ASSOCIATION OF NORTH EAST COUNCILS

institute for local governance

September 2015

The Local Consequences of Welfare Reform in the North East –2015

Foreword

This report is the latest in a series of projects procured and/or carried out by the ILG since 2011. The first was a study of the Impact of welfare reform in Stockton (2012) which was followed by a major regional review, commissioned by ANEC and published in 2013. This was carried out by a partnership of Teesside and Northumbria Universities with the ILG. ANEC has subsequently commissioned further monitoring reports from the ILG and this is the second report to regional Chief Executives.

A note on methodology:
The material in this report is derived from a survey sent out to all local authorities in the region with replies having been received from ten. Each authority has a different approach to many of the policy areas with varying methods of collection and recording; comparisons can often be difficult. This survey material has therefore been supplemented by a series of semi-structured interviews with representatives of four major housing providers and nine of the responding local authorities. These have helped to provide contextual material and to establish an overview of trends in specific policy areas.

List of abbreviations

ANEC	Association of North East Councils
CCG	Community Care Grant
DHP	Discretionary Housing Payments
JCP	Job Centre Plus
ILG	Institute for Local Governance
NEHTT	North East Homeless Think Tank
RSRS	Removal of the Spare Room Subsidy

Monitoring the Impact of Welfare Reform

Summary of key issues

Unemployment is falling across the region but there continues to be areas where the rate is over twice the national average. The region continues to have the highest unemployment rate in the country and no authority in the North East is below the national rate.

Numbers of tenants in social housing who are under-occupying continued to fall but, as predicted in earlier reports, the underlying conditions are such that there is going to be a large proportion of tenants who will be subjected to this penalty for some considerable time.

Discretionary Household Payments (DHPs) continue to be a valuable resource for alleviating some of the impact of the reforms although there are concerns about its future availability and how far it will have to be used for other reforms, such as the benefit cap. All authorities spent or exceeded their allocation.

As in previous monitoring reports, there is some surprise that the level of arrears in the majority of authorities has not been more of a feature. In two of the most deprived authorities arrears are increasing but the prevailing attitude from interviewees in the remainder has been of slow increase in the number of people in arrears. Much of this is due to the large scale of pro-active work carried out to support individuals in potential or actual difficulty by housing providers and the considerable ‘forbearance’ shown by these organisations.

Although there is a reduction in the number of sanctions and some good practice that is helping to tackle the underlying issues, the level of sanctions and the perceived unfairness of many of the decisions continue to be of concern to both local authorities and housing providers. With the abolition of the 16 hour rule, how sanctions operate under Universal Credit will need to be monitored.

The reduction in the level of the benefit cap will have a profound impact in parts of the North East with many informed observers considering the impact ‘disastrous’. The DWP impact assessment states that 64% of claimants who are likely to have their benefit reduced (nationally) by the cap will be single females.

All local authorities and housing providers, as well as assessing the likely impact of the benefit cap, are calculating the numbers of people affected by the restriction of Housing Benefit for single people under 21. These two measures are likely to be a heavy drain on future resources and will affect attempts to alleviate the impact of welfare reform.

Additionally, the reduction in housing rents in the summer budget has led to one major housing provider in the region to look for £18m of cuts pa for four years. According to interviewees, these factors, along with continuing and other recently announced policy measures, are going to make it difficult for agencies to continue with all the measures of mitigation they have been employing up to this point.

Comparable figures from the last year of the operation of the Social Fund show that, as expected, there is a considerable gap between the comparable Social Fund awards made in that year (2012/13) and those made under the various schemes operating in the last financial year (2014/15).In the ten authorities where we have figures, the amount awarded was £3.3m, compared to £8.8m in 2012. This also masks considerable variation across the region with some authorities awarding amounts significantly lower than others.

Some external agencies find a number of the schemes difficult to access but there also some signs of a change in approach as two local authorities moving their schemes from Revenue and Benefits to Adult Services. One of these had the express intention of providing a ‘more holistic service’, and elsewhere eligibility criteria in some authorities appear to be less strict. There is no doubt, however, that the diverse local welfare assistance schemes are of a different nature to their national predecessor with fewer resources available to claimants in need. It is not clear how much of the gap in resource loss is made up by the considerable increase in formal and voluntary activity by Housing Providers and others and the increased use of foodbanks.

Introduction

It is more than two years since ANEC commissioned and published a major review of Welfare Reform in the North East (The Impact of Welfare Reform in the North East, July 2013). Many of the concerns and issues raised in that report remain. In particular it is worth highlighting: the continued significant percentage of tenants who are under-occupying, the loss of monies through changes in entitlement and the transfer of elements of the Social Fund to local authorities. In addition to these negative trends, there has been growing concern about the administration of benefits, with the level of sanctions applied to claimants sometimes considered to be as much of an impact as the reforms themselves.

The reform environment has changed, however, with the provisions of the 2015 summer budget. The key elements are summarised in Annex 1. Both local authorities and housing providers have expressed great concern about the restriction of Housing Benefit to Under 21s and the lowering of the Benefit Cap. Coupled with a number of reservations over the delayed introduction of Universal Credit, concerns over the impact of welfare reform and associated administrative practices appear to have increased, rather than diminished

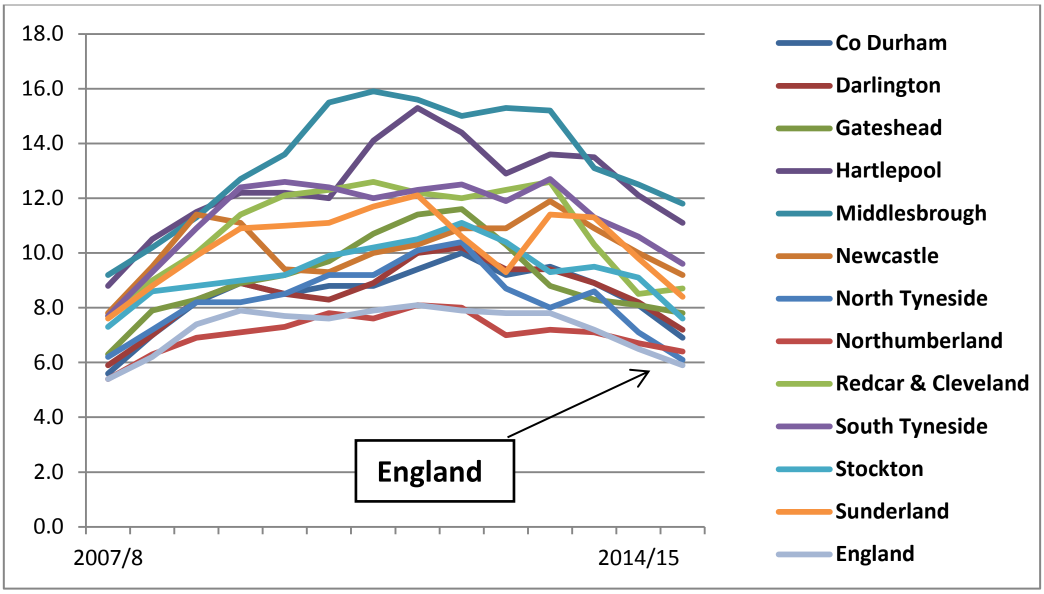
In the last survey it was considered that, overall, various pro-active polices to provide advice and guidance to tenants and the vigorous use of Discretionary Household Payments (DHPs) went some way to mitigate the impact of the reform measures on issues such as arrears and evictions. This concern was often tempered with the view that the situation 'could not last' and there are now further concerns arising from increased pressures on resources such as DHPs and through changes to Housing Benefit. Although the main focus of this report is developments up to March 2015, a major feature of the feedback from respondents has been increased fears over the impending changes.

Economic resilience

In pursuing further the concerns of this report, attention could be given to economic trends and developments to estimate the region's resilience. Analysis of unemployment figures, however, gives a strong indication of conditions in the region. Figure 1 below and those in Appendix 2 indicate some positive signs of recovery but also that the situation remains unsatisfactory, with the North Ease still having the highest levels of unemployment of all regions.

The regional rate remains the highest in the country at just over 8%, which compares to nearly 12% during the worst period of the recession. Although no authority falls below the British average, there are marked differences within the region. Middlesbrough and Hartlepool have figures that are nearly double the national average. Two other authorities interviewed reported that economic activity was increasing and providing grounds for optimism.

Figure 1 - Unemployment rates in the North East 2007 - 2015



Source: NOMIS

Under-occupation

The 2013 regional report and subsequent monitoring reports have pointed out that under-occupation would be a persistent issue within the region. The latest figures and comments from both housing providers and local authorities confirm that this is the case. Only one housing provider (Coast and Country) stated that they had flexibility in their lettings policy, which is reflected in a larger percentage reduction in the level of under-occupation in the authority most affected – Redcar and Cleveland. Nevertheless, that authority still has over 70% of their social rented sector under-occupying.

Most authorities reported that the figures for under-occupation were unlikely to change significantly in the future. Phrases such as ‘solid core’, ‘reaching a plateau’ or ‘static numbers’ of under-occupation were common. There was a variation in the amount of churn in theses tenancies with some authorities reporting increases in numbers under-occupying during the year. The chart below shows the rate of change from a 2013 baseline.

The reasons for those not wishing to move have been predicted from the first investigation into welfare reform. They include:

- Caring commitments
- Commitment to community social networks and desire to stay within the area
- Proximity to work
- Families with children who will soon be of an age to require an extra bedroom
- Separated parents and therefore have a need for spare room

In some areas voids, or increased letting times of property, are now becoming an issue which, according to a recent report (Inside Housing –“Re-let times fall in face of bedroom tax” 21 August 2015), does not seem to be replicated in other parts of the country. Three and four bed properties, again highlighted in earlier reports, are proving hard to let. The issue appears to be the length of time to re let which is causing problems for housing providers. The underlying problem is that the housing stock still cannot provide the flexibility that this policy requires. One major housing provider is now considering setting up a fund to subsidise under-occupiers. The cost is likely to be significant but will reduce voids and make those tenants, who will have to agree to conditions relating to continued payment of rent etc, more secure.

After two years many respondents report that the numbers in under-occupation are unlikely to reduce significantly in the future.

Table 1 - Under occupation 2013 - 2015

	At March 2013	At March 2015	% change
Darlington	866		
Durham	8002	7162	10
Gateshead	3490	2346	33
Hartlepool	1599	1426	11
Middlesbrough	3031	2682	12
Newcastle	6029	4903	19
North Tyneside	3270	2646	19
Northumberland	3391		
Redcar & Cleveland*	1900	1385	28
South Tyneside**	2961	2384	19
Stockton	2483	1971	21
Sunderland	5068	4647	8

Source: ANEC/ILG Survey/2013 Regional Report

* Revised figure for 2013
** Figures for South Tyneside Homes only

DHP Expenditure 2013/14, 2014/15

One of the key resources quoted by respondents in mitigating the impact of reform has been the use of DHPs and the continued provision of these monies have provided both local authorities and housing providers with a valuable tool to help tenants.

All authorities spent or exceeded their allocation and respondents were keen to stress the role the payments had in alleviating some of the impact. Methods of allocation varied across the region but DHPs were consistently quoted as being used in some form or other to try to prevent a build-up of arrears or to prevent evictions.

There is evidence that local authorities and housing providers have developed better working relationships with each other with good examples of close co-operation over individual cases. One interviewee from the housing sector said that authorities had “changed and relaxed”. Many LA respondents also stated that schemes had become more flexible and that criteria were less strict. Although the role of DHPs is significant they are not considered to be a long term solution to the underlying problem of under-occupation. There many other demands on DHPs, as the Table 2 below shows, and future demands will put their use under even greater pressure.

Interviews with local authority personnel also expressed some concerns about diminishing resources. In the ln the last financial year one officer said that it was not a crisis but “perilously close”; another that the situation was “not sustainable and will change” and a further that if the DHPs had not been topped up “we would have had real problems”

The use of DHPs has to be put into context as they cannot cover the shortfall incurred by under-occupation. One Housing Provider stated that the Removal of the Spare Room Subsidy (RSRS) (Bedroom Tax), for their tenants meant a shortfall of just over £1m but that DHP awards in the last year amounted to less than £400k. It is worth noting that in Scotland, spend had to increase by over 300% to fully cover the shortfall incurred by the RSRS (Table 3)

Table 2 - DHP Expenditure 2013/14, 2014/15

			2014/15		
	13/14	**14/15**	**Benefit Cap**	**RSRS**	**LHA**
Darlington	**224,224**	**209,199**	**3,066**	**86,232**	**89,634**
Durham	**993,535**	**1,146,867**	**4,171**	**994,067**	**131,569**
Gateshead	**592,759**	**820,314**	**4,721**	**685,814**	**101,891**
Hartlepool	**472,326**	**344,481**	**66,921**	**184,934**	**92,626**
Middlesbrough	**720,692**	**591,508**	**10,822**	**414,140**	**80,618**
Newcastle	**1,546,639**	**891,224**	**37,325**	**724,709**	**41,940**
North Tyneside	**409,396**	**516,833**	**404**	**444,806**	**65,520**
Northumberland	**530,794**	**506,546**	**2,472**	**295,681**	**174,686**
Redcar & Cleveland	**423,690**				
South Tyneside	**306,418**	**414,271**	**6,707**	**359,887**	**27,970**
Stockton	**396,152**	**447,959**	**33,426**	**249,950**	**99,247**
Sunderland	**681,113**	**759,170**	**129,565**	**500,366**	**106,801**

Source: DWP - Use of Discretionary Household Payments

Table 3 - DHP expenditure spend in Great Britain 2014/15

	DHP spend 2014 – 2015 (£)	DHP allocation 2014/15 (£)	Spend as percentage of allocation
England	140,615,097	141,279,705	100%
Scotland	50,352,309	15,230,343	331%
Wales	8,047,690	7,766,472	104%
Great Britain	199,015,096	164,276,520	121%
Great Britain (excl Scotland)	148,662,787	149,046,177	100%

Source: DWP - Use of Discretionary Household Payments

Table 4 shows that, apart from one, North East Councils have continued using a high percentage of DHP spend on alleviating the RSRS. Although considered to be vital in helping to maintain people in their households or keeping arrears under control, considerable concern was expressed about the 'sticking plaster' approach. As stated above, there is a strong likelihood of large numbers of people remaining in under-occupation and the use of DHPs can be seen as relieving only some of the pressures of living on a reduced budget. There are also concerns that there will be further demands on the DHP budget in the future.

Table 4 - DHPs – percentage spent on RSRS

	2013/14	RSRS	RSRS as % of total	2014/15	RSRS	RSRS as % of total
Darlington	**224224**	**107929**	**48**	**209199**	**86,232**	**41**
Durham	**993535**	**832007**	**84**	**1146867**	**994,067**	**87**
Gateshead	**592759**	**501179**	**85**	**820314**	**685,814**	**84**
Hartlepool	**472326**	**328296**	**70**	**344481**	**184,934**	**54**
Middlesbrough	**720692**	**523098**	**73**	**591508**	**414,140**	**70**
Newcastle	**1546639**	**1291923**	**84**	**891224**	**724,709**	**81**
North Tyneside	**409396**	**330880**	**81**	**516833**	**444,806**	**86**
Northumberland	**530794**	**266242**	**50**	**506546**	**295,681**	**58**
Redcar and Cleveland	**423690**	**303046**	**72**			
South Tyneside	**306418**	**268934**	**88**	**414271**	**359,887**	**87**
Stockton on Tees	**396152**	**243287**	**61**	**447959**	**249,950**	**56**
Sunderland	**681113**	**413941**	**61**	**759170**	**500,366**	**66**

Source: DWP - Use of Discretionary Household Payments

Arrears and mitigation

As in the previous monitoring report, there is no clear pattern in arrears. In many authorities, interviewees used phrases such as “increasing slowly” or “lower than expected”. One authority stated that they were decreasing. In two of the authorities where unemployment is highest, however, the situation is different with arrears increasing month on month. Additionally, one of the authorities was reporting “unprecedented demand for help on possible eviction”. There also seems to be no clear pattern in arrears arising from RSRS

It is clear from the interviews with housing providers that there is considerable reluctance to evict tenants, even when arrears are increasing, although there is usually a caveat that tenants should be making efforts to control their arrears or move closer to finding work. The motivation for this approach is the same as set out in previous reports, namely: the ethos of many of the providers is that eviction is the last resort; there is little alternative provision in the housing market and the cost to both the housing provider and the public purse is considerable.

Prior to and since the introduction of the major welfare reforms in 2103, housing providers have undertaken a number of initiatives to moderate their impact. The most important of these has been the development of teams to deal with welfare and money advice as well as schemes to help people into work. These have come at a cost, with one housing provider stating that the extra resource arising from the introduction of the reforms and their various responses had been costed at approximately £500k.

There has been an increased use of schemes around white good, furnishings, which local authorities are also making use of, reflecting a more innovative approach to some of the issues. Three out of the four housing providers had their own version of a hardship fund to use for tenants in extreme need – often linked to their advice teams. There was also the ad hoc provision of food and clothing – often provided voluntarily by workers.

The intractability of the problem being faced by the issues surrounding under-occupation is clearly highlighted by the proposed development of a fund by one housing provider that will be used to pay, with conditions, part or all of the shortfall caused by the RSRS. This is likely to be used in areas of low demand but it explicitly accepts the fact that there is little alternative to many people having to stay put. It is considered to be cost effective as the scheme will pay for itself if it reduces the number of voids.

Returns from local authorities were largely incomplete on the impact of the changed Council Tax schemes but national figures show that collection rates in most authorities have continued to fall since 2013, two notable exceptions being Durham and Northumberland, who have not yet introduced any increases to those benefit claimants eligible for the first time:

Table 5 - Council Tax – Amount collected as a percentage of amount payable 2012/13 – 2014/15

	12/13	13/14	14/15
Darlington	95.9	95.2	95.2
Durham	95.0	95.4	95.8
Gateshead	96.6	96.2	95.4
Hartlepool	97.0	96.1	95.4
Middlesbrough	96.0	93.4	93.6
Newcastle	97.1	96.9	96.9
North Tyneside	96.9	96.5	96.4
Northumberland	97.7	97.5	97.7
Redcar & Cleveland	96.8	95.4	95.5
South Tyneside	97.1	96.2	96.0
Stockton	98.2	96.9	96.4
Sunderland	97.2	96.5	96.6

Source: DCLG – Council Tax collection rates

Sanctions and administration of benefits

Only one housing provider and two local authorities reported that they did not have any significant issues with sanctions. In one of these, it seems likely that the improving local job market was beginning to lessen the impact of the number of adverse awards. In others, however, there was considerable concern, with one local authority officer stating that they were more of an impact than welfare reform.

Analysis of office performance (Benefit Sanctions and Homelessness – NEHTT September 2015) shows that there is a considerable difference in the rates of adverse decisions for which there is no evident explanation in terms of the job market or any other external conditions. It is clear, however, that there are good relationships between senior officers of the DWP and other agencies with the problem being described by some as occurring at the decision making level. In the last year there also appears to be increasing co-operation between partners, particularly with the appointment of Social Justice Managers in JCP offices.

There were some good examples of agencies, including JCP working together to improve claimants' knowledge of the sanctions process and to improve communications. 'Welfare reform' as one interviewee stated, 'has been good for partnership working'. A North Tyneside project is a good example of how multi agency working has improved outcomes (a reduction in adverse decisions) by:

- Having a wide range of groups in the partnership including third sector, disability groups and the JCP
- Providing advice, guidance and training for specific groups on the claimant commitment and what it means
- Development of protocols for different client groups
- Named JCP officers and the ability to speak on claimants' behalf.

Whatever combination of these methods is adopted, formal and informal liaison between agencies is seen as critical to moderating adverse decisions.

There is concern in the future, however, over how sanctions will be interpreted in the light of Universal Credit and the number of hours claimants are expected to work. Close monitoring will be needed to see how this works out in practice. In a recent change to the regulations it will be the case that sanctions will run consecutively rather than concurrently which is likely to increase the average length of sanctions.

Local Welfare Assistance schemes

This is one of the more problematic areas of welfare reform. These schemes replaced the Social Fund which last operated in 2013/14; replacing a national scheme with locally designed and delivered models. In nearly all authorities in the region, local schemes were heavily underspent in the first year of operation. Initial uncertainty about the level of demand has been coupled with considerable budgetary uncertainty and local authorities have been seen as cautious in their spending under this heading, as reported in earlier monitoring.

In general, local authorities appear to be continuing with much the same approach as last year, although there are a number of authorities that are seeking to take a more 'holistic' approach to the awards and are being more flexible in the criteria they have set to gain an award. One authority has taken this further, bringing the social welfare scheme into adult services as well as DHPs and providing an integrated service with face to face enquires about the scheme with Housing Benefit workers .This approach is seen to be of 'huge benefit' to the authority and its customers and is consequently providing a wider range of options than previously. It is also the only authority that now considers the use of cash payments to claimants.

Overall, there is concern that there is a much diminished amount of money available for people who are experiencing crises. Table 6 below shows the wide difference in the number of claims that were made in the last year of the social fund and current activity. It is clear that, irrespective of the perceived failings of the previous scheme, there is far less of an official resource available for claimants than previously.

Table 6 – Social Fund 2012/13, Local Welfare Assistance 2014/15 (anonymised)

		Areas of the Social Fund Transferred to LAs			
LWA awards 14/15		**Crisis Loans (items)**	**Crisis Loans (living expenses)**	**CCGs**	**Total no of awards**
1010		100	2250	650	3000
1081		170	3880	1320	5370
851		130	2690	1060	3880
153		140	2360	810	3310
915		170	3340	930	4440
1460		360	5060	1430	6850
981		170	3020	1230	4420
3356		270	4340	2040	6650
1938		450	7630	2220	10310
1203		200	3210	880	4290

Source: ANEC/ILG Survey/DWP - Discretionary Social Fund by local authority Apr 2012 to Mar 2013

The items in the Social Fund columns in Table 6 are those which have been transferred to local authorities. Although there are a lower number of comparable awards across the region, it is evident there is a range of support being provided by authorities, with one making fewer than 5% of the number of awards that were made in the last year of the Social Fund and another over 50%. In cash terms, in the ten authorities where we have figures, the amount awarded in 2014/15 was £3.3m, compared to £8.8m in 2012/13. It should be borne in mind that only the Community Care Grant (CCG) element took the form of a non re-payable grant, the rest were in the form of loans.

It would seem that some aspects of demand are being met by other agencies. There are few reliable statistics from the range of food banks and schemes throughout the North East but the figures from the Trussell Trust below show the massive growth, both nationally and in the region, of the number of incidences of people using a food bank. As reported above, there are also a wide range of formal and informal schemes that are being operated by housing providers and members of the voluntary sector. The findings from this monitoring report would suggest that there has been a significant shift in the nature of welfare provision; from entitlement through the benefits system to increasing reliance on less formal and often charitable means of provision.

One of the aims in establishing Local Welfare Assistance schemes was to secure more effective targeting with the use of local knowledge provided by local authorities. With many people relying on ad hoc methods of crisis support (and the difficulty of monitoring such schemes) it is not clear how effective this targeting has been.

Trussell Trust Foodbank statistics 2011/12 – 2014/15
(People in crisis given three days emergency food)

	2011/12	2012/13	2013/14	2014/15
National	128,697	346,992	913,138	1,084,604
North East	741	10,501	59,146	87,693

Source: - Trussell Trust

Future concerns

All of the housing providers and many of the local authorities are now stating that they are ‘gearing up’ for the introduction of Universal Credit (UC). Many see this as difficult administrative challenge and likely to use up many of the resources now being deployed for current welfare reform issues. Even though it was not a part of the monitoring format for this exercise, some UC issues were already rising and causing some concern to practitioners, namely:

- Delays in payment. In some of the first cases it was taking long periods of time for claimants to receive their money
- One housing manager stated that the DWP were “completely unprepared” – he gave an example of 25 cases with housing costs, “each one of which was wrong”. The process relies on individual claimants who often do not know how such costs are worked out.
- Another housing manager stated that the positive relationships developed with the local office would be hard to replicate once the use of call centres were introduced with the full roll out of Universal Credit. This would seem to place in jeopardy the significant partnership working that has improved communications between agencies.

Against this background it is suggested that future monitoring should continue with the main themes of this report but there is a clear need to keep track of the roll out of Universal Credit in the North East, backed up by the increasing amount of material from other pilots throughout the country.

Conclusions

This has not been a static area of study. As well as the continuing impact of the changes that have been introduced since2013, there has been the delayed introduction of Universal Credit; changes introduced by the summer budget of 2015 will have a substantial impact and on-going administrative issues, such as sanctions, are an underlying influence on how social welfare is delivered. A major factor that has prompted this monitoring programme has been the perceived lack of ability to adapt national policies to suit local conditions. This was recognised at the beginning of this process when the 2013 regional report underlined the problems that would develop from:

"… the issues that arise from applying a national policy across diverse areas of the country. The particular conditions that pertain in the North East, particularly in regard to underlying economic conditions and the structure of the housing stock leave residents vulnerable to a range of pressures with little flexibility in local governance to mitigate them"

The findings of this research reflect this lack of flexibility and welfare reform and its related issues will continue to have an impact in the North East. There have been large scale interventions to mitigate the effects of these reforms and impressive partnership working to assist the more vulnerable groups but resources will now come under more pressure as increased austerity through the measures introduced in the Summer Budget compounds the effects of those already in place. Earlier monitoring reports have suggested that the consequences of these changes, when added to wider socio-economic trends, will have an impact on the health of the poorest members of society. Many commentators, particularly those in relevant professional fields are expressing increased concerns around health issues. As such it is suggested that a review of initiatives across the region in relation to health impacts and an assessment of any emerging trends in this area should be included in future monitoring reports.

Appendix 1
(source: Disability Alliance)

Key welfare reform changes (2015)

Benefits Employment and Support Allowance
From April 2017 new ESA claimants who are placed in the Work-Related Activity Group will receive the same rate of benefit as those claiming Jobseeker's Allowance, alongside additional support to help them take steps back to work.

Working-age benefits rate freeze
Working-age benefits, including tax credits and Local Housing Allowance, will be frozen for 4 years from 2016-17 (this doesn't include Disability Living Allowance, Personal Independence Payment, Employment and Support Allowance support group payments, Maternity Allowance, Maternity Pay, Paternity Pay and Sick Pay)

Benefit Cap reduction and regionalisation
From April 2017 the household benefit cap will be reduced to £20,000 (£13,400 single rate) and £23,000 in London (£15,410 single rate).

Tax Credit and Universal Credit in work reforms

Income threshold reduction
From April 2016, the level of earnings at which a household's tax credits and Universal Credit award starts to be withdrawn for every extra pound earned will be reduced from £6,420 to £3,850. Universal Credit work allowances will be reduced to £4,764 for those without housing costs, £2,304 for those with housing costs, and removed altogether for non-disabled claimants without children.

Tax credit taper
This is the rate at which a person's or household's tax credit award is reduced. The taper rate will be increased from 41% to 48% from April 2016.

Support for children
In households with two or more children any subsequent children born after April 2017 will not be eligible for further support. Equivalent changes will be made to the Housing Benefit rules. This will also apply in Universal Credit to families who make a new claim from April 2017.

Family element
Those starting a family after April 2017 will no longer be eligible for the Family Element in tax credits. The equivalent in Universal Credit, known as the first child premium, will also not be available for new claims after April 2017. In Housing Benefit, the family premium will be withdrawn for new claims from April 2016.

Young people
Those aged 18 to 21 who are on Universal Credit will have to apply for an apprenticeship or traineeship, gain work-based skills, or go on a work placement 6 months after the start of their claim. Apart from certain exceptions (those considered vulnerable) they will not be allowed to claim Housing Benefit

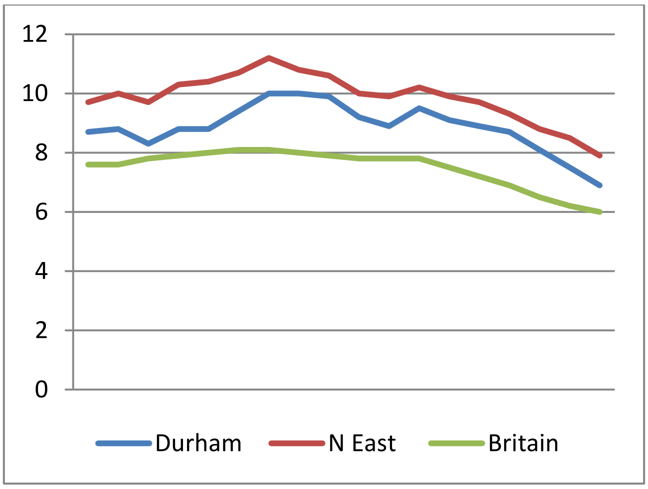
Parents requirement to seek work
From April 2017 parents with a youngest child aged 3 or older (including lone parents) who are able to work will be expected to look for work if they are claiming Universal Credit.

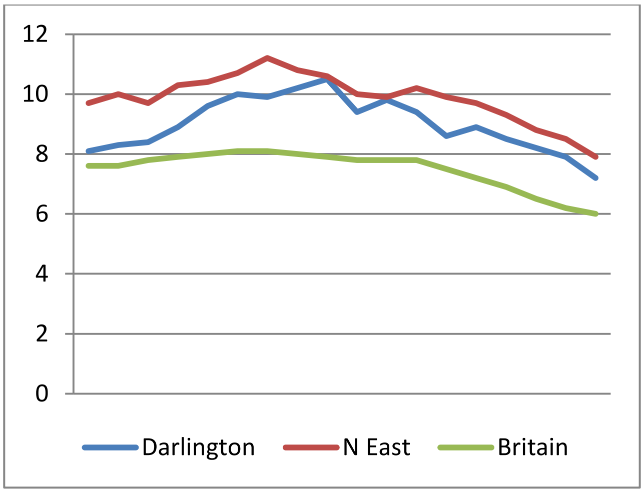
Education Abolition of maintenance grants
From the 2016-17 academic year new maintenance loan support will replace student grants. Cash support for new students will increase by £766 to £8,200 a year. Loans will be paid back only when graduates earn above £21,000 a year.

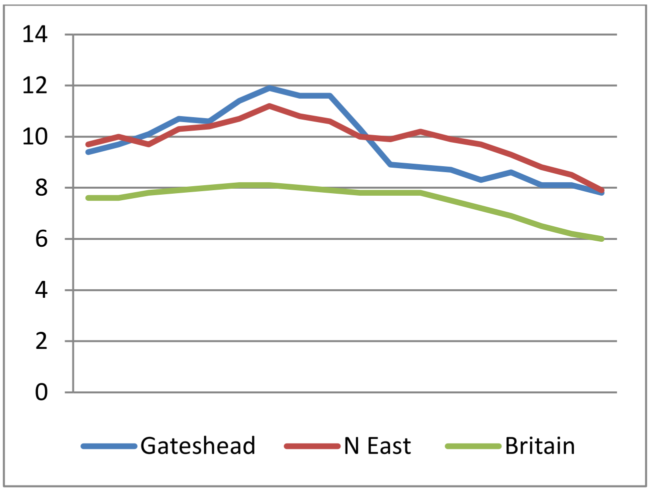
Social Housing Rent reductions
Rents for social housing will be reduced by 1% a year for 4 years, and tenants on higher incomes (over £40,000 in London and over £30,000 outside London) will be required to pay market rate, or near market rate, rents. The government will review the use of lifetime tenancies in social housing to limit their use with the aim of ensuring households are offered tenancies that match their needs, and ensure the best use is made of the social housing stock.

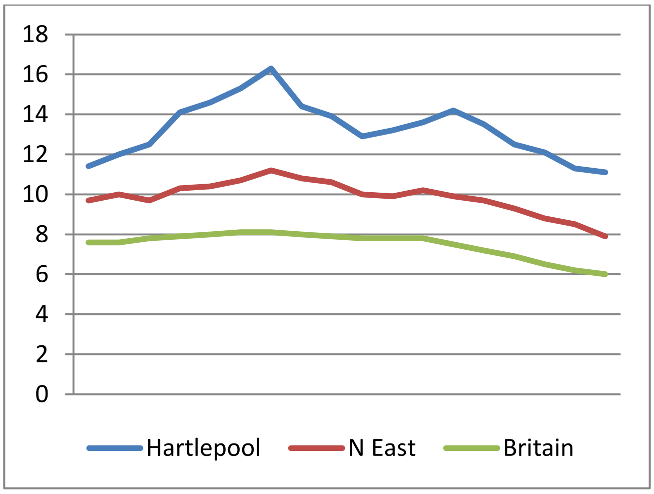
Appendix 2

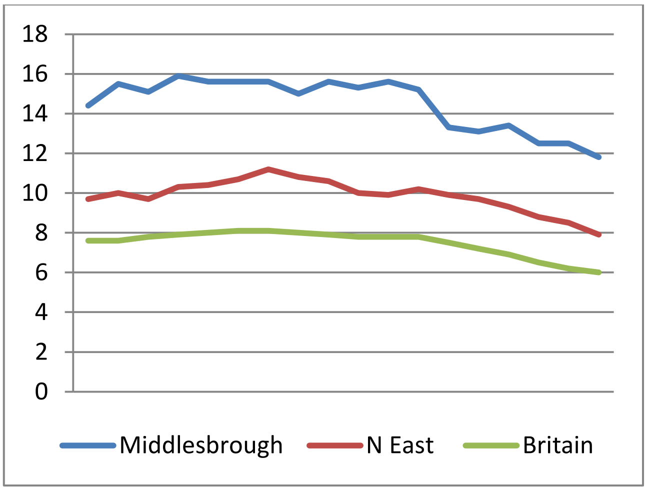
Unemployment by local authority, 2010-2015

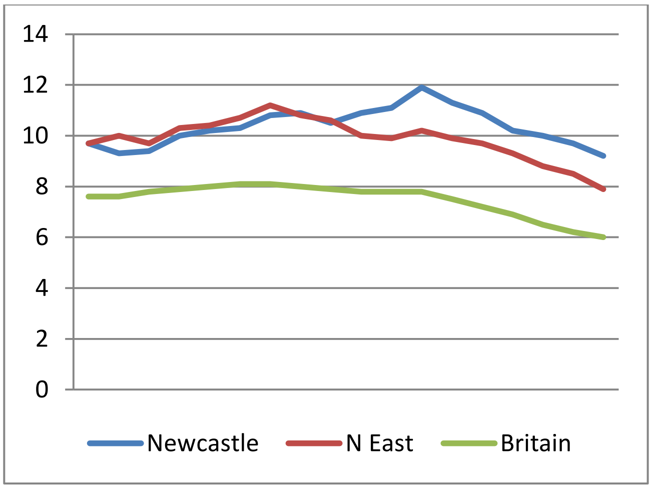


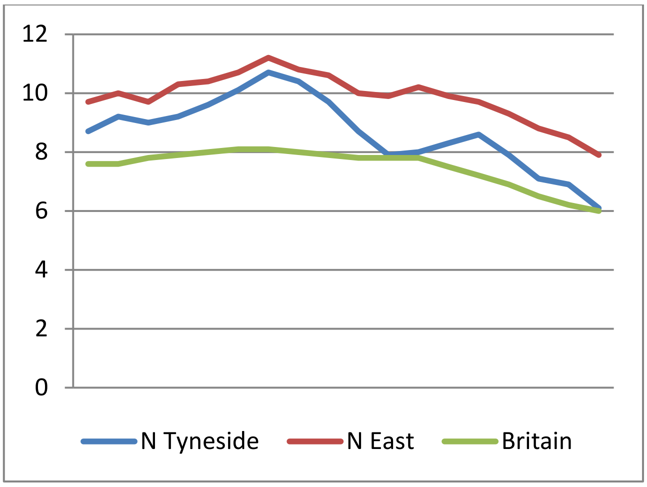








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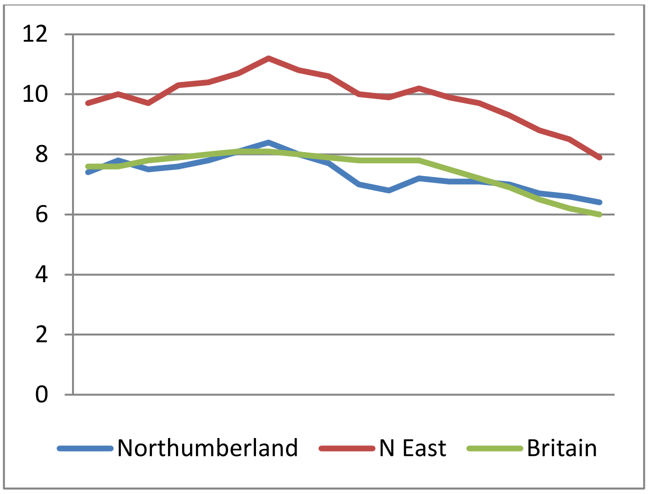
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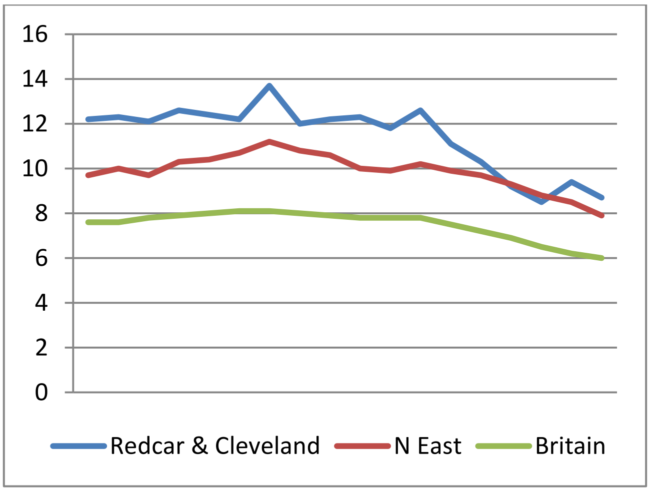
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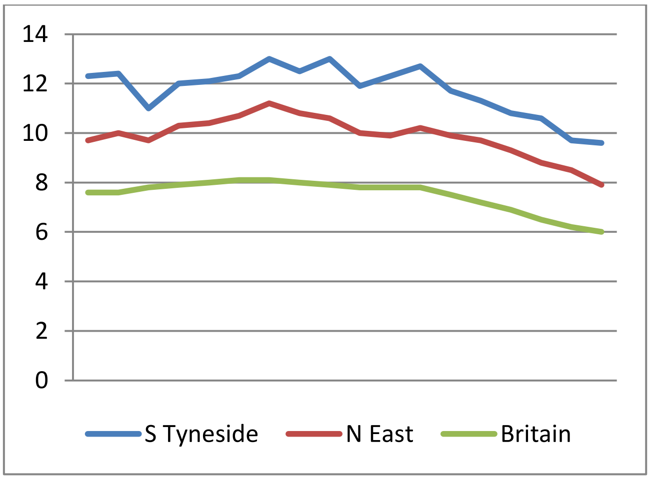
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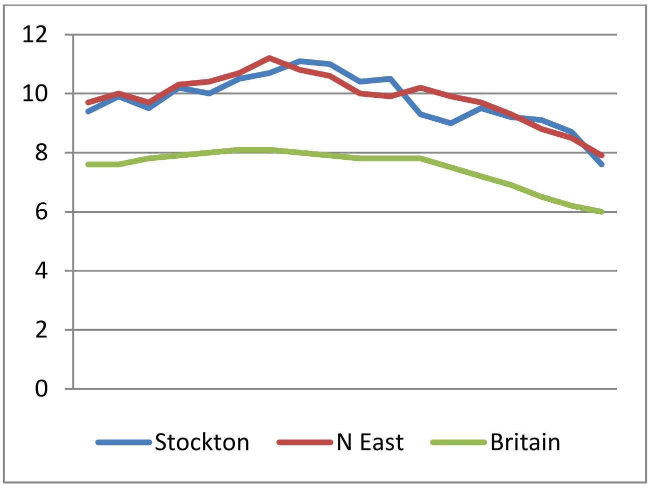
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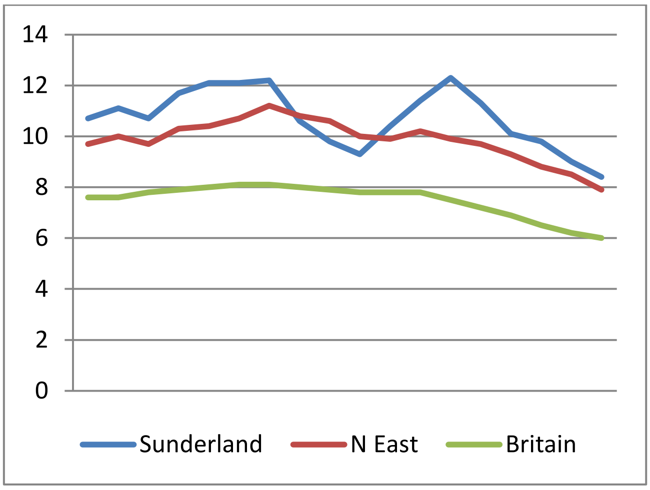
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