



# Summary Review of the Impact of Welfare Reform

Oct 2016

## Introduction

Merton CIL are a user-led Disabled people's organisation run by Disabled people, for Disabled people. We deliver a range of services to disabled people in London Borough of Merton, including advice and advocacy services.

Through our case work we gather evidence of significant issues facing local disabled people. This briefing is a short overview of the impact of Welfare Reform. It has been prepared for a Healthier Communities and Older People Overview and Scrutiny Panel<sup>1</sup> and in addition to being based on our casework, builds on initial research undertaken in partnership with the Public Health team.

## Overview

The welfare benefit reforms that the government brought in through the Welfare Reform Act 2012 are having a significant and disproportionate negative impact on Disabled people, which seriously jeopardises Disabled people's standard of living and reduces the level of social protection.<sup>2</sup>

Cuts to benefits and Local Government together bear 50% of planned cuts in the Treasury Spending Review. A list of some of the main changes, caps and cuts demonstrates the scale of Welfare Reform<sup>3</sup>:

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<sup>1</sup> <http://democracy.merton.gov.uk/ieListDocuments.aspx?CIId=151&MIId=2528>

<sup>2</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 13

<sup>3</sup> <http://www.centreforwelfarereform.org/library/categories/disability/farewell-to-welfare.html>

Reducing benefits over time so they don't keep pace with the economy (CPI indexation)	Closure of ILF
Child Benefit Changes	Cuts to Tax Credits (not implemented)
Replacing DLA with PIP	Introduction of Mandatory Reconsideration process in benefit appeals
Time-limiting contributory ESA	Cuts to Housing Benefit such as non-dependant deductions and limited backdating
Council Tax Benefit Changes	Household benefit cap
Cuts to Local Welfare Assistance Fund	Freeze to Local Housing Allowance
Spare Room Subsidy (Bedroom Tax)	Continued transfer from IB to ESA
Abolition of Child Trust Fund	Abolition of ESA youth rules
Abolition of Sure Start Maternity grant for second child	Tougher sanctions for JSA and ESA claimants
Abolition of Health in Pregnancy grant	Work Capacity Assessments for ESA claimants
Reductions in Supporting People funding	Reductions in Access to Work funding
Closure of Remploy services	Changes to Mortgage Interest Relief
Universal Credit rollout	Significant cuts to local authority funding

Further planned cuts and changes:

- Transfer of AA to local authorities
- Tax Credits Support for children reduced
- Reduction in payment for ESA Work-Related Activity Group Claimants
- Universal Credit Youth Obligation
- Universal Credit Housing Support removed for young people
- Capping Housing Benefit in the social rented sector
- Support for Mortgage Interest (SMI) payments to become a loan

Other significant changes affecting the people hardest hit by Welfare Reform include:

- Increased VAT to 20%
- Cuts to legal aid
- Increased rents
- Increased cost of basic needs like utilities

Recently, four different reports have concluded that the cuts associated with Welfare Reform have disproportionately impacted on disabled people. One report demonstrates that Welfare Reform targets people in poverty and disabled people, with disabled people who need to access both benefits and social care affected 6 times more than non-disabled people resulting in an annual reduction in income of £6,354 per person<sup>4</sup>. Demos, funded by Scope, have also demonstrated the severe cuts faced by disabled people. They calculated that by 2018 disabled people will have lost a total of £28.3 billion of income by a series of different caps and cuts<sup>5</sup>.

Most recently the National Institute of Economic and Social Research, commissioned by the Equality and Human Rights Commission reached the same conclusion. They found "The impacts of tax and welfare reforms are more negative for families containing at least one disabled person, particularly a disabled child, and that these negative impacts are particularly strong for low income families."<sup>6</sup> Finally, a recent report from Just Fair – Dignity and Opportunity for All – concluded that the UK Government was in breach of international law for its unfair treatment of disabled people.<sup>7</sup>

As a consequence, Disabled people are facing disadvantage across key areas of their lives<sup>8</sup>, and are experiencing significant health inequalities<sup>9</sup>. Barriers to employment, accessing the community, poverty and homelessness follow.<sup>10</sup>

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<sup>4</sup> Duffy S (2014) Counting the Cuts: what the Government doesn't want the public to know. Sheffield, The Centre for Welfare Reform

<sup>5</sup> Wood C (2013) Destination Unknown: April 2013. London, Demos.

<sup>6</sup> Reed H & Portes J (2014) Cumulative Impact Assessment: A Research Report by Landman Economics and the National Institute of Economic and Social Research (NIESR) for the Equality and Human Rights Commission. London, Equality and Human Rights Commission.

<sup>7</sup> Young J (with Nolan A) (2014) (Dignity and Opportunity for All: securing the rights of disabled people in the austerity era. London, Just Fair.

<sup>8</sup> The Equality Act 2010: The Impact on Disabled People, House of Lords Select Committee on the Equality Act 2010 and Disability, 2016

<sup>9</sup> Is Britain Fairer? Equalities and Human Rights Commission, 2015

<sup>10</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015

Welfare Reform has been detrimental to the well-being of disabled people and this creates particular challenges for statutory and voluntary services supporting disabled people.

## **Summary impact of benefit cuts and changes**

The changes to benefits are complex, far-reaching, and inter-linked, so that a change in one benefit frequently has a larger effect than might have been expected.

For example, in the migration from DLA to PIP, about 20% of those entitled to DLA are expected to lose their entitlement to PIP.<sup>11</sup> If entitlement to DLA is lost, not only will individuals lose their DLA income, but they could also lose income from other benefits as they are no longer exempt from bedroom tax, the overall benefit cap and in some boroughs, council tax support.<sup>12</sup> In addition, 148,000 disabled people are expected to lose out on the enhanced rate and their access to a Motability vehicle meaning they will not be able to leave their own homes and participation in the community such as volunteering, employment or social contact will be lost.<sup>13</sup>

In another example, people who lose ESA will automatically lose Housing Benefit, even though this is contrary to DWP guidelines<sup>14</sup>. If loss of Housing Benefit leads to rent arrears then people can be evicted and may additionally be found intentionally homeless by the local authority and therefore not eligible for further support. We have witnessed this happening in Merton.

In a third example, people who struggle to pay their full rent can apply for Discretionary Housing Payments. However, nationally 1 in 3 Disabled people are being refused a DHP<sup>15</sup> and Local Authorities have even rejected DHP applications from Disabled people living in adapted properties who are unable to downsize in the short term. Because DHPs

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<sup>11</sup> <http://www.londonpovertyprofile.org.uk/indicators/topics/receiving-non-work-benefits/dla-caseload-by-care-award-type/>

<sup>12</sup> <http://www.londonpovertyprofile.org.uk/indicators/topics/receiving-non-work-benefits/dla-caseload-by-care-award-type/>

<sup>13</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 22

<sup>14</sup> <http://www.theguardian.com/society/patrick-butler-cuts-blog/2015/oct/06/dwp-finally-acts-to-end-housing-benefit-maladministration-scandal>

<sup>15</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 24

are short term and temporary they are creating significant instability for disabled people trying to remain in rented accommodation.

## **Summary impact of Social Care cuts and changes**

Social care is the front-line prevention service of the welfare state. When people do not get this practical assistance it can quickly lead to death, health crisis, hospital admission, institutionalisation, fractured families and police action - all of which is more expensive and less effective than early support to stay strong and independent.<sup>16</sup>

Despite this, there have been considerable cuts to local authority funding<sup>17</sup>, leading to cuts to Adult Social Care funding, although some local authorities have mitigated this better than others, with 144/152 of English Councils taking up the 2% Social Care Precept in Council Tax<sup>18</sup>.

Many Disabled people's care and support has been cut down to a very basic clean and feed model, and as a result full inclusion and participation in the community has become impossible. In a survey with disabled people, over a third (36%) say they were unable to eat, wash or leave their homes due to underfunding,<sup>19</sup> while service providers are significantly concerned that there is insufficient time or funding to ensure people can be supported without risk to their dignity.<sup>20</sup>

The Office for National Statistics found that only 65 per cent of Disabled people said they frequently had choice and control over their lives, a fall of more than 14 per cent (or 11 percentage points) in just six years.<sup>21</sup>

Local authority cuts also impact disabled people in other ways with reductions in other services having an impact too and even a simple cost-cutting measure like moving services online can be detrimental given that only 60% of disabled people access the internet compared to 90% of non-disabled people.<sup>22</sup>

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<sup>16</sup> A Fair Society? How the Cuts target Disabled People, Centre for Welfare Reform, 2010, p. 13

<sup>17</sup> ADASS (2014) Budget Survey 2014. ADASS

<sup>18</sup> Only 8 out of 152 Councils in England decided not to take up the 2% Council Tax precept. Source: Local Government Association 26/08/2016

<sup>19</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 8

<sup>20</sup> Angel C (2012) Care is Not a Commodity. UKHCA

<sup>21</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 6

<sup>22</sup> Is Britain Fairer? Equalities and Human Rights Commission, 2015, p. 32

## Summary cumulative impact of Welfare Reform

Without appropriate support many disabled people face isolation and poverty, unable to assume ordinary roles in society or to contribute socially and economically.<sup>23</sup>

There has been particular concern about the effects of reductions in funding for local authorities, changes to benefits, and the way in which these might interact to restrict independent living.<sup>24</sup>

It seems clear that these changes are creating and compounding inequality which is correlated with<sup>25</sup>:

- Lower levels of life expectancy
- Higher levels of infant mortality
- Worsening mental health<sup>26</sup>
- Greater obesity
- Higher rates of bad health<sup>27</sup>
- Poor educational achievement
- Higher teenage birth rates
- Lower community cohesion

This means that inequality is expensive. However, disabled people are in greater, and increasing, poverty.<sup>28</sup>

Welfare Reform is also correlated with homelessness with a sharp rise in the number Disabled people who have been experiencing evictions and homelessness in the last 2 years because of rent arrears.<sup>29</sup>

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<sup>23</sup> Dignity and Opportunity for All: Securing the Rights of Disabled People in the Austerity Area, Just Fair, 2014, p. 3

<sup>24</sup> Implementation of the Right of Disabled People to Independent Living, House of Lords House of Commons Joint Committee on Human Rights, Twenty-third Report of Session, 2010–12, p. 5

<sup>25</sup> A Fair Society? How the Cuts target Disabled People, Centre for Welfare Reform, 2010, p. 26

<sup>26</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 8

<sup>27</sup> Is Britain Fairer? Equalities and Human Rights Commission, 2015, p. 51

<sup>28</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 12

<sup>29</sup> Evidence of Breaches of Disabled People's Rights Under the UN Convention on the Rights of Persons with Disabilities, Inclusion London, 2015, p. 17

## The impact in Merton

At Merton CIL we work closely with disabled people to navigate the benefits and care systems and directly experience many of the issues described above. Currently we have a service user who has had his Housing Benefit suspended because of a stop to his ESA. We have spoken to DWP and confirmed the stop has been done in error and should be reinstated, but the Council decline to take our word for it and won't reinstate the HB claim until they receive formal notification from DWP, meaning that the individual is currently in rent arrears. In another example, we supported a former ILF user who had his care package cut during the reassessment process but was subsequently hospitalised and is now trying to fight for a reassessment to meet his increased needs, while very unwell.

We estimate that between 950 and 2,000<sup>30</sup> disabled people may lose their entitlement to PIP in Merton. An estimated 100 motability vehicles may be lost as claims are downgraded.

We are still exploring the potential local impact of ESA changes such as increasing sanction rates<sup>31</sup>, or Universal Credit changes resulting in less income for disabled people in work.<sup>32</sup>

In January 2016, the council faced protests over its plans to cut £5 million from its adult social care budget, with campaigners comparing these plans to "social cleansing", and accusing it of "treating people no better than animals in Longleat". A report from Healthwatch Merton<sup>33</sup> showed that local people didn't feel they could influence the decision-making process. It also highlighted the fact that the quality of existing services was reducing and that prevention was made impossible by cuts to services. Disabled and older people felt that their wellbeing would be reduced and people's physical health would worsen. Families would be put under immense strain and social connections severed. Disabled and older people would be made vulnerable by these cuts and the ultimate consequence for some was that life was no longer worth living.

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<sup>30</sup> We have written to the Job Centre to ask for more accurate assessments but they are unable to provide this information

<sup>31</sup> Hale C (2014) Fulfilling Potential? London, Mind

<sup>32</sup> The Children's Society (2012) Holes in the safety net: the impact of Universal Credit on disabled people and their families. The Children's Society

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[http://www.healthwatchmerton.co.uk/sites/default/files/hwm\\_asc\\_focus\\_groups\\_write\\_up\\_report.pdf](http://www.healthwatchmerton.co.uk/sites/default/files/hwm_asc_focus_groups_write_up_report.pdf)

## **In conclusion**

Local support structures could be put in place to mitigate the impact of Welfare Reform. This could include a range of activities such as more local advice and advocacy services, money management and debt advice, greater scrutiny of poor practices at benefit assessment centres, and improvements to housing support.

However, the local authority has the most control over its Adult Social Care budget. Insufficient funding of social care is creating an unsustainable situation. Merton's own budget plan points out that the cuts to services which are being implemented mean that they can't meet their statutory duties and the local voluntary sector has been vocal in asking for less damaging cuts. It is here that LBM can have the greatest impact on people's lives by adequately resourcing Adult Social Care to the Care Act standard.