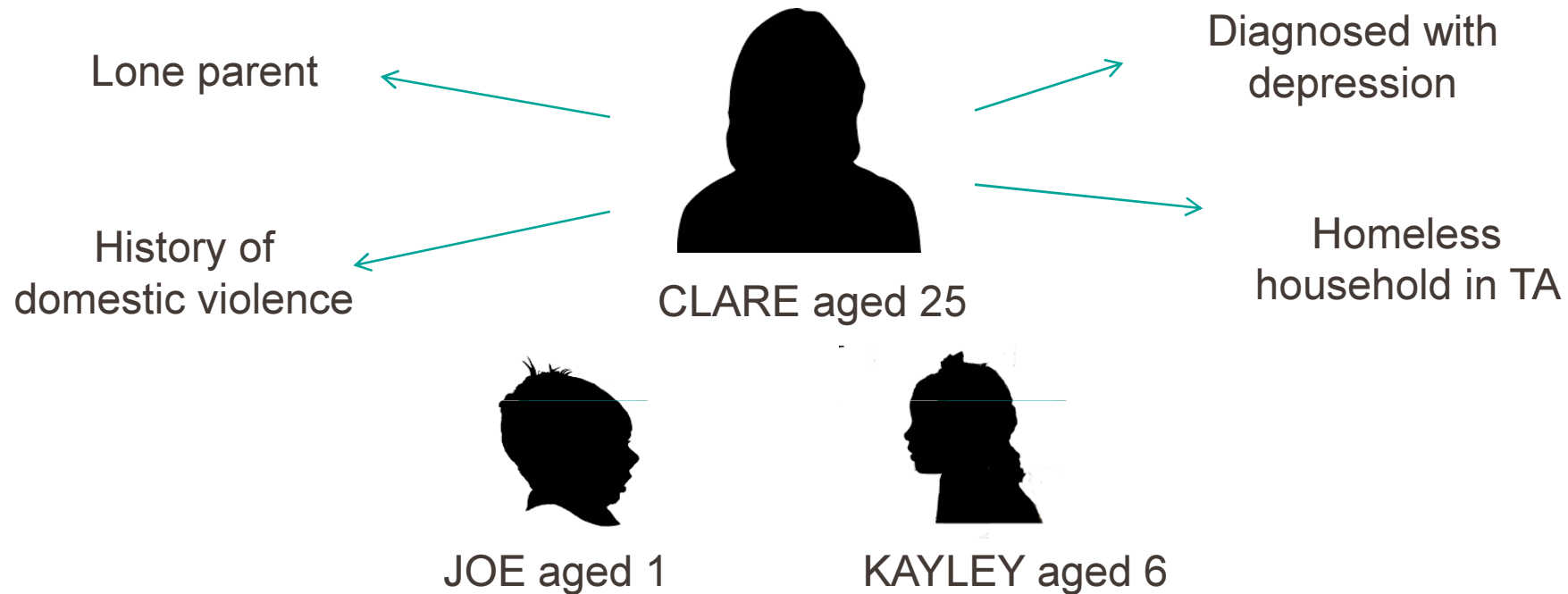
**0.7%** are currently working with the **Early Help Service**, making up **8.5%** of the service load

In the last 3 years only **3.8%** of this population enrolled in an **Adult Learning Course**, making up **13.6%** of individuals on courses

## CASE STUDY:

10

### Clare is a lone parent with 2 children

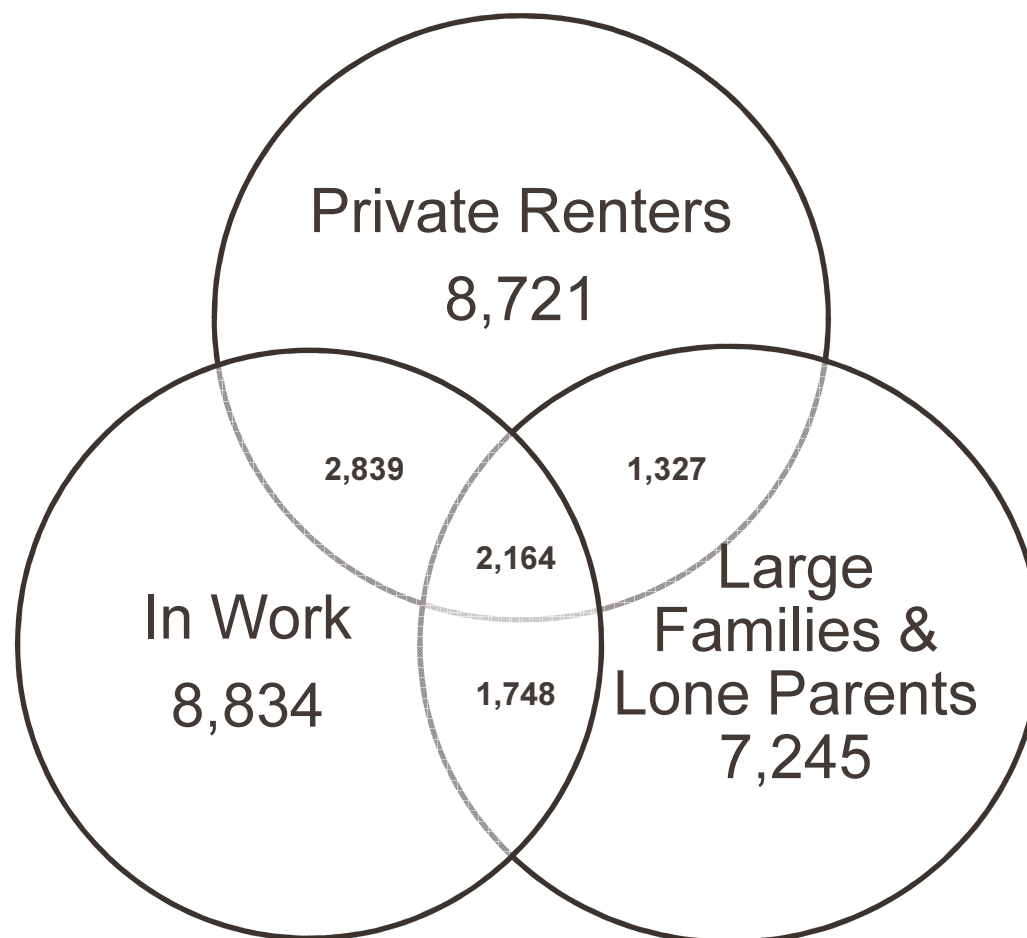


**Impact of welfare reform:** Affected by benefit cap with shortfall in rent of **£22** a week. With benefit cap extension this will rise to **£80** a week. Currently reliant on Discretionary Housing Payment to avoid rent arrears.

## Question 1)

**How can we reshape our approach away from crisis support towards enabling households to become more resilient?**

## Main groups affected

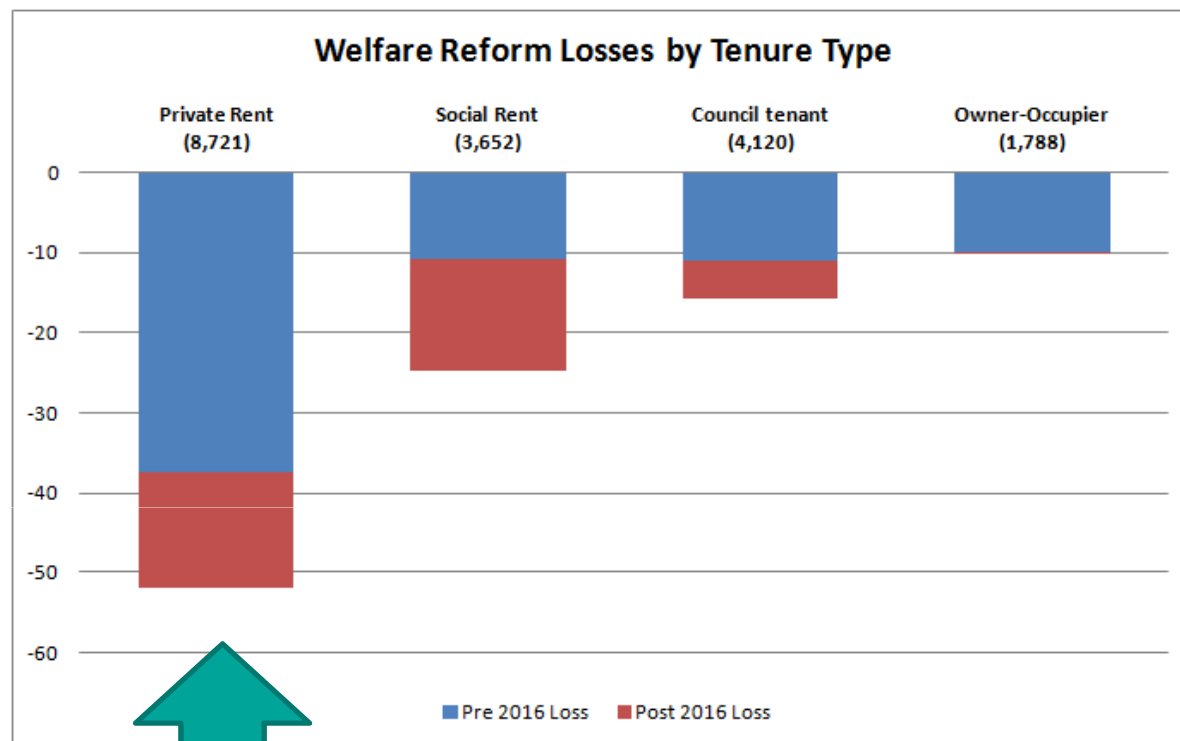


**16,722**  
unique households

**91%**  
of all households affected

# Private Rented Households

## PRS will lose 187% more than other tenures



Average loss of  
£52 per week

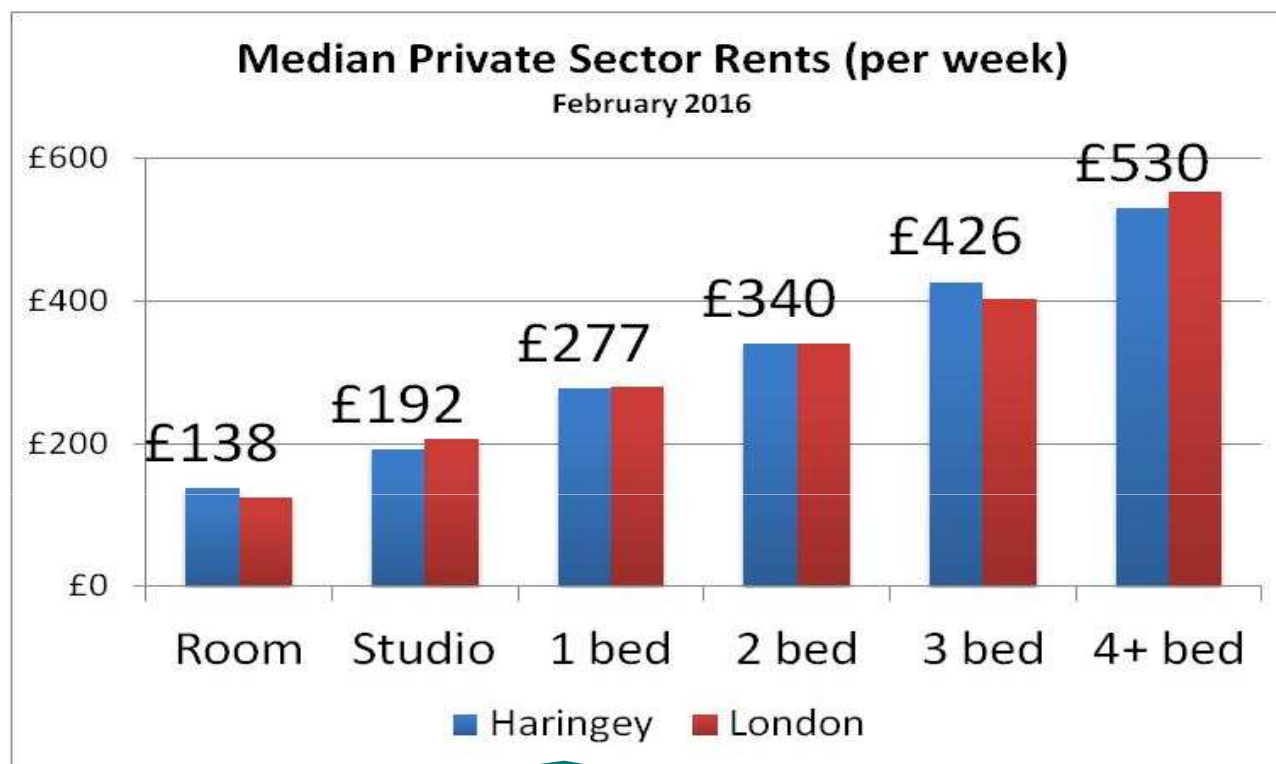
**8,413** are already  
affected

**1,509** are to be  
affected post 2016,

**308** of these are  
new

# The PRS is becoming increasingly unaffordable, particularly for those on low incomes

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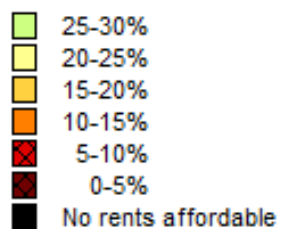


**47%** of households renting in the private sector are reliant on Housing Benefit to do so

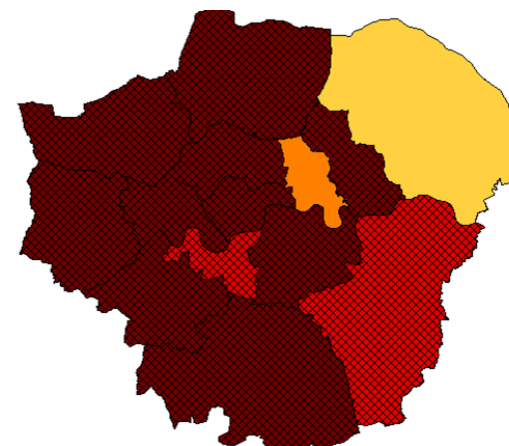
Rents in-line with London average and expected to rise by **4.1% year on year to 2020** whilst LHA is being frozen for 4 years...

# By 2020 only a small proportion of properties will be affordable to those on benefits

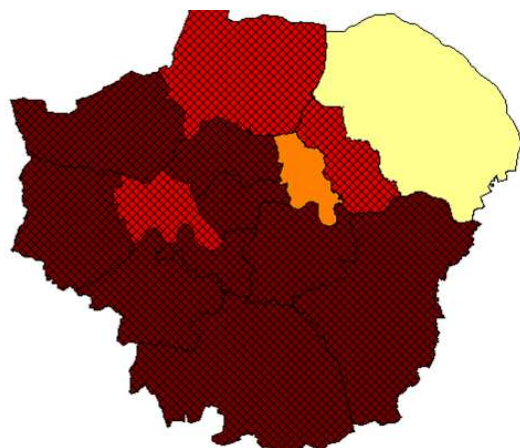
Affordability of private rents  
Percentage of rents affordable on LHA



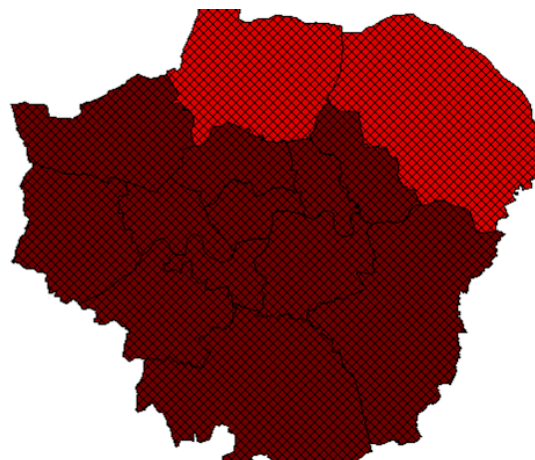
One Bedroom



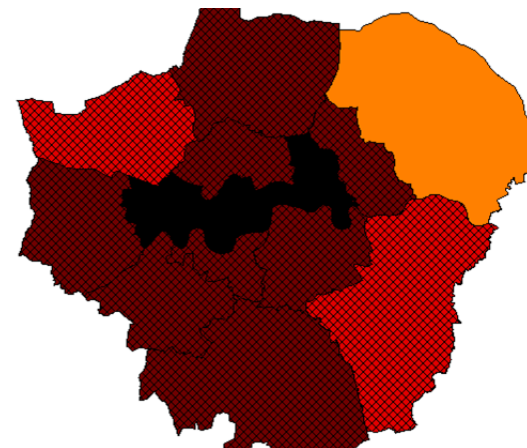
Two Bedroom



Three Bedroom

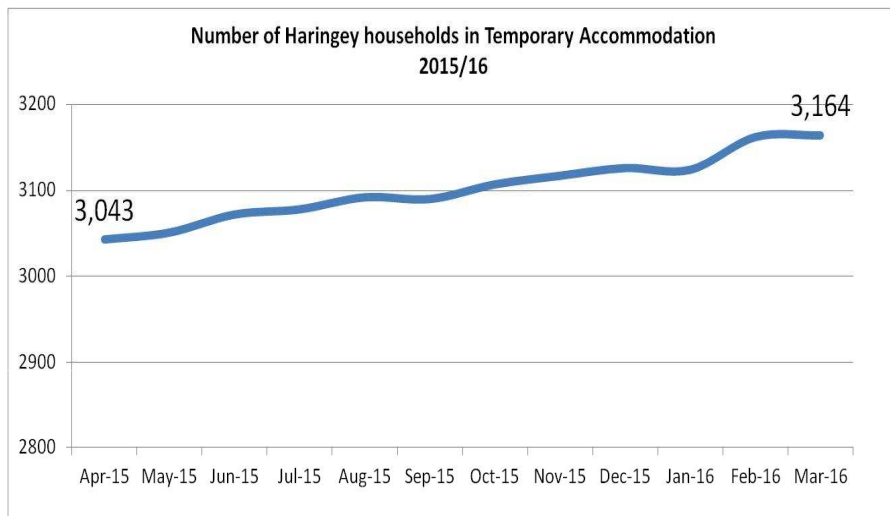


Four Bedroom

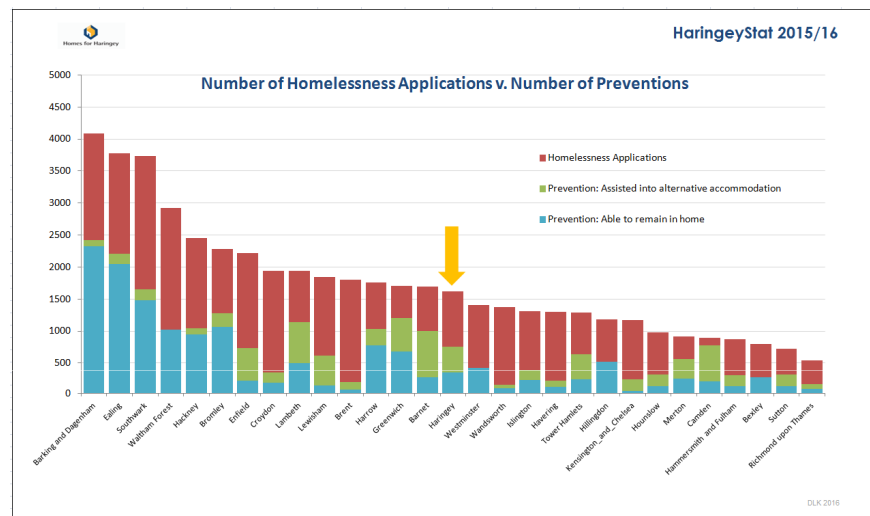




# 48% of the 3164 households in temporary accommodation are affected by welfare reform



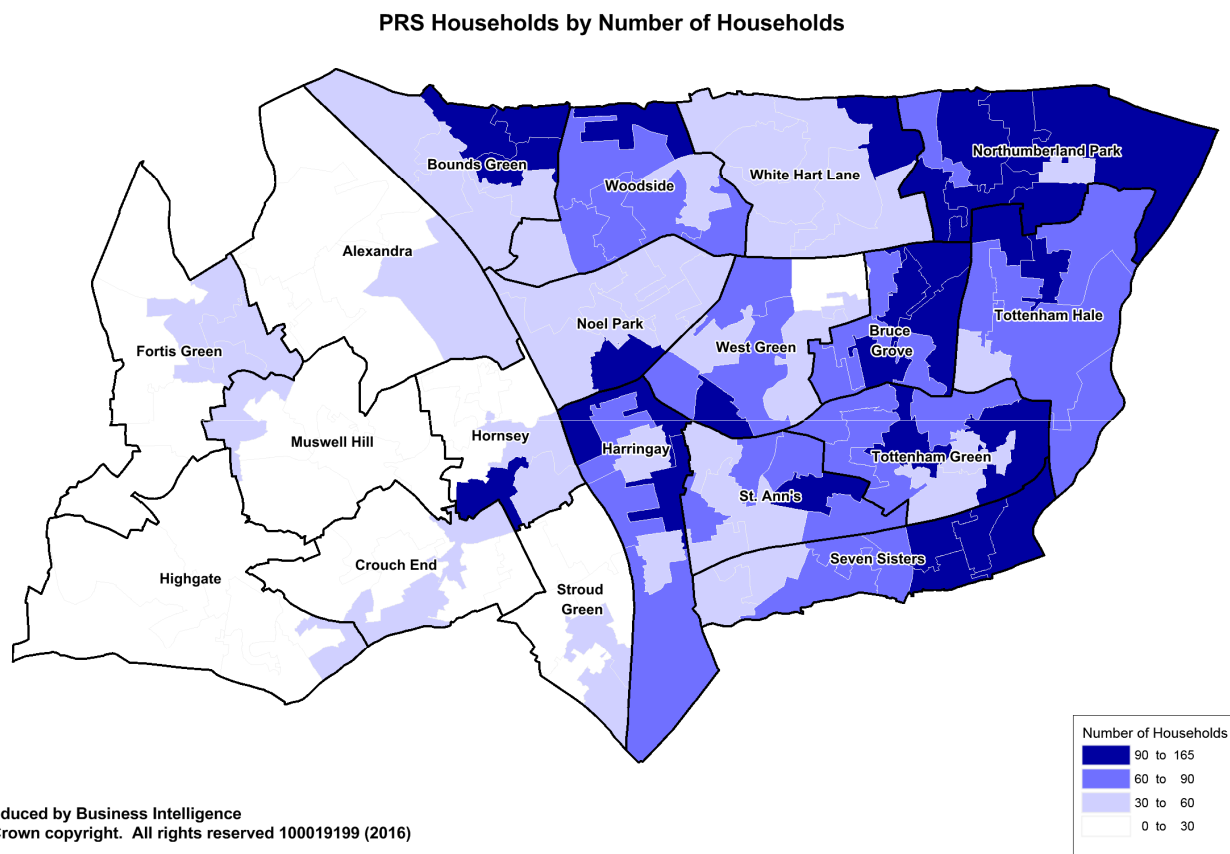
**Number of households in TA continues to increase**  
 Net increase of 4% (121 households) in 2015/16



**47% of homelessness approaches are prevented in Haringey**  
 London Upper Quartile = 58%  
 e.g. Barnet, Camden

# The 8,721 PRS households affected reside mainly in the east of the borough

The wards with the most Households are **Northumberland Park** and **Bruce Grove** where there is a high concentration of low income households

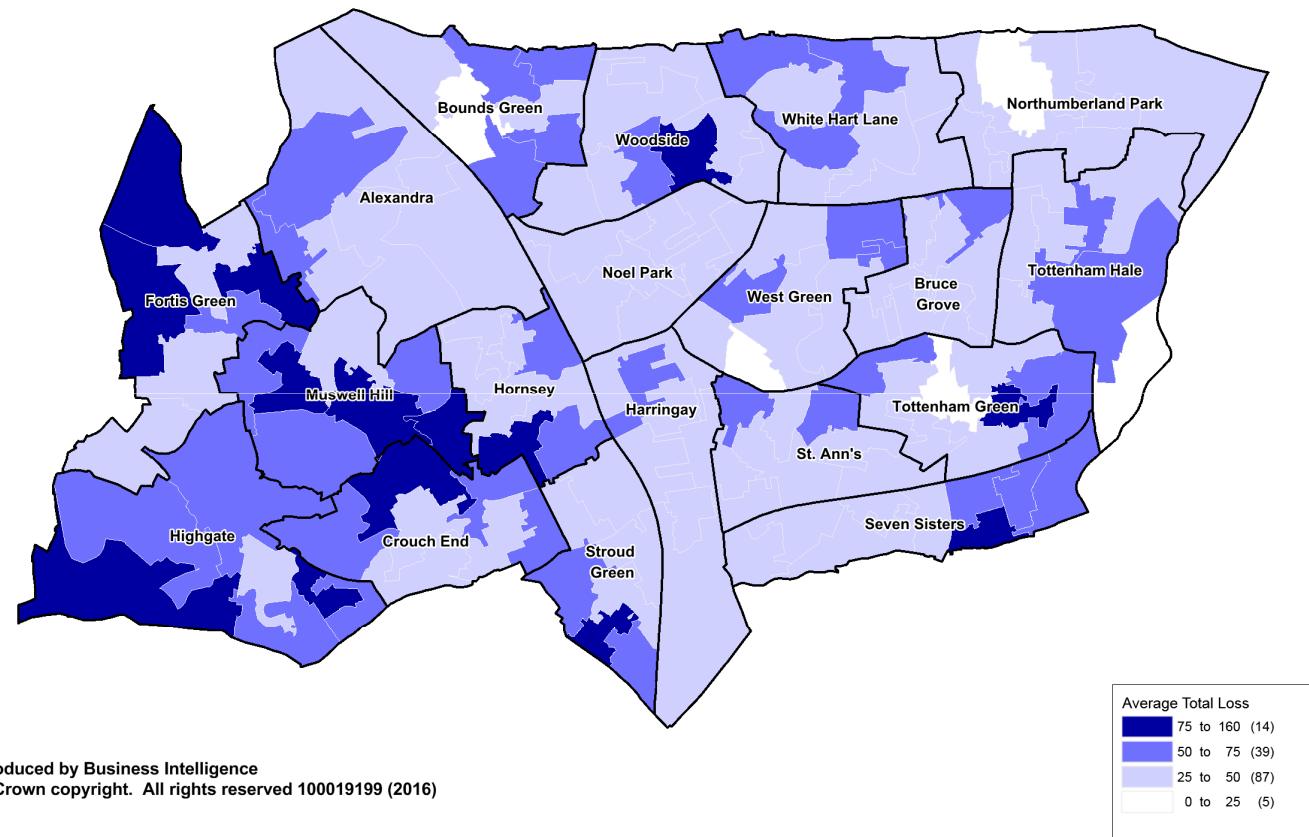


# There is a higher level of loss in the west of the borough

Areas of the west with few individuals, however with significant losses.

These are mostly singles and in work households who have **higher rent rates**

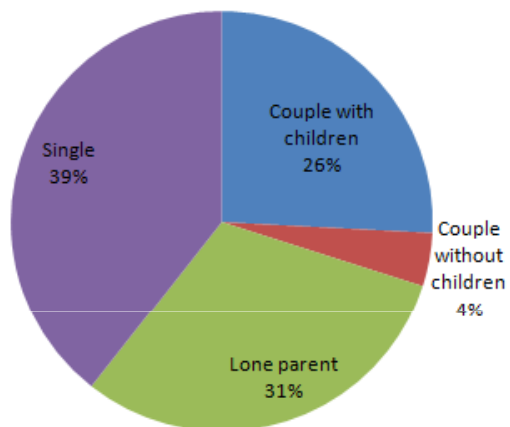
PRS Households by Average Loss



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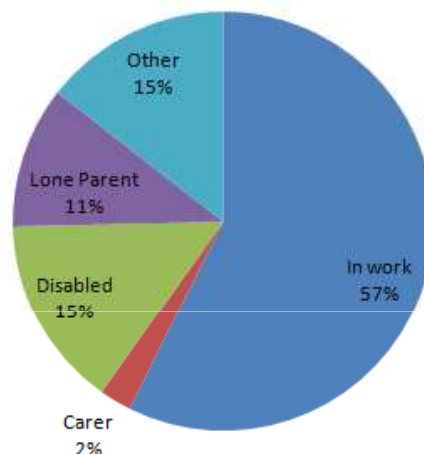
# A majority of those private sector households are <sup>20</sup> families and working households

PRS by Household Type



Mostly SINGLE and LONE PARENT households

PRS by Economic Status

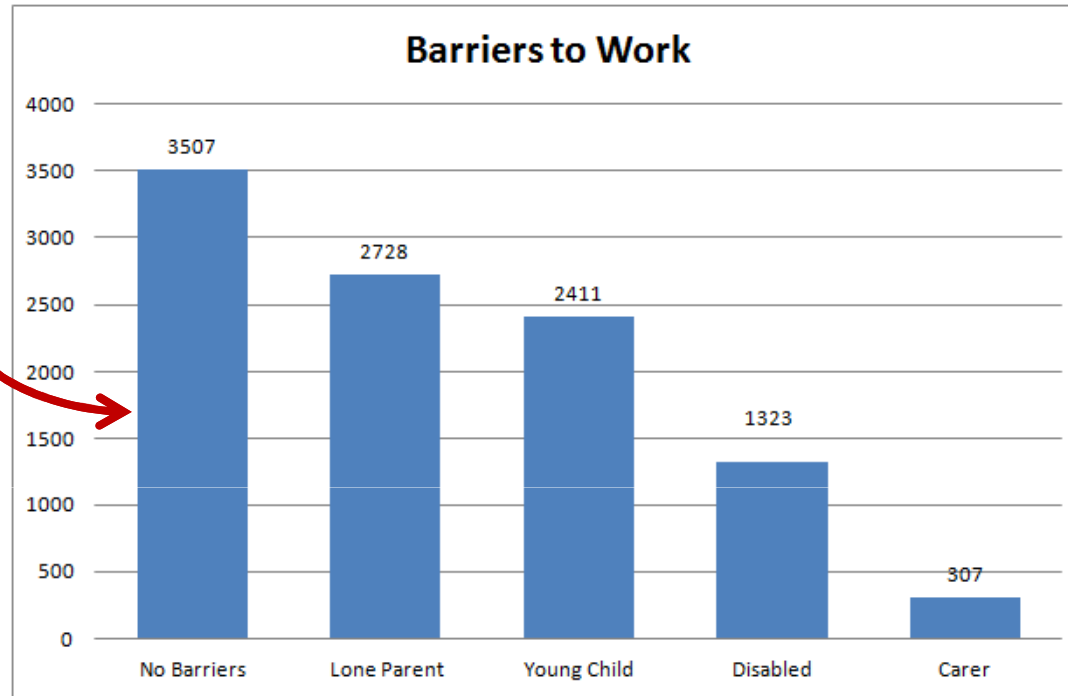


57% are IN WORK but the average earnings are only £94.27 p.w (Haringey median: £439)

**Lone Parents** see the highest impact, losing an extra **£51.20** per week post 2016, over **3 times** more than the remaining population.

# Lone Parent and Young Child are main 'barriers to work'<sup>21</sup>

May have other barriers

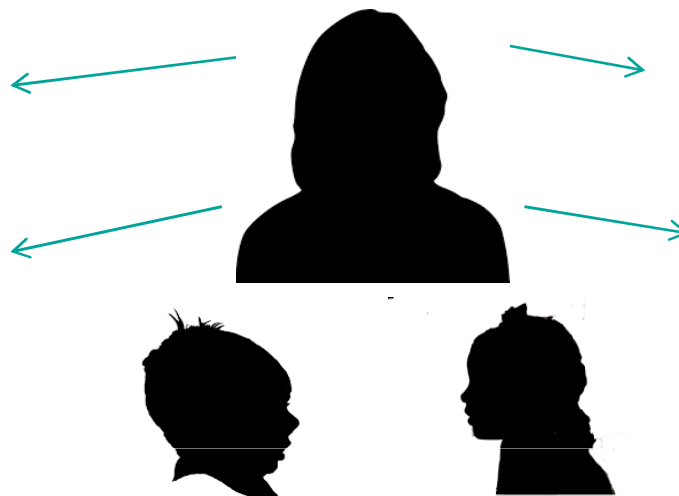


40% (3,507) households have "NO BARRIERS"

# How does welfare reform affect the housing situation of our case study family?

Homeless as result of loss of PRS tenancy

Placed in TA in a neighbouring borough since 2014



£22 shortfall in Housing Benefit due to benefit cap increasing to £80

Reliant on DHP to meet rent shortfall

8<sup>th</sup> March 2014

Approached homeless prevention team re possession order

15<sup>th</sup> May 2014

Family evicted - placed in TA by Council

1<sup>st</sup> June 2014

Homelessness decision

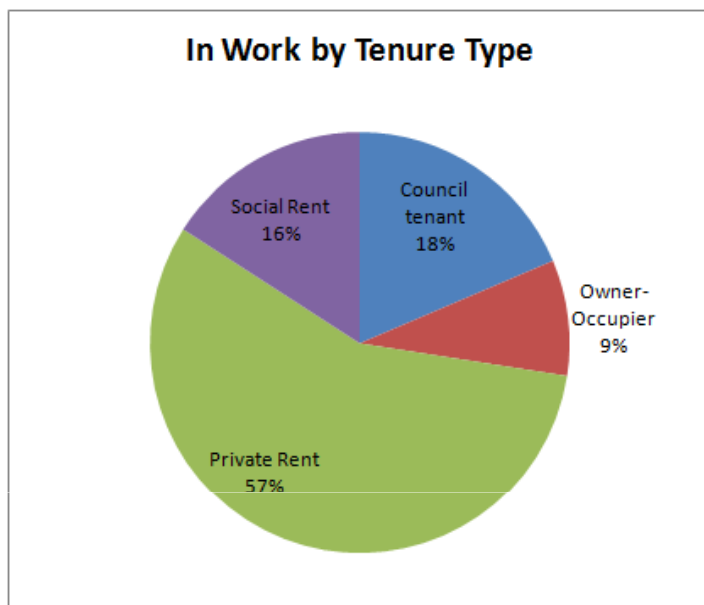
## Question 2)

**What can we do differently to prevent more households becoming homeless as a result of welfare changes?**

# In Work households

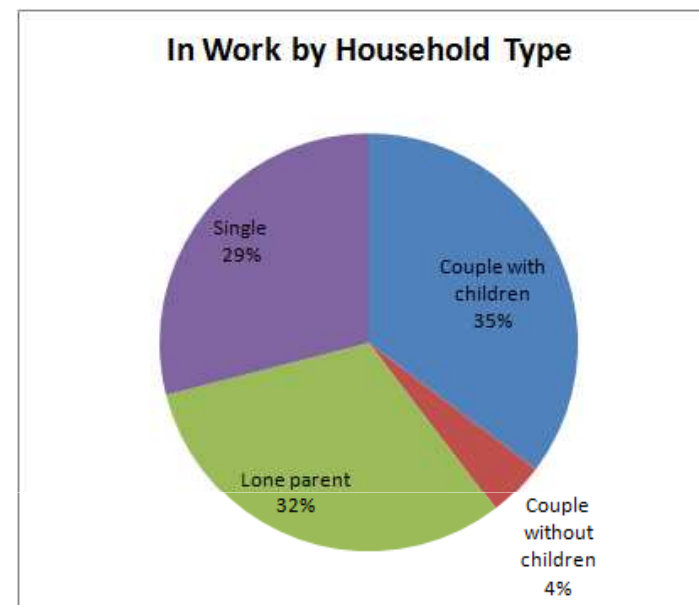


## In Work households show a further over representation of PRS and Households with Children



Privately Rented is significantly over-represented with **57%** of population.

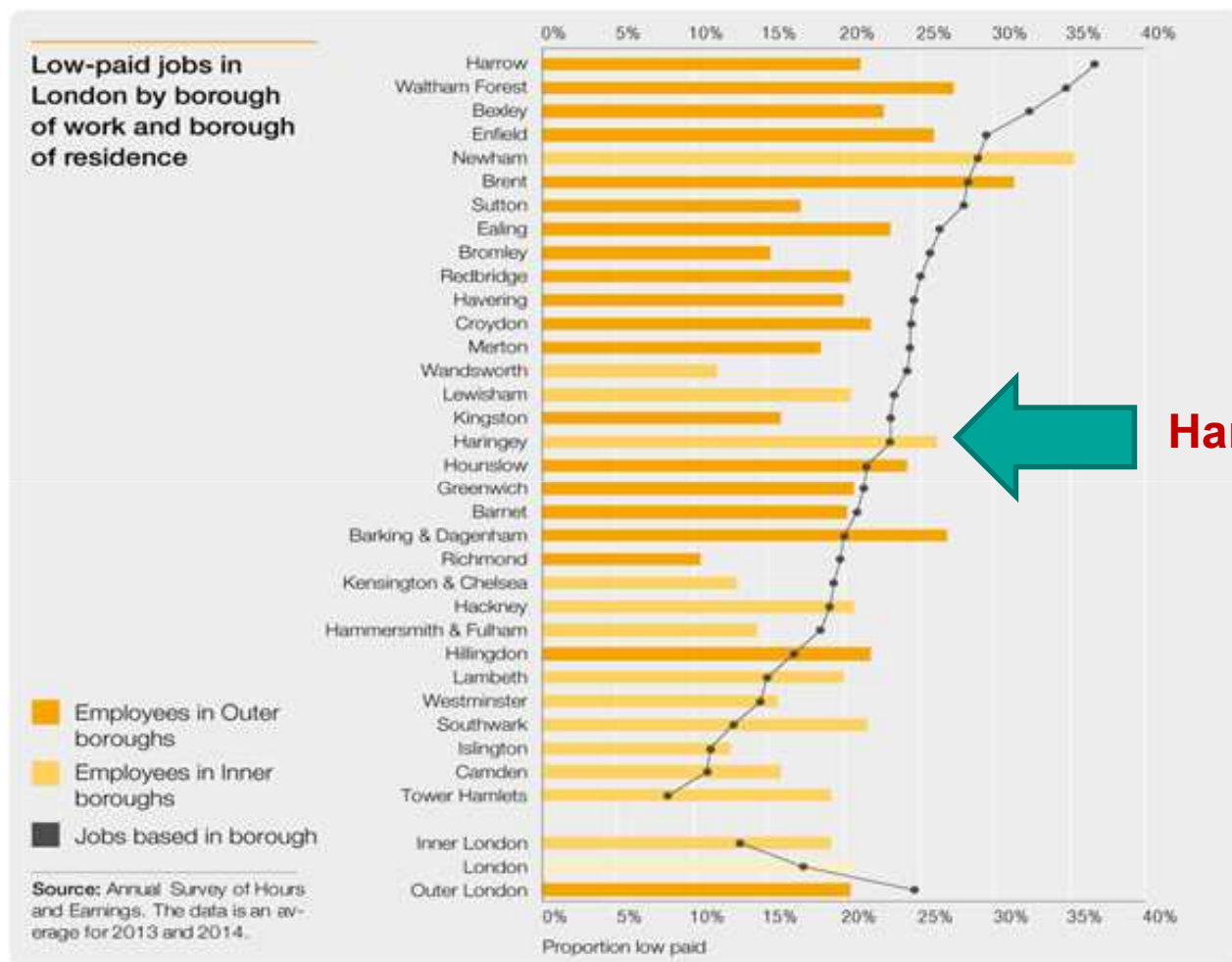
These households lost the most pre 2016 and will lose more going forward.



**67%** of in work affected households have children

These households will lose **£1.20** more per week on average overall

# Haringey has one of the highest proportions of low<sup>26</sup> paid workers in London

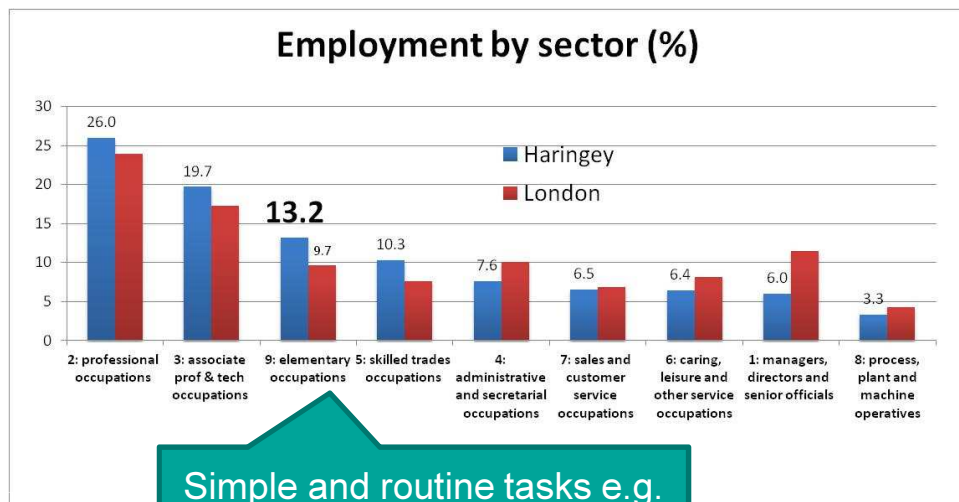


**34% (3,033)** of the in work households affected earn below national minimum wage

**Haringey (26%)**

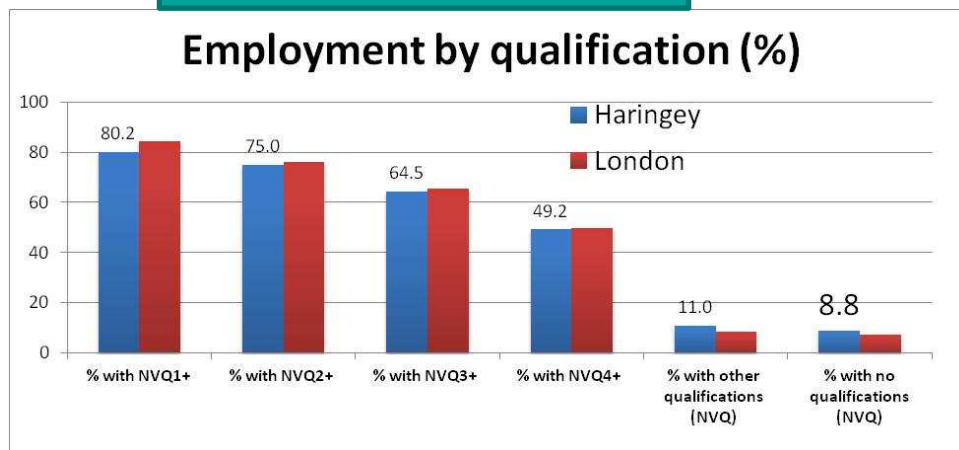
Average earnings are **£153.35**, well below Haringey median of **£439**

# A high proportion of Haringey's in work population are in elementary occupations 27



Simple and routine tasks e.g. labouring and cleaning

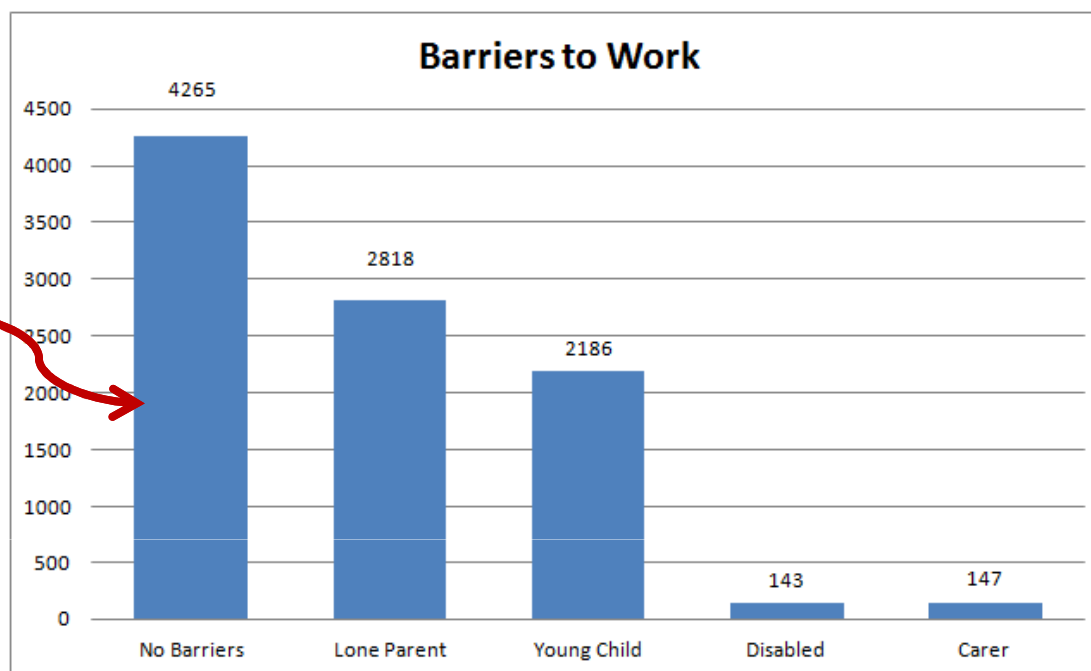
The proportion of individuals in elementary occupations is **3.5%** higher than London as a comparison



Haringey also has a higher proportion of people with few to no qualifications compared to London

## Barriers to work

May have other barriers



23% of the working population in Haringey are in Part Time occupation

**48.3%** of in work households affected have no barriers to work and so could earn more if only working limited hours, however there may be other barriers not recorded here

The majority of remaining households have children as a barrier to further work.

# Our case study family also has a history of low paid employment



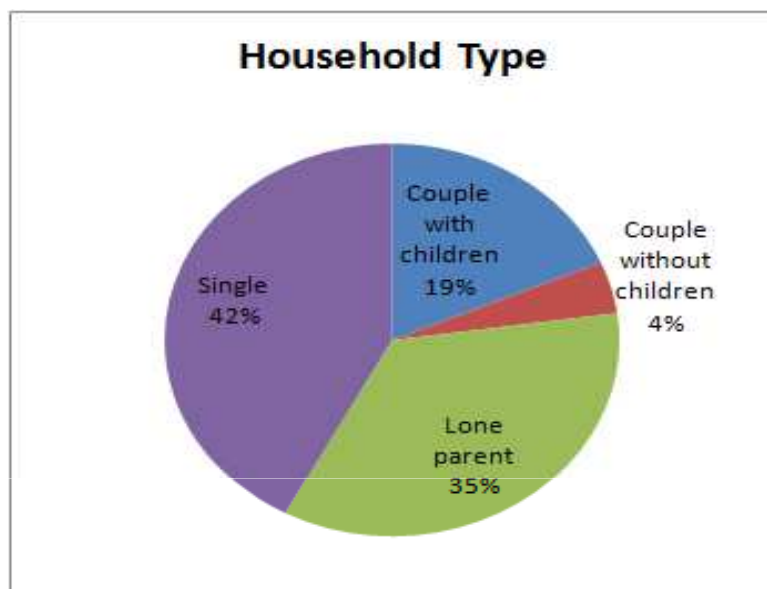
**Impact of welfare reform:** To gain exemption from the benefit cap Clare must be working at least 16 hours a week.

## Question 3)

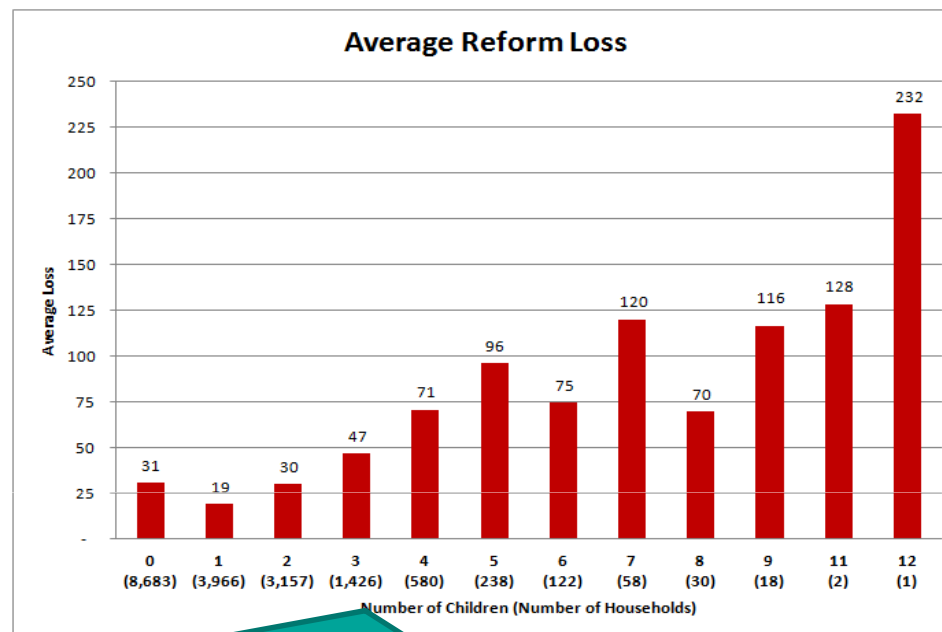
**How can we restructure our interventions to address the impact of low paid, insecure work?**

# Large families & Lone Parents

## Large Families and Lone Parents are particularly affected by Reforms



**Lone parents** make up a large volume of households facing losses, with **7,245** households affected..



**Large families** will lose more to reforms as these families require more expensive accommodation and higher child benefit payments often bring them over the benefit cap amount.

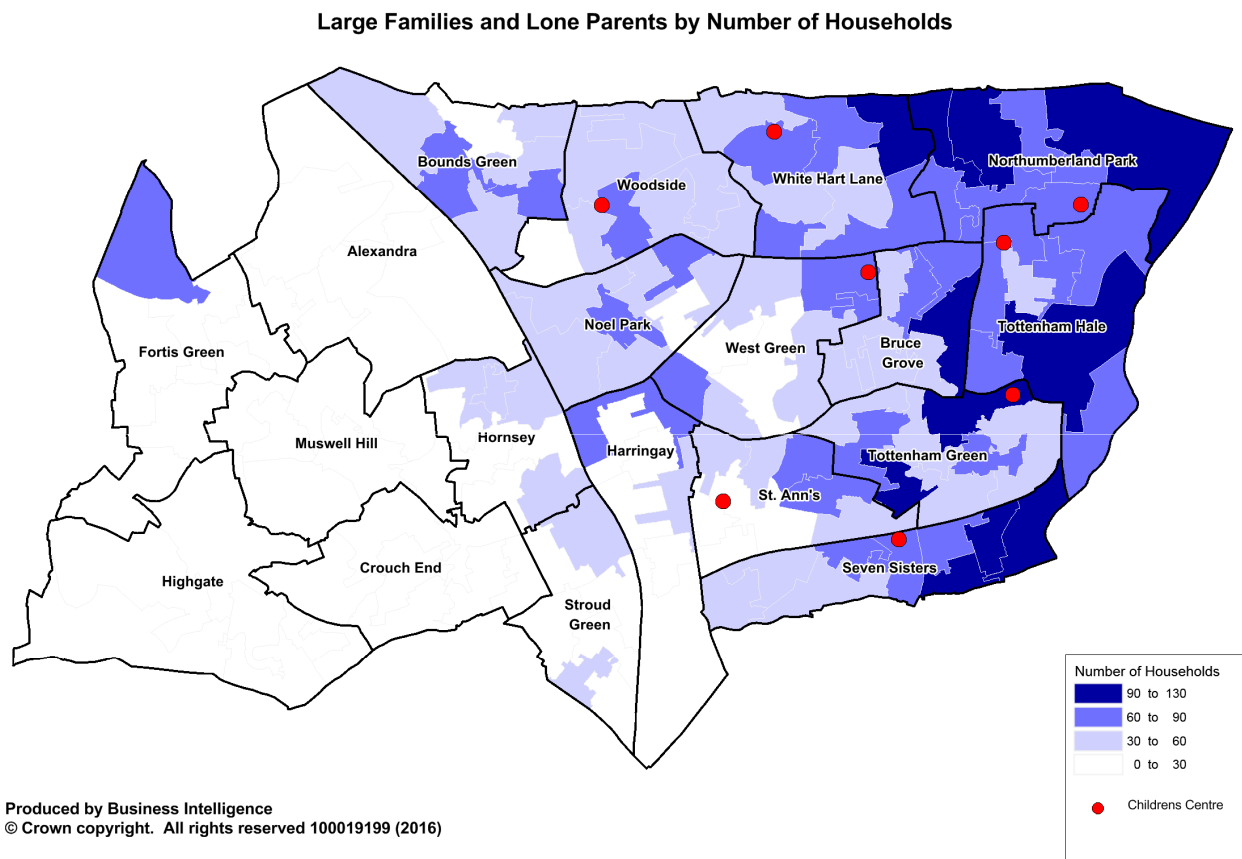


# 7,245 Large Family or Lone parent households affected, mostly in the east of the borough

Large concentration of households in the east of the borough.

The wards with the most Households are Northumberland Park, Tottenham Hale and Seven Sisters

Children's centres are focused in the East of the borough, with one floating team in the West.



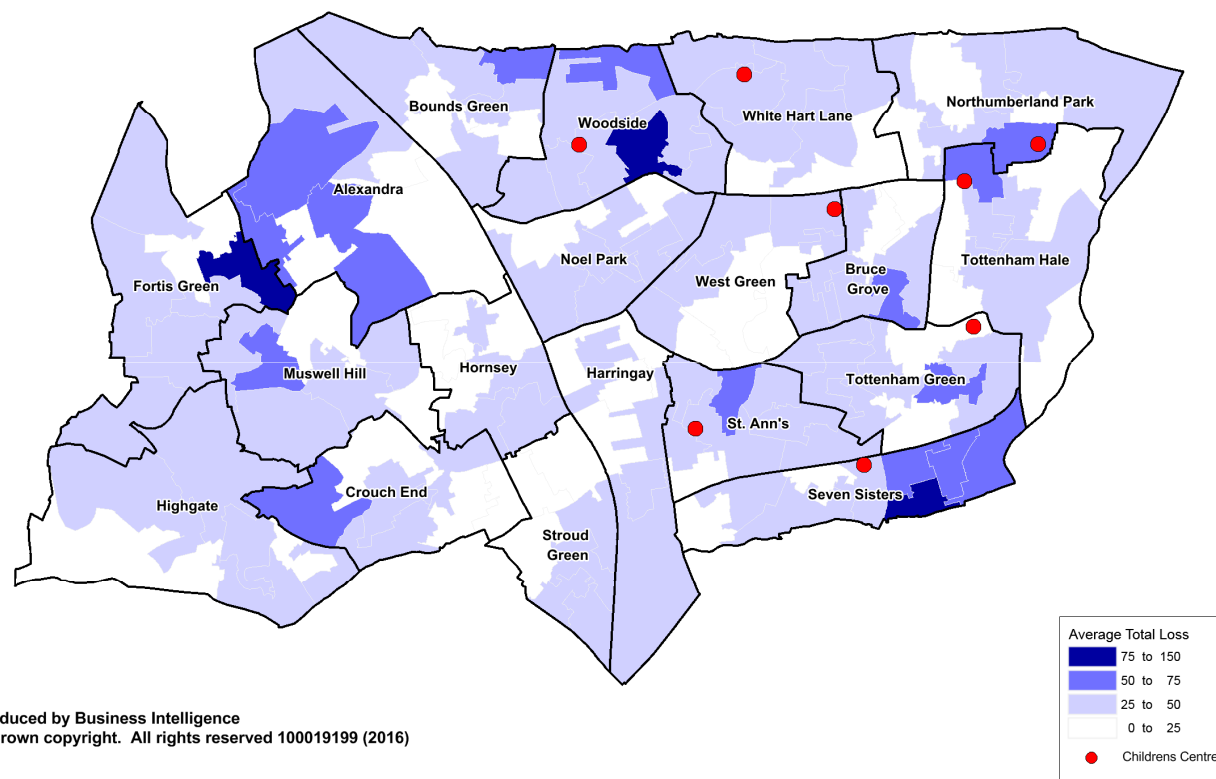
# High loss households are distributed across the borough

Households facing high losses are dispersed across the borough.

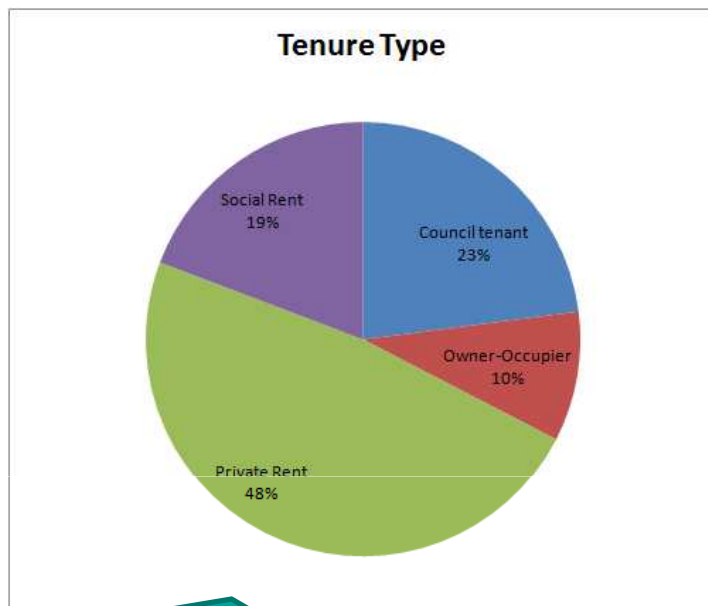
Largest concentrations of highest average loss in Fortis Green, Alexandra and Seven Sisters

These are generally households with more children, especially those in Seven Sisters where the majority have over 5 children.

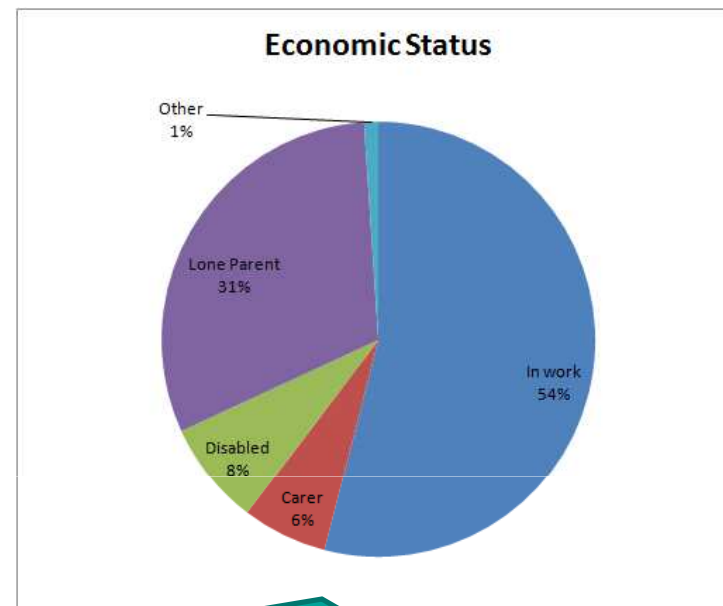
Lone Parents and Large Families by Average Total Loss



# Of families affected, the majority are in work and renting in the Private Sector.



Private Rent is even further over-represented and will lose on average **over 3 times** more than other tenure types.

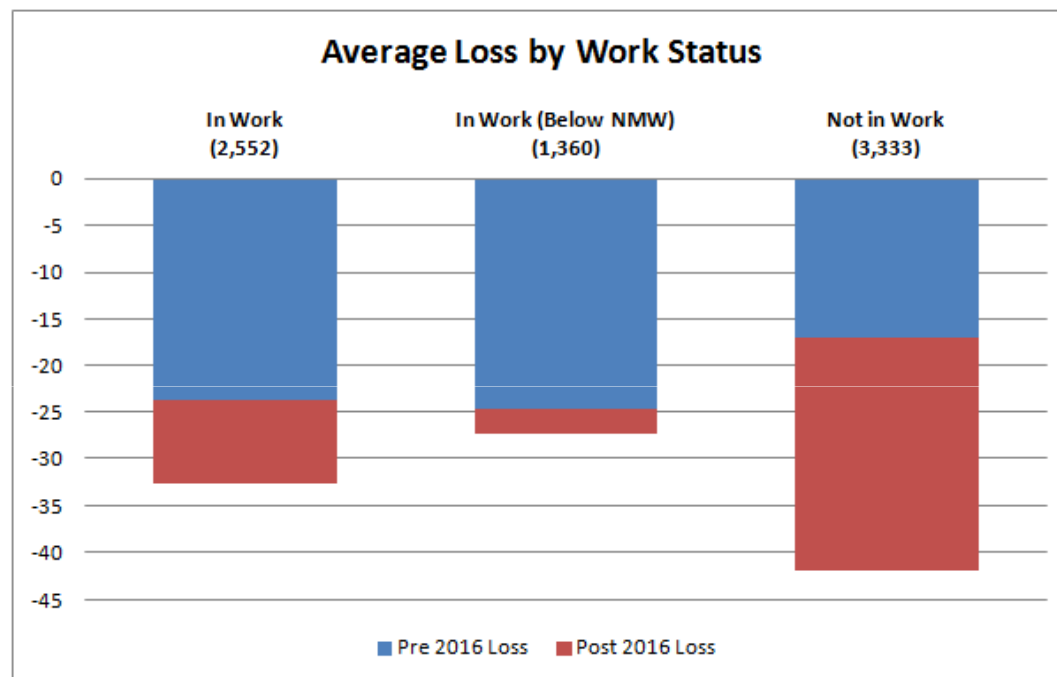


Those in work are the largest sector, accounting for **54%** of the population.

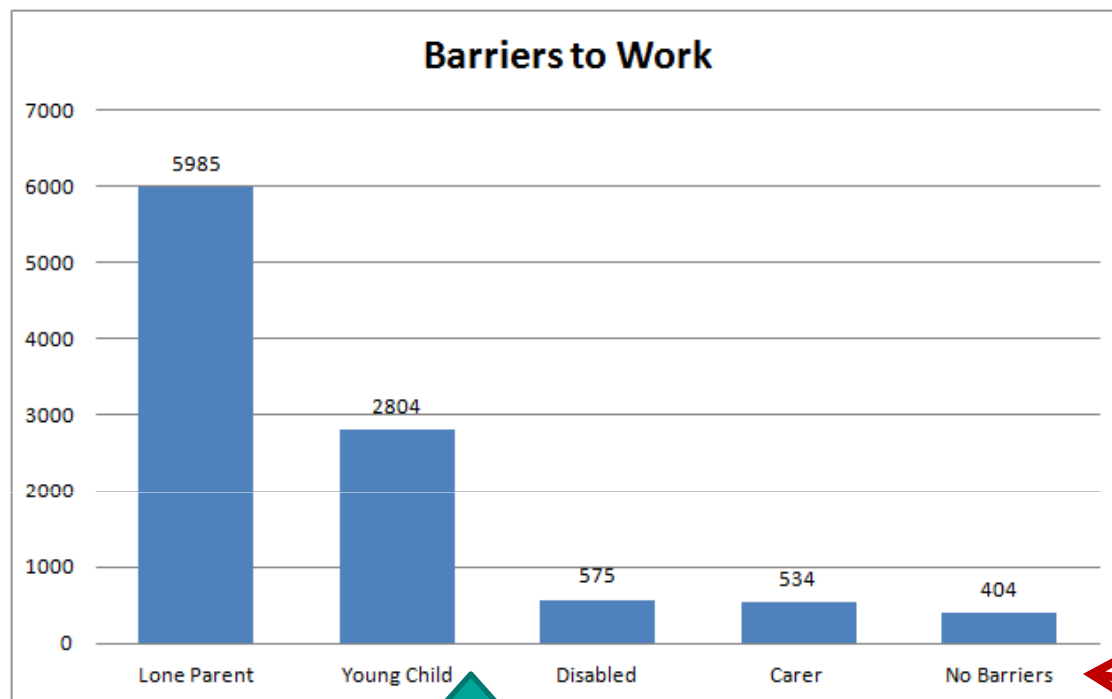
## Out of work families will be more affected by 2016 welfare reforms

**54%** of families affected are in work. **35%** of these earn below NMW

Those not in work will be more significantly affected by the £23k benefit cap in 2016



## Childcare is a key barrier to accessing work



**94.4%** of those families not in work have at least one barrier to work. The most common naturally being lone parents and young children.

Childcare is therefore a key barrier to accessing work to mitigate welfare changes.

*May have other barriers*

Of households previously capped at £26k of benefits, 55% cited childcare as a barrier to work

# Sufficiency of childcare at borough level, but with barriers to access

38

**£257**

Average weekly cost of a  
childminder

£252 weekly income based on  
NMW

Provision is **not necessarily in the areas or type of provision** that parents say they want.

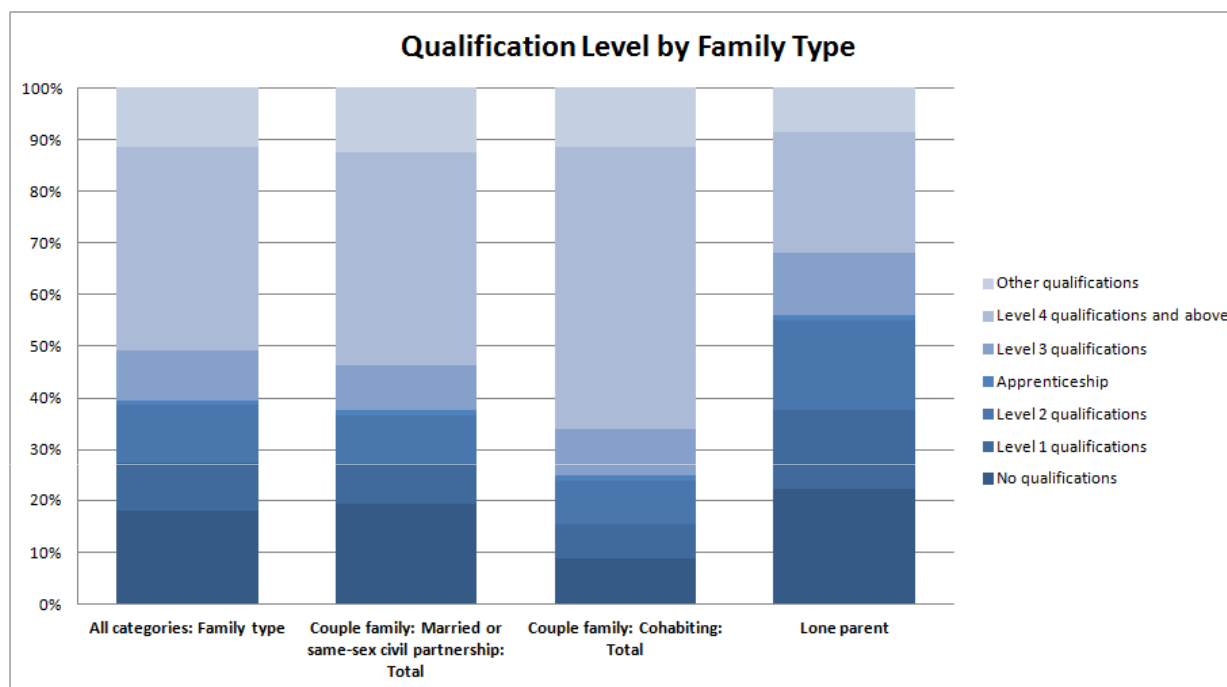
**42%**

respondents needed additional  
childcare

**Differences in childcare capacity between NLCs, and lower penetration rates** are identified in general terms in South East Tottenham and Wood Green.

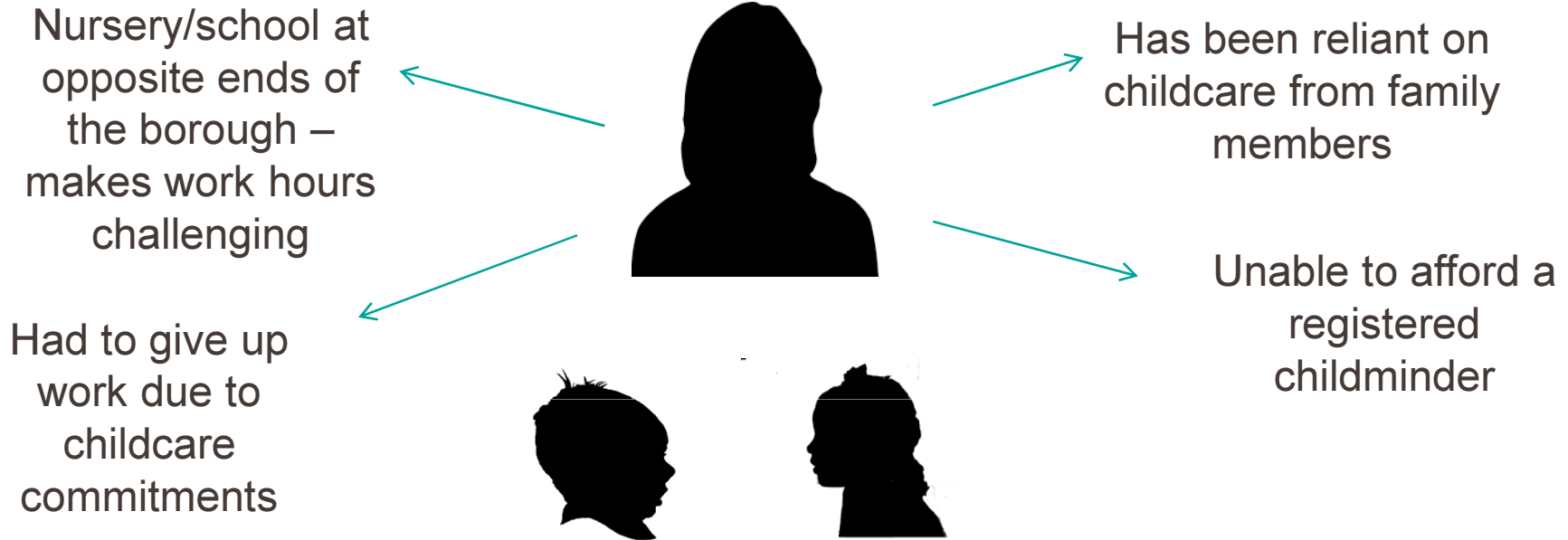
**Use of family members** to provide childcare is relatively high across all age ranges but particularly for the youngest age range of children.

# A high proportion of lone parent households face further barriers in terms of qualifications



The Lone Parents family type has the highest proportion of individuals with no qualifications. **22%** have no qualifications, and over half have below level 3 qualifications. Haringey is in line with London

# Childcare is a significant issue for our case study family



**Impact of welfare reform:** Child Benefit payments take this family over the benefit cap level.



## Question 4)

**How can we reconfigure our resources to address the barriers to work that families face?**