

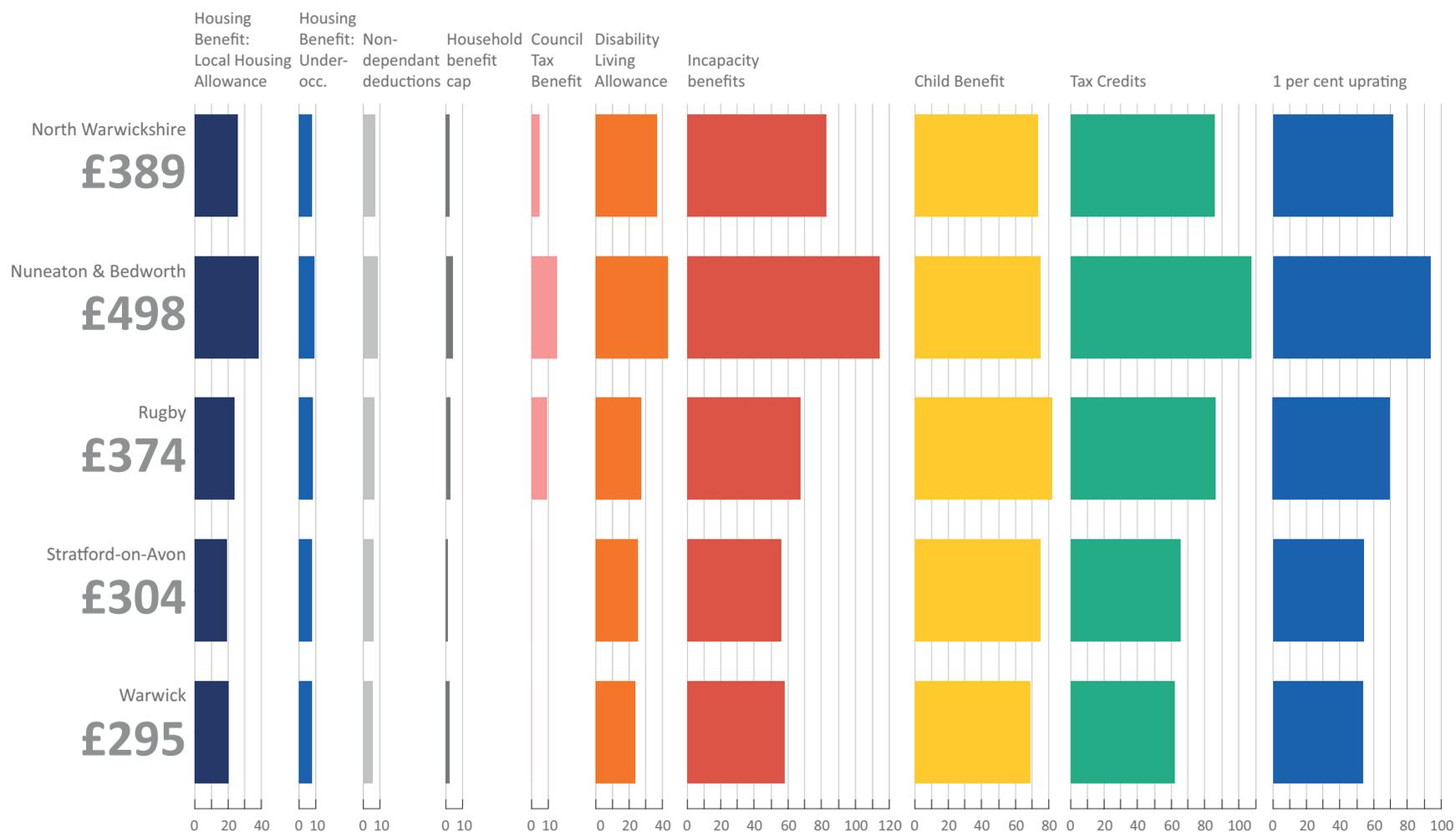
# Deprivation & Need

## The Potential Impact of Welfare Reform

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In Warwickshire, the biggest estimated financial losses arise from reforms to Tax Credits (£27.4 million per year), changes to Incapacity Benefits (£25.6 million), changes to Child Benefit (£25.3 million a year) and the one per cent up-rating of most working-age benefits (£23.1 million a year). Each of these reforms represents over £20 million worth of losses each year, accounting for over three quarters (76%) of the total estimated loss.



Source: Sheffield Hallam estimates, 2013 <http://bit.ly/10YpgGP>

£ per working age adult per year

## Description

The previous Government originally set out its vision for tackling child poverty in 1999, when it announced its intention to eradicate child poverty by 2020. To achieve this aim, it created a Child Poverty Act which placed a statutory duty on local authorities and their partners to co-operate in undertaking an assessment of the needs of children living locally as the basis of a joint child poverty strategy. This requires a strategy every three years to meet these targets and annual reporting on progress.

Warwickshire has launched its own [Child Poverty Strategy](#) with a clear vision: To reduce, and alleviate the impact of child poverty in Warwickshire by 2020.

By following a number of clear priorities, Warwickshire County Council and partners are committed to tackling child poverty and the strategy sets out clear aims to move people out of poverty; break the cycle of poverty; and mitigate the effects of poverty. To help showcase the work of the County Council and its partners, a Child Poverty e-bulletin has been launched at <http://childpovertybulletin.wordpress.com>

## Performance

This indicator presents two separate measures for assessing levels of child poverty in Warwickshire. The first measure uses figures produced by Her Majesty's Revenue & Customs (HRMC), however the latest information from this dataset relates to August 2010 figures, so a second more up to date measure has also been included based on figures produced by the Centre for Research in Social Policy (CRSP). In previous editions of the Quality of Life Report we have presented data published by the Department for Work and Pensions (DWP) on child poverty, but at the time of writing revised figures had not been published.

### Local Child Poverty Measure: The Proportion of Children in Poverty

The key dataset used in the past to monitor child poverty is the revised local child poverty measure provided by Her Majesty's Revenue and Customs (HRMC). This data is available at a wide range of different geographies, from a national level down to Lower Super Output Areas (LSOAs). However, the data is not up to date, with the latest data relating to August 2011. This means that it does not fully reflect the impact of the large scale economic downturn, the subsequent recession and the current economic circumstances which families across the country are facing. However, it does allow us to better understand the variation in the characteristics of child poverty between Warwickshire's districts, and shows how they fit within the national picture.

The proportion of children in poverty is defined as the proportion of children living in families in receipt of out of work benefits or tax credits where their reported income is less than 60% median income.

The proportion of children in "poverty" is calculated as follows:

**Number of children in families in receipt of either out of work benefits,  
or tax credits where their reported income is less than 60% median income**

Total number of children in the area

**Figure 9.1: Proportions of Children in "Poverty", 2006-2011**

	2006	2007	2008	2009	2010	2011
North Warwickshire	13.0%	13.2%	13.3%	14.7%	14.2%	13.6%
Nuneaton & Bedworth	17.4%	18.4%	18.2%	19.9%	19.6%	19.3%
Rugby	12.5%	13.2%	13.2%	13.9%	13.7%	13.1%
Stratford-on-Avon	9.5%	9.6%	9.0%	10.3%	10.0%	9.7%
Warwick	11.7%	11.7%	11.7%	12.1%	11.6%	11.0%
<b>Warwickshire</b>	<b>13.0%</b>	<b>13.4%</b>	<b>13.2%</b>	<b>14.3%</b>	<b>13.9%</b>	<b>13.5%</b>
West Midlands	22.9%	24.0%	23.3%	24.0%	23.3%	22.7%
England	20.8%	21.6%	20.9%	21.3%	20.6%	20.1%

*Source: HM Revenue & Customs (snapshot as at 31st August 2006 to 2011)*

# Child Poverty



In Warwickshire, there were 15,315 children considered to be living in poverty in 2011<sup>1</sup>. This equates to 14% of all children. This proportion is considerably below the national and regional equivalent figures of 20% and 23% respectively. The 2011 figures for districts in the county are lower compared to the previous 12 months, however four of the five areas are higher compared to 2006 figures.

Although the proportion of children considered to be living in poverty in Warwickshire is considerably lower than both the regional and national equivalent figures, this masks some considerable variation at a more local level. The list below details the top five LSOAs in Warwickshire with the highest proportions of children living in poverty:

- Middlemarch & Swimming Pool - 47.8%
- Bar Pool North and Crescents - 46.9%
- Camp Hill Village Centre - 46.3%
- Camp Hill South West & Brook - 46.0%
- Hill Top - 40.7%

The top 10% of Warwickshire's LSOAs with the highest proportions of children living in poverty account for nearly 30% of all children living in poverty across Warwickshire.

<sup>1</sup> This is calculated by the number of children living in families in receipt of child tax credit whose reported income is less than 60 per cent of the median income, or in receipt of income support or (income-based) Job Seekers Allowance, divided by the total number of children in the area (determined by Child Benefit data). In 2011, the low income threshold was £218 per week.

It is again worth noting the poor timeliness associated with this child poverty data, which means that this analysis relates to the position in 2011. Having said that, there has been a fall in the number of children in low income families in 2011 with 505 fewer children across the county when compared with 2010.

## Local Child Poverty Proxy Measure 2012

In light of the lag with child poverty data at a local level, it is worth considering data published by the End Child Poverty campaign. The data, compiled by the Centre for Research in Social Policy (CRSP), is the closest measure to that used nationally by the Government. The figures presented below use tax credit data to give the percentage of children on low incomes and regional trends in worklessness to estimate recent changes in the number of children who are in poverty because their parents have lost their jobs. The figures are estimates for mid-2012, and are available at district and ward level.

The figures produced using this measure are lower than those published by the HMRC, with approximately 11% of children living in poverty, compared to 14% above. Nuneaton & Bedworth Borough has the highest levels, with 17% of children in poverty, compared to 7% in Stratford-on-Avon District.

Figure 9.2 shows the top 20 wards in the county with the estimated highest proportion of children in poverty. Five of the top six wards are in Nuneaton & Bedworth Borough, however specific areas of Leamington Spa, Rugby and Atherstone town centres have been highlighted as areas where more than one in five children (20%) are living in poverty.



**Figure 9.2:** Number and proportion of children living in poverty, by Ward

WARD	DISTRICT	NUMBER	PERCENTAGE
Camp Hill	Nuneaton & Bedworth	630	33%
Wem Brook	Nuneaton & Bedworth	609	31%
Brunswick	Warwick	479	27%
Bar Pool	Nuneaton & Bedworth	440	25%
Bede	Nuneaton & Bedworth	350	24%
Kingswood	Nuneaton & Bedworth	419	23%
Brownsover South	Rugby	281	22%
Crown	Warwick	285	22%
Atherstone Central	North Warwickshire	180	22%
Newbold	Rugby	282	21%
Atherstone South and Mancetter	North Warwickshire	142	20%
Abbey	Nuneaton & Bedworth	362	19%
Attleborough	Nuneaton & Bedworth	328	18%
Benn	Rugby	255	18%
Overslade	Rugby	225	17%
New Bilton	Rugby	310	17%
Poplar	Nuneaton & Bedworth	325	17%
Hurley and Wood End	North Warwickshire	155	16%
Exhall	Nuneaton & Bedworth	272	16%
Hartshill	North Warwickshire	126	16%

Source: Centre for Research in Social Policy, mid-2012

## Outlook

In July 2013, the Child Poverty Action Group (CPAG) published estimates of the costs generated by child poverty rates in every local authority in the UK. The estimates work out the total amount of money that is 'lost' in local authorities due to child poverty – reflecting the extra costs to social services, cost to housing services and health care, as well as lost earnings and reduced tax receipts. The estimates show that the annual cost of child poverty in Warwickshire is approximately £134 million.

The Coalition Government is committed to the Child Poverty Act 2010. In June 2012 the Work and Pensions Secretary proposed to deliver a new set of broader, non-income related measures of poverty. A consultation on how best to measure child poverty was conducted between November 2012 and February 2013. The consultation asked respondents a number of questions that will help the Government design a multi-dimensional measure of poverty. The results of the consultation were due to be released during summer 2013.

The Observatory will continue to monitor child poverty data alongside a broader range of indicators including benefit claimants to assess the impact welfare reform may be having on the numbers of children in poverty over the coming year.

## Further Information

- The full data released by Her Majesty's Revenue and Customs on child poverty can be accessed from the HMRC website: <http://bit.ly/11jWjEe>
- The full data from the Centre for Research in Social Policy is available to download from the End Child Poverty website: <http://bit.ly/h6wbu7>
- Further information about Child Poverty in Warwickshire, including the Child Poverty Strategy and Child Poverty Needs Assessment can be accessed through the County Council's website: <http://www.warwickshire.gov.uk/childpoverty>
- Contact the Observatory for more information on 01926 418049 or email [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk).

# Fuel Poverty

## Description

A household is said to be in fuel poverty if it needs to spend more than 10% of its income on fuel in order to maintain a satisfactory heating regime. This is generally defined as 21°C in the main living room and 18°C in all other rooms.

The 'Fuel poverty ratio' is therefore defined as:

$$\text{Fuel Poverty Ratio} = \frac{\text{Estimated Consumption} \times \text{Energy Price}}{\text{Household Income}}$$

Whether a household is in fuel poverty is based on a number of factors, such as energy efficiency, number of rooms and the type of fuel used. It is worth highlighting that fuel poverty does not measure actual expenditure on fuel, rather it shows the relationship between expected fuel costs and household incomes.

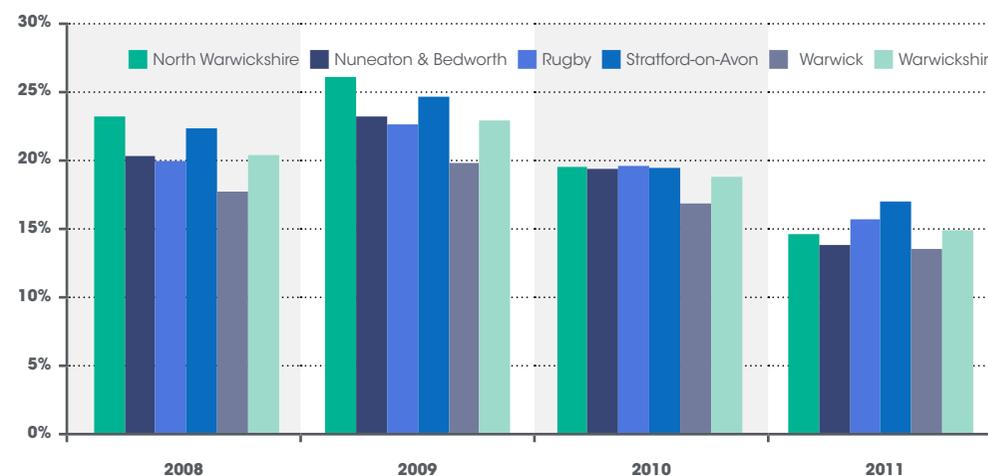
The Department of Energy & Climate Change (DECC) publish figures on fuel poverty at both Local Authority level and Lower Layer Super Output Area (LSOA) level, in order to allow for accurate comparisons across England. The 2011 data was released in May 2013.

## Performance

Overall the level of fuel poverty has reduced in 2011 compared to the previous year. All LSOAs in the county have shown some reduction in the proportion of households considered to be 'fuel poor' from 2010 to 2011, with substantial improvements in a number of areas. The overall rate of fuel poverty reduced from 18.9% in 2010 to 15% in 2011. This equates to approximately 7,000 households across the county no longer being in fuel poverty. This performance builds on similar improvements from the previous year, resulting in almost 18,000 fewer households in fuel poverty in 2011 than in 2009.

Looking at a district level, over the past four years the trend has been broadly similar across the county. After a sharp rise in fuel poverty between 2008 and 2009, all five districts saw their lowest figures in 2011. The biggest improvement has been in North Warwickshire Borough where fuel poverty has decreased from 26.3% to 14.7% resulting in nearly half as many households considered to be 'fuel poor' compared to the two years previously.

Figure 9.3: Proportion of households in fuel poverty, 2008 - 2011



Source: Department of Energy & Climate Change (DECC)

However, some areas within the county still have considerable levels of fuel poverty, particularly in rural areas. Three LSOAs in the county, in Stratford-on-Avon District, have a fuel poverty rate above 25%. In other words, one in four households in these areas are in fuel poverty. This may be due to wider usage of alternative fuels, such as heating oil, which are more expensive than gas.

# Fuel Poverty

**Figure 9.4:** Lower Super Output Areas with the Highest Levels of Fuel Poverty

LSOA NAME	DISTRICT	% FUEL POOR
Brailes	Stratford-on-Avon	28.1%
Ladbroke & Priors	Stratford-on-Avon	27.6%
Long Compton	Stratford-on-Avon	25.2%
Vale of the Red Horse	Stratford-on-Avon	24.3%
Benn South	Rugby	24.0%

Source: Department of Energy & Climate Change (DECC)

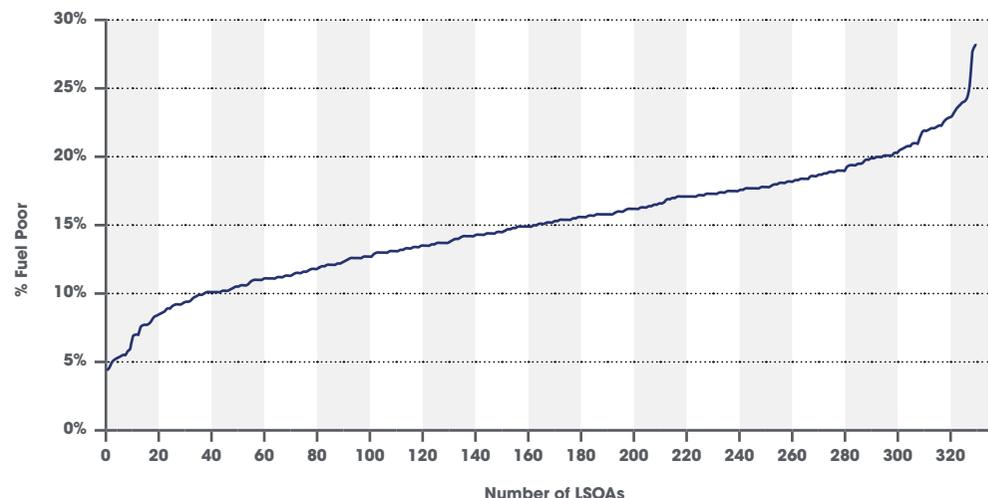
**Figure 9.5:** Lowest performing Lower Super Output Areas

LSOA NAME	DISTRICT	% FUEL POOR
Brownsover North Campion	Rugby	4.3%
Attleborough South West	Nuneaton & Bedworth	4.5%
Galley Common South	Nuneaton & Bedworth	4.9%
Knowle Hill & Glasshouse	Warwick	5.1%
Brownsover North East	Rugby	5.2%

Source: Department of Energy & Climate Change (DECC)

By plotting all of the 333 LSOAs in Warwickshire in Figure 9.6 we can see the variation across the county. Whilst there are a number of extreme cases, highlighted in the tables, most fall quite close to the average. Around 40 LSOAs have below 10% of households in fuel poverty and a similar number have a fuel poverty ratio of more than 20%. As a result, around 75% of the county has fuel poverty levels of between 10 and 20%, reflected in the Warwickshire average of 15%.

**Figure 9.6:** Fuel Poverty Levels by Lower Super Area



Source: Department of Energy & Climate Change (DECC)

## CLICK ON THE INTERACTIVE MAP

to view fuel poverty statistics in more detail



## Outlook

The projections for future years are influenced by changes in energy prices, household incomes and the efficiency of the housing stock. Until recently, most people were eligible for free or discounted insulation as part of the Carbon Emissions Reduction Target (CERT) scheme. This funding was removed in December 2012, so energy efficiency improvements are likely to slow over the short term. Coupled with steadily rising energy prices and relatively flat incomes it is possible that fuel poverty rates may begin to rise over the coming years.

Further analysis on the winter fuel payment received by older residents can be found in the 'Older People on Low Income' indicator in the report.

The Warwickshire Affordable Warmth Steering Group were successful in securing Department of Health Warm Homes Healthy People's funding to support the delivery of Warwickshire's Warm and Well campaign.

The aim of the campaign is to work in partnership with the local community, voluntary sector and statutory organisations to reduce the levels of death and illness that are due to vulnerable people living in cold housing during the winter.

Activities over the last twelve months have included;

- Training front line staff to identify and address the links between severe cold, poor housing and the health consequences.
- Created a specialist Energy Support Officer post in partnership with Act on Energy.
- Provided rural and hard to reach communities with targeted support, community support and concentrated on raising awareness of affordable warmth issues with the local community e.g. targeting through mobile libraries.
- Delivered a targeted communications campaign through local parish councils, community groups and GP surgeries etc raising awareness of the risks associated with cold weather.
- Maximised benefit entitlement checks through commissioning Warwickshire Welfare Rights Advisory Service.
- Promote the benefits and uptake of boiler servicing and chimney sweeping in partnership with District and Borough Council's and Act on Energy.
- Provided short term emergency heating in response to those in crisis during severe weather.
- Made 'warm packs' available to vulnerable people during severe cold weather through provision of specific items.
- Engaged private landlords through targeted events to increase awareness and maximise benefits for households.

The Warwickshire Joint Health and Well-being Interim Strategy 2012-2015 identifies fuel poverty and the need to reduce the numbers of fuel poor households for the elderly and for vulnerable communities.

## Further Information

- More detailed information on fuel poverty statistics can be found on the Department of Energy and Climate Change's website: <http://bit.ly/12qyUjp>
- Warwickshire's Interim Health and Well-being Strategy can be accessed via the following link: <http://bit.ly/18boXzp>
- Alternatively, please contact the Warwickshire Observatory on 01926 418066 or email [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk).

# Older People on Low Incomes

## Description

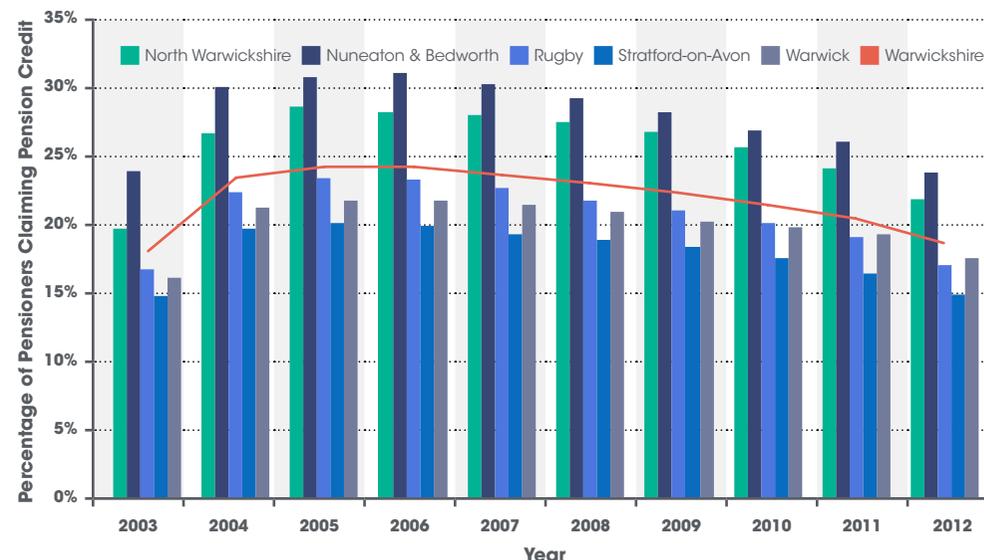
According to data produced by the Department for Work and Pensions (DWP), around 16% of pensioners nationally live in a household with an income below 60% of the national median (households below average income data). This equates to 1.9 million pensioners living in poverty in the UK during 2011/12. Compared to 2010/11, this represents a fall of one percentage point (or 0.1 million pensioners). While a reduction should be welcomed, the total number of pensioners living in poverty is still a cause for concern.

The main dataset used to measure the number of older people living on low incomes in Warwickshire is the Pension Credit claimant rate. Pension Credit comprises two different benefits, savings credit rewards low income pensioners who have a private pension or savings with an extra payment on top of their pension. Guarantee credit tops up a pensioners minimum weekly income to £145.40 (single people) or £222.05 (couples). This is an attempt to raise the minimum quality of life for all pensioners to an acceptable standard. By measuring the number of residents within an area who claim Pension Credit as a percentage of the pensionable population (those aged 65 or over), we can examine which areas have a higher number of pensioners on low incomes.

## Performance

In November 2012, 19,400 pensioners claimed some type of Pension Credit in the county. This equates to around one in five (19%) pensioners in Warwickshire. At a district level the picture is more varied. Nearly a quarter (24%) of pensioners in Nuneaton & Bedworth Borough claim Pension Credit whereas only 15% of those aged over 65 years in Stratford-on-Avon District claimed the benefit. However, these numbers have been steadily declining over time. Figure 9.7 shows the how claimant rates have changes since the introduction of Pension Credit in 2003.

Figure 9.7: Percentage of pensioners claiming Pension Credit by year



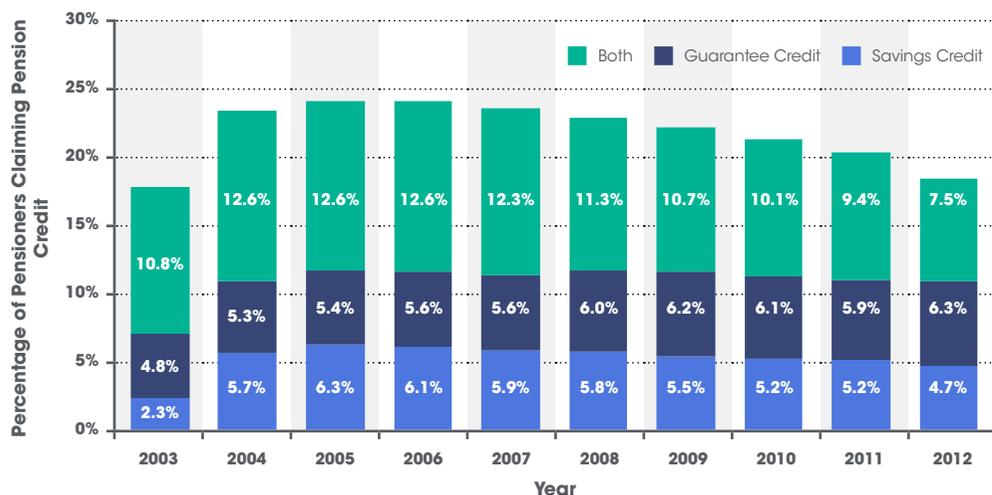
Source: Department for Work and Pensions (DWP)

A rapid uptake of the benefit occurred from 2003 to 2005, with the highest number of claimants across the county in 2005. However, the numbers have declined year-on-year since then. While the numbers vary between the districts, the falling trend is the same. High numbers of Pension Credit claimants may point to higher levels of deprivation due to a greater proportion of older residents being on a low income. However, the situation is complicated by a significant minority of eligible non-recipients (ENR) who do not claim Pension Credit.

# Older People on Low Incomes

Figure 9.8 shows the Warwickshire claimant statistics broken down into the three possible sub-categories from 2003 to 2012.

**Figure 9.8: Percentage of pensioners claiming Pension Credit by year**



Source: Department for Work and Pensions (DWP)

Since 2005, the number of pensioners claiming Savings or Guarantee Credit has remained at a similar level each year. Meanwhile, the numbers claiming both elements has seen a sharp fall from 12.5% in 2004 to 7.5% in 2012. To claim both benefits requires a pensioner to have made some savings for retirement but still fall short of the full state pension amount. Since 2006, Warwickshire has seen a fall in the percentage of older people claiming Pension Credit. Explaining the cause of this is problematic as anecdotal evidence suggests pensioners continue to struggle. The most likely cause continues to be failure to claim, a recent research study by the Department for Work and Pensions found that three quarters of eligible non-recipients did not believe they were eligible for Pension Credit. Confusion occurs with many pensioners believing that any savings or private pension makes them ineligible for the benefit. Over nine in ten (92%) of those who were eligible but did not claim said they would claim if they knew they were eligible, potentially improving the take up numbers and better reflecting areas with high proportions of older people on low incomes.

Other benefits such as the winter fuel payment are universal benefits and therefore all pensioners can claim them regardless of income. However, only approximately 92% of pensioners receive winter fuel payments in Warwickshire. This is largely due to pensioners aged 60-64 years who are in work being entitled to the benefit but not automatically receiving it. Lower paid workers may therefore be missing out on an important benefit and could be struggling unnecessarily during the winter. The data is similar for other benefits such as the free bus pass and TV licence.



**CLICK ON THE INTERACTIVE MAP**  
to view pension credit data in Warwickshire in more detail

# Older People on Low Incomes

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## Outlook

Warwickshire is facing a large scale demographic transition as the population ages at a faster rate than the national average. Even if similar proportions are in financial need, there will be a greater number of older people requiring support. Moreover, older people have seen increasing pressures on their incomes, particularly rising fuel and food bills, as the current economic climate continues to exert pressures on existing budgets.

From 6th April 2016, major reforms to the pensions systems will be introduced. The existing system will be replaced by a single flat rate of £144 a week so long as thirty five years of National Insurance contributions have been accrued. While Pension Credit will continue to provide a safety net, the savings credit element of Pension Credit will be abolished. It is unclear what the impact of these reforms will be, due to the timescales involved. A number of other changes to the welfare system should benefit older people, especially those on low incomes. The 'triple lock' guarantees that pensions will rise by the highest of inflation, earnings or 2.5%, meaning that pensioners should be able to maintain current spending. A cap on social care costs of £72,000 per person has also been introduced so that older people are able to protect their assets and do not have to sell their home to pay for care. Lastly pensioners have been exempted from the new benefits cap allowing current benefit levels to be maintained.

Further welfare reforms for the over 60's are unlikely before 2015 according to the Coalition Government. It appears likely that universal benefits (such as TV licences, bus passes and the winter fuel allowance) will be reviewed after 2015.

## Further Information

- AgeUK have produced a report on older people living on low incomes which can be found here <http://bit.ly/1explpi>
- Pension Credit eligible non-recipients: Barriers to claiming report <http://bit.ly/16EMBAY>
- Information on benefit claims, including those made by older people, is available from the NOMIS website. Alternatively, contact the Warwickshire Observatory on 01926 418066 or email [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk).

# Welfare Reform

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## Description

The Welfare Reform Act approved in March 2012 signified the biggest change to the welfare system for over 60 years. The basic aims of the changes are to;

- **Create the right incentives to get more people into work**
- **Protect the vulnerable in our society**
- **Deliver fairness to those claiming benefit and to the taxpayer**

The vast majority of welfare reforms were set out in the Welfare Reform Act initiated by the Coalition Government. However, some of the incapacity benefit reforms pre-date the 2010 general election but are only now taking full effect. The list below provides a comprehensive view of the welfare reforms that are currently underway:

- The introduction of **Universal Credit** to replace most means tested working age benefits
- **Housing Benefit – Local Housing Allowance and Under-occupation (sometimes erroneously referred to as the 'Bedroom Tax')**
- **Non-dependant deductions**
- **Household benefit cap**
- Reductions in entitlement to **Council Tax Benefit**
- **Replacement of Disability Living Allowance by Personal Independence Payments (PIP)**
- **Incapacity benefits replaced by Employment and Support Allowance (ESA)**
- Three year freeze on **Child Benefit** and withdrawal over certain income threshold
- **Reduction in Tax Credits**
- **1 per cent up-rating**

Whilst the Observatory recognises it is still relatively early to assess the impact of welfare reform for Warwickshire residents as many of the reforms have yet to be implemented, research carried out by Sheffield Hallam University in April 2013 considers the impact of welfare reforms once they have come into full effect (in most cases in 2014/15) both nationally and for each of Britain's 379 local authority districts and has underlined the potential variation in effects at a local authority level which are worth highlighting.

## Performance

The Department for Work and Pensions said that 'around nine out of ten working households will be better off by an average of almost £300 a year as a result of changes to the tax and welfare system from April 2013. Raising the personal allowance to £10,000 will have lifted 2.7 million people out of income tax since 2010.'

However, the Sheffield Hallam research calculates that when the present welfare reforms have come into full effect they will take nearly £19 billion a year out of the national economy. This is equivalent to around £470 a year for every adult of working age in the country. The biggest financial losses arise from reforms to incapacity benefits (£4.3 billion a year), changes to Tax Credits (£3.6 billion a year) and the one per cent up-rating of most working-age benefits (£3.4 billion a year). The Housing Benefit reforms result in more modest losses – an estimated £490 million a year arising from the 'bedroom tax' for example – but for the households affected the sums are nevertheless still large. Some households and individuals, notably sickness and disability claimants, will be hit by several different elements of the reforms.

The financial impact of the reforms, however, varies greatly across the country. At the extremes, the worst hit local authority areas lose around four times as much, per adult of working age, as the authorities least affected by the reforms. According to the research, Warwickshire had a gross disposable household income of £8.9 billion in 2010. The total £128.3 million in benefit changes in the county faces amount to 1.4% of the county's disposable income, or approximately seven months of growth.

Figure 9.9 details the overall impact of welfare reforms for the five districts in Warwickshire. The variation seen across the country is replicated to a certain extent at a county level, with the impact of the welfare reforms in terms of financial loss per working adult over one and a half times higher in Nuneaton & Bedworth Borough (£498 per working age adult per year) than in Warwick District (£295 per working age adult per year).

# Welfare Reform

**Figure 9.9: Overall impact of welfare reforms by 2014-2015**

	TOTAL IMPACT		DEPRIVATION
	ESTIMATED LOSS (£MILLIONS PER YEAR)	FINANCIAL LOSS PER WORKING AGE ADULT (£ PER YEAR)	PERCENTAGE OF LSOAs AMONG POOREST 20% NATIONALLY
North Warwickshire	15	389	5.3%
Nuneaton & Bedworth	40	498	18.3%
Rugby	24	374	3.4%
Stratford-on-Avon	22	304	0.0%
Warwick	27	295	1.2%
West Midlands	1,740	490	-
Great Britain	18,870	470	-

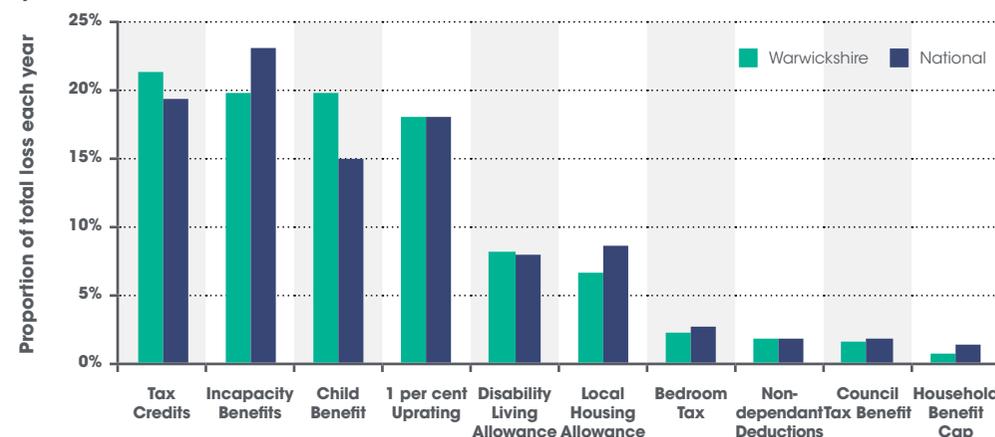
Source: Sheffield Hallam estimates, 2013 <http://bit.ly/10YpgGP>

The research considers the relationship between the impact of the welfare reforms (measured in terms of the loss per adult of working age) and the scale of deprivation in each local authority. Nuneaton & Bedworth Borough is the area of Warwickshire with the largest percentage of LSOAs (18.3%) among the poorest 20% nationally and in turn is the borough that is likely to see the largest financial loss per working adult as a result of the welfare reforms. The borough's financial loss per working age adult is above the equivalent national and regional figures.

In Warwickshire, the biggest financial losses arise from reforms to Tax Credits (£27.4 million per year or 21% of the estimated loss per year) which are reductions in payment rates and eligibility for Child Tax Credit and Working Families Tax Credit, paid to lower and middle income households. Incapacity benefits (£25.6 million per year or 20% of the estimated loss per year), changes to Child Benefit (£25.3 million a year or 20% of the estimated loss per year) and the one per cent up-rating of most working-age benefits (£23.1 million a year or 18% of the estimated loss per year) were the next highest in the county and each of these reforms represents over £20 million worth of losses each year, accounting for over three quarters (76%) of the total estimated loss.

Figure 9.10 shows the breakdown of welfare reforms and the proportion each reform makes up of the estimated loss for Warwickshire compared to the national average. While Warwickshire broadly follows the national average, there are some exceptions worth highlighting. For example, nationally the largest financial losses are seen in the reforms to incapacity benefit (ranked second in Warwickshire), rather than Tax Credits and similarly, the 1% uprating has more of an effect nationally sitting in third place than it does in Warwickshire (ranked fourth). Nevertheless, the top four welfare reforms that have the largest financial impact nationally are the same as for Warwickshire albeit in a different order.

**Figure 9.10: The estimated proportion of financial loss due to welfare reforms broken down by individual reform**



Source: Sheffield Hallam estimates, 2013

The Housing Benefit reforms affect Warwickshire in a similar way to the national picture with smaller relative losses compared to other benefit reforms. Nevertheless, an estimated £2.7 million a year will be lost as a result of the 'bedroom tax' in Warwickshire and for the households affected the sums are still considerable. It is worth noting that potentially some households and individuals, notably sickness and disability claimants, could be hit by several different elements of the reforms.



## Outlook

At the time of writing this report, it is too early to consider the impacts of welfare reform for Warwickshire's residents and their families as most of the reforms have yet to be implemented. However, the findings from the research by Sheffield Hallam University on the likely future impact of these reforms highlight that any changes to welfare are likely to affect those areas where more people are claiming benefits and as a result 'a key effect of the welfare reforms will be to widen the gaps in prosperity between the best and the worst local economies across Britain.' The counter argument to this is that it is these communities which have become most reliant on benefits that can profit most from reforms designed to ensure people are always better off in work than on welfare. The Department for Work and Pensions said that 'around nine out of ten working households will be better off by an average of almost £300 a year as a result of changes to the tax and welfare system from April 2013. Raising the personal allowance to £10,000 will have lifted 2.7 million people out of income tax since 2010.'

Public Health Warwickshire and the Warwickshire Financial Inclusion Partnership are working on modelling the impact of welfare reform on health and these results will be fed into the Joint Strategic Needs Assessment (JSNA).

All of the District and Borough Councils in Warwickshire are undertaking a considerable number of activities to communicate and lessen the impact of welfare reform for their residents including producing guidance on the reforms, writing to affected individuals and holding drop in sessions. The Warwickshire Financial Inclusion Partnership are also working on measuring the impact of reforms across the county including taking into consideration the working poor and the rise in zero hour contracts. In April 2013, Warwickshire County Council implemented the Warwickshire Local Welfare Scheme. The scheme aims to support Warwickshire residents who are in immediate need of food, heating and access to preventative services such as debt management. Residents are assessed against eligibility criteria which reviews each individual's needs.

The Observatory will monitor a broad range of indicators (including well-being, poverty, crime and benefit claimants) to assess the impact of welfare reforms as the changes begin to be implemented across the county.

## Further Information

- Sheffield Hallam University, Centre for Regional Economic and Social Research, 'Hitting the Poorest Places Hardest – The Local and Regional Impact of Welfare Reform': <http://bit.ly/10OzUjG>
- An interactive map is also available on the [Financial Times](#) website, which shows the impact of welfare reforms area by area.
- For more information on the project for the Joint Strategic Needs Assessment (JSNA) on the impact of welfare reforms on health, please contact the Public Health Intelligence Team on 01926 413753 or email [publichealthintelligence@warwickshire.gov.uk](mailto:publichealthintelligence@warwickshire.gov.uk)
- Alternatively, please contact the Research Team on 01926 412775 or email [research@warwickshire.gov.uk](mailto:research@warwickshire.gov.uk)