



Democratic Support

Plymouth City Council
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#plymreview

SCRUTINY - COOPERATIVE SCRUTINY REVIEWS

SUMMER BUDGET IMPLICATIONS

Monday 19 October 2015
1.30 pm
Council House, Armada Way, Plymouth PL1 2AA

Members:

Councillors Mrs Aspinall, Bowie, Jordan, Sam Leaves, Ricketts, Stevens, Kate Taylor and Tuohy.

Members are invited to attend the above meeting to consider the items of business overleaf.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - <http://www.plymouth.gov.uk/accesstomeetings>

Tracey Lee
Chief Executive

SCRUTINY - COOPERATIVE SCRUTINY REVIEWS

PART I - PUBLIC MEETING

1. APPOINTMENT OF CHAIR

To appoint a Chair for the purposes of this co-operative review.

2. APOLOGIES

To receive apologies for non-attendance by panel members.

3. DECLARATIONS OF INTEREST

Members will be asked to make any declarations of interest in respect of items on this agenda.

4. CHAIR'S URGENT BUSINESS

To receive reports on business which, in the opinion of the Chair, should be brought forward for urgent consideration.

5. CO-OPERATIVE SCRUTINY REVIEW : THE SUMMER BUDGET AND IMPLICATIONS FOR PLYMOUTH RESIDENTS:

5a Co-operative Review Request Form **(Pages 1 - 2)**

5b Witness Timetable **(Pages 3 - 4)**

5c Supporting Information **(Pages 5 - 26)**

- Presentation from Pete Aley, Head of Neighbourhood and Community Services (to be provided on the day)
- Written submission from Nick Dilworth, Plymouth CAB
- Written Submission from Plymouth Foodbank
- Early Years Strategy and Plan - Summary

6. DATE AND TIME OF NEXT MEETING

The next meeting will take place at 1.30 pm on Friday 13 November 2015.

7. EXEMPT BUSINESS

To consider passing a resolution under Section 100A(4) of the Local Government Act 1972 to exclude the press and public from the meeting for the following item(s) of business on the grounds that it (they) involve the likely disclosure of exempt information as defined in paragraph(s) of Part 1 of Schedule 12A of the Act, as amended by the Freedom of Information Act 2000.

PART II - PRIVATE MEETING

AGENDA

MEMBERS OF THE PUBLIC TO NOTE

that under the law, the Panel is entitled to consider certain items in private. Members of the public will be asked to leave the meeting when such items are discussed.

NIL.

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REQUEST FOR A COOPERATIVE REVIEW



Please submit this document to Democratic Support once complete.

The request will be submitted to the Co-operative Scrutiny Board for consideration against the approval criteria and you will be notified of its success. If the Board approve the request for a Co-operative Review on the subject matter below then a project plan will be completed and you may be asked for further information.

What is the name of the review?	The Summer Budget and Implications for Plymouth Residents
<p>Please provide a brief outline of the subject and scope of the review?</p>	<p>On 8 July, Chancellor George Osborne delivered the first Conservative Budget since 1996.</p> <p>Whilst further cuts to overall public spending will not be clear until the completion of the spending review in the autumn, the Budget contained significant welfare reforms, net tax increases and higher government borrowing.</p> <p>The review will focus on the elements considered to impact most keenly on the residents of Plymouth.</p> <ul style="list-style-type: none"> • Working age benefits • Benefits cap • Free childcare entitlement • The youth obligation • Social housing (right to buy, pay to stay, rental rates) • National living wage <p>This budget may result in many Plymouth residents finding it difficult to manage financially.</p>
	<p>The main reasons of the review are:</p> <ul style="list-style-type: none"> • This is a matter of significant concern for members of the public and elected members.
<p>What will the review attempt to achieve?</p>	<p>It will:</p> <ul style="list-style-type: none"> • Identify the potential number of residents in Plymouth at risk of significant financial hardship; • Identify the impact on key city partners; • Identify how changes in other areas of the public sector will impact upon the demand for city partners services; • Ensure that there is a “single version of the truth” in respect of data and impact analysis on changes resulting from the

	<p>budget. This will require Her Majesty's Revenue and Customs and the Department for Work and Pensions being called as key witnesses;</p> <ul style="list-style-type: none"> • Make recommendations to cabinet in respect of future funding or alternative delivery of services in the wake of substantial changes announced in the Summer Budget.
Who will benefit from the review?	The beneficiaries will be residents of Plymouth, the Council and its partners.
How long do you think the review might take?	Details of numbers and scheduling of public meetings will be defined through the project planning process.
When do you think the review should commence and why?	This review should be undertaken immediately as it has been identified as an area of public concern.
When do you think the review should be completed by and why?	The review should be expedited and be completed at the earliest opportunity in order to influence the budget setting process.
Review requested by?	Councillor Kate Taylor

Received in Democratic Support Section:	Reviewed by the Co-operative Scrutiny Board:
Date:	Date:
Scrutiny Review Approved/Rejected	
If approved initial Project Plan meeting date:	

Cooperative Scrutiny Review : The Summer Budget and Implications for Plymouth Residents

Monday 19 October 2015

Session 1 - Working Age Benefits / Benefit Cap / Child Tax Credits

Witnesses	Times
Pete Aley, Head of Neighbourhood and Community Services and Councillor Penberthy, Cabinet Member for Co-operatives and Housing	1.30 pm
Nick Dilworth, Plymouth Citizens' Advice Bureau	2 pm
Katy Bartlett, Plymouth Foodbank	2.20 pm
COMFORT BREAK	2.40 pm
Faye Batchelor-Hambleton, Assistant Director for Customer Services, Denise Sadler, Revenues and Benefits Manager, and Emma Rose, Strategic Development Manager (Customer Services)	2.50 pm

Session 2 – Free Childcare Entitlement

Witnesses	Times
Judith Harwood, Assistant Director for Learning and Communities, and John Searson, Head of Education and Learning	3.15 pm
Karen Sweet and Sue Kowalska from the Cabin Childcare Centres	3.35 pm

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Witness Evidence Report

For Plymouth City Council Cooperative Review

'The Summer Budget and implications for Plymouth residents'

Nick Dilworth – Plymouth Advice

October 2015

Submission to Plymouth City Council as witness evidence for use in the review of 'The Summer Budget and implications for Plymouth residents'

The Council has requested evidence for its request for a cooperative review. As the lead welfare benefit specialist for Advice Plymouth, I am duly authorised to make this submission for consideration by the overview and scrutiny management board on behalf of the organisation with whom I am employed. I warmly welcome the invitation extended to me by Katey Johns, Democratic Support Officer, Democratic & Member Support, Plymouth City Council to attend a witness session due to be heard on the 19th October 2018 at 1.30 or at any other session if so required.

This submission is provided in accordance with the council's guidance papers as supplied and addresses the first four elements for hearing at the first evidence session.

1. What do we know about the reforms?
2. What can we assume about impact based on current information?
3. What demographics/numbers is this likely to affect?
4. What are their characteristics? What sort of services do those demographics use now?

(1) Introduction

Advice Plymouth is carrying out a wider research of the impact which the government's welfare reforms will have on the inhabitants of Plymouth in a separate paper entitled 'Advice Plymouth Welfare Trends Report 2015', the evidence contained within the wider report has been used to provide a more condensed submission for the purpose of providing this evidence for scrutiny.

The most recent welfare reform & work bill is currently proceeding in Parliament towards enactment and follows on from more extensive reforms brought about by the Welfare reform Act 2012 along with a number of secondary elements of delegated legislation in the form of statutory instruments which have been signed off since the Coalition government took up office in May 2010. In addition to which we are mindful that the newly elected Conservative Government is likely to announce further welfare reforms arising out of an autumn statement and comprehensive spending review in October 2015.

Critically, the impact of the welfare reform and work bill cannot be considered in isolation as it is only part of a much wider package of pre-existing and forthcoming welfare reforms.

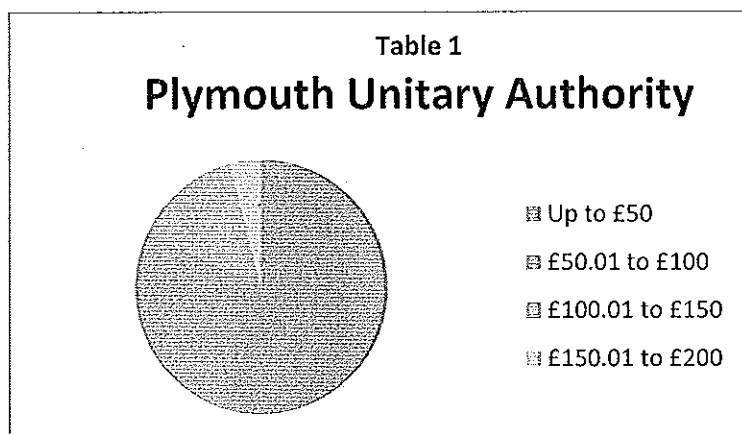
In dealing with the Welfare Reform & Work Bill. The key proposed changes fall in the following areas

- Lowering the benefit cap threshold and varying it between London and the rest of the UK. (£23,000 for couples in London and £20,000 for couples elsewhere)
- A four year benefits freeze.
- Limiting support through Child Tax Credits/Universal Credit.
- The abolition of Employment and Support Allowance Work-Related Activity Component.
- Changes to conditionality for responsible carers under Universal Credit.
- Replacing Support for Mortgage Interest with Loans for Mortgage Interest.
- Reducing social housing rent levels by 1% in each year for four years from 2016-17.

(2) Benefit Cap.

Plymouth will be subject to a benefit cap of £20,000 per annum for a couple and single parent families, single claimants without children will be subject to a 67% reduction on the couple rate (£13,400). This represents a substantial reduction from the previous benefit cap of £26,000 for couples and single claimants without children (£18,200) again at 67% of the couple rate, imposed following enactment of the Welfare Reform Act 2012.

Figures for the cumulative impact upon Plymouth (Unitary Authority) claimants affected by the existing benefit cap between 15th April 2013 and May 2015 are shown below in tables 1 and 2. A total of 128 households were affected with income exceeding the cap by the following measures of excess income over the cap.



The government's rationale in increasing the benefit cap is that it encourages people who are not working in to work. However, the benefit cap does not only affect unemployed people, it also impacts on a number of currently economically inactive claimants such as those in receipt of Bereavement Allowance • Carer's Allowance • Child Benefit • Child Tax Credit •

Employment and Support Allowance except where the support component has been

awarded • Guardian's Allowance • Housing Benefit • Incapacity Benefit • Income Support • Jobseeker's Allowance • Maternity Allowance • Severe Disablement Allowance • and Universal Credit.

Table 2

Total	Up to £50	£50.01 to £100	£100.01 to £150	£150.01 to £200	Over £200.01
128	69	35	18	5	0

The government's impact statement estimates that an estimated total 120,000 households could be affected by benefit cap in the implementation year of 2016/17, 90,000 of them additional over the current policy. Government contends that all "households taking action to move into work will be unaffected by the changes". "Those not responding will have their benefits reduced by an average of around £63 per week (median £50) in 2017/18."

The government, in its impact statement recognises the difficulty of predicting how many claimants will be affected by the benefit cap. In the Plymouth Unitary Authority area there are (as of February 2015) a total of 26,240 working age claimants, 3,460 are on Jobseeker's Allowance, 13,910 on ESA and Incapacity benefits, 1,970 are Lone Parents, 3,140 are Carers, 550 are on income related benefits, 2,920 are designated as Disabled for the purpose of an award and 280 are bereaved.

Although the benefit cap provides protection for some of these groups, the degree of protection is likely to be at risk if claimants such as carers and those in receipt of a disability benefit (such as Disability Living Allowance or Personal Independence Payment) find their benefits withdrawn. Similarly those on Severe Disablement Benefit and in the Assessment Phase/Work Related Activity Group will not be protected. These

claimant cohorts are most profoundly at risk and face far more difficulty in moving in to work due to their limitations.

An uptake in Work Capability Assessments (with The DWP awarding Maximus a new contract for WCA testing from March 2015) along with greatly reduced national forecasts for those qualifying for ESA is highly likely to see significantly increased numbers in Plymouth being affected by the benefit cap. Fewer claimants on Employment & Support Allowance are likely to benefit from the protection of the Support Group due to increased reassessment of this cohort.

The weekly amount at which a single Jobseeker would be capped equates to £253.84. A claimant aged over 25 would receive a personal allowance of £72.40 per week leaving them with £181.44 a week to afford housing. Nationally out of a total number of 62,571 households affected by the existing cap, 3,634 were single with no children. Citizens Advice estimate that for some families who need four bedrooms to house themselves adequately, their housing benefit will be reduced so that it will no longer reach the government rate for private rental costs (Local Housing Allowance) in every single part of the country.

In Plymouth rents for properties vary according to size. In Albert Road, Stoke, In Plymouth a one bedroom flat rents at £530 per calendar month. A 2 bedroom property in Elliot Road, Prince Rock rents at £600 per calendar month and a 3 bedroom property in Connaught Avenue, Mutley rents at £1,050 per calendar month.

Of the 3,460 claimants on Jobseeker's Allowance in Plymouth (UA) as of February 2015, 2,830 had no dependent children, 250 had 1 child, 180 had 2 children, 90 had 3 children, 30 had 4 children, 20 had 5 or more children and in 70 cases the number of children was unknown.

The overall working age DWP client group in Plymouth (UA) as of February 2015 comprises of 26,240 claimants, of which 4,600 have no dependent children, 2,420 have one child, 1,530 two children, 730 three children, 290 four children, 140 five or more children and 16,530 are designated as unknown in child dependency cases.

Citizens Advice evidence is that a greater number of smaller families are likely to be affected and equally larger families will be affected by the inevitably larger rents they pay. The new benefit cap is set at a substantially lower level with an increased number of cohorts being impacted upon. We would expect to see significantly more households affected than the 128 up to May 2015. Quantification as to the actual numbers which can be safely forecast as being affected will depend to a significant extent on the numbers of currently exempted cohorts becoming affected as they lose entitlement to protective benefits such as Personal Independence Payments, Disability Living Allowance and fewer Employment & Support Group claimants in the Support Group. Those most distanced from the labour market are this more likely to be affected.

These claimant groups are most likely to need more intensive family support networks, access to adequate advice services and healthcare and are thus more likely to incur greater cost in the Plymouth area as a direct consequential effect of the implementation of the new benefit cap. Effective help without adequate levels of Discretionary Housing Payments is bound to hit families hard. All of these factors are contributory to the higher incurrance of levels of personal debt, inability to pay rents, council tax and priority debts. Becoming financially destitute is a known barrier to a claimant being properly incentivised in to seeking work as a remedy (assuming it to be available and within the level of capability which the claimant can manage).

(3) Four year benefit freeze

Government has announced that the rates of certain working-age benefits, certain elements of tax credits and Child Benefit will be frozen at their 2015/16 levels for four years between 2016/17 and 2019/20. The affected group which will be affected are those on the main working-age rates of Income Support,

Jobseeker's Allowance, Employment and Support Allowance and Housing Benefit; the work-related activity group component of Employment and Support Allowance. • The basic, second adult, lone parent and 30 hour elements of Working Tax Credit (WTC) and the individual element of Child Tax Credit. • The corresponding elements of Universal Credit. • Child Benefit. It will not apply to the premia within the above working-age benefits relating to disability, pensioners, and caring responsibilities, nor to the support group component of ESA. Neither will it apply to statutory payments such as Statutory Maternity Pay or Maternity Allowance. This ensures that key vulnerable groups, who are least able to increase their incomes through earnings, are protected.

The practical impact of this change on a Plymouth working age benefit recipient will mean that a single person aged over 25 will see no increase in their weekly £73.10 income up until at least March 2020. Likewise a couple will see no increase in their £114.85 weekly income. The government estimates that the average difference between pre-change entitlement is around -£6 a week compared to CPI up-rating and acknowledges that the "majority of working-age households in receipt of state support will be affected by this policy"

With 26,240 claimants in Plymouth (UA) in the working age client group, it remains to be seen how many transpire to be impacted upon with changes in Employment & Support Group reassessment with an expected reduction in the Support Group numbers, increased conditionality imposed upon carers and fewer claimants remaining entitled to disability related premia.

The government in its impact statement of this policy concedes that the known 'behavioural effect is however uncertain and not possible to quantify.

It is however possible to work out the financial impact upon the claimant using the DWP average weekly amounts multiplied by the numbers affected in individual cohorts. Taking those in receipt of Jobseeker's Allowance and in the Assessment Phase & Work Related Activity Group, the weekly loss in income at - £6 per claimant equates to a reduction in income of £2,756,000 per annum for those affected in Plymouth (UA) using February 2015 figures. This could increase significantly if say more than 2,820 claimants move in to the Work Related Activity Group as part of an anticipated assessment drive by the DWP, equally the number of Jobseeker's may increase. (Figures based on DWP WPLS February 2015) See table 3

Table 3

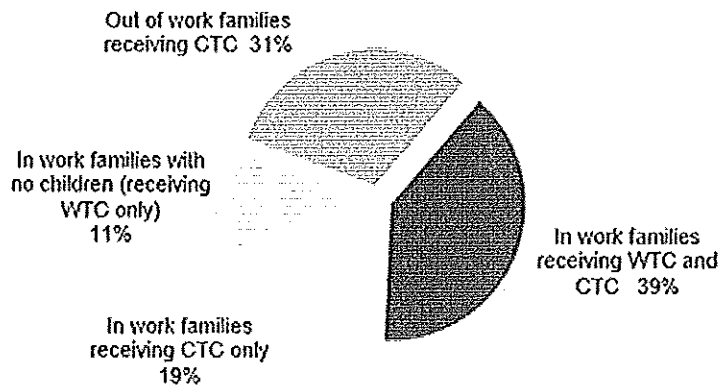
	ESA (AP) PW	ESA (WRAG) PW	ESA (AP) P/A	ESA (WRAG) P/A	
	£229,084.70	£285,778.80	£11,912,404.40	£14,860,497.60	
Less £6PW	£210,304.70	£268,858.80	£10,935,844.40	£13,980,657.60	
			£976,560.00	£879,840.00	£1,856,400.00
	JSA PW		JSA P/A		
	£238,947.60		£12,425,275.20		
Less £6PW	£221,647.60		£11,525,675.20		
			£899,600.00		£899,600.00
				Total	£2,756,000.00

*Based on 3,130 claimants in ESA Assessment Phase, 2,820 in ESA Work Related Activity Group and 3,460 on Jobseekers Allowance using DWP weekly £ averages per cohort.

(4) Limiting support through Child Tax Credits/Universal Credit.

At the Summer Budget 2015, the Government announced the following reforms to CTC and child elements of UC: • Retain the same level of support provided for families through tax credits with 2 children, who then choose to have a third child or subsequent children. To achieve this, births of 4 third or subsequent children

after April 2017 will no longer trigger increased entitlement to the Child Element of CTC; • An equivalent change in Housing Benefit to ensure consistency between both benefits; • Providing the same level of support provided for families with 2 children receiving Universal Credit to those families with three or more children and who make a new claim after April 2017. To achieve this, third or subsequent children born after April 2017 will no longer trigger entitlement to additional support within Universal Credit. This will also apply to families who make an entirely new claim to Universal Credit from April 2017; • For households starting a family after April 2017 their tax credit entitlement will no longer increase to include a Family Element in addition to a child element. The equivalent increase in benefit in Universal Credit, known as the first child premium, will also not be available for new births or claims after April 2017; • In Housing Benefit, the increase in benefit entitlement for the family premium ceases for new claims from April 2016.



Nationally, HMRC figures for 2013 confirm that 31% of families in receipt of tax credits are out-of-work families with the remaining 69% of families in receipt in-work families. Thirty-nine percent of recipient families are receiving the higher value in-work awards (WTC and CTC) while 19% are receiving in-work CTC only. The remaining 11% are in-work families with no children so receiving WTC only.

The government's proposed changes, in so far as the aforementioned policy is concerned, will predominantly affect claimants with more than 2 children. The changes take effect from April 2016 with no increase in the family premium for the purpose of calculating Housing Benefit. The wider policy changes take effect from April 2017. HMRC figures for finalised tax credits awards show that the number of families benefiting from tax credits has already fallen from 6.31 million in 2010/11 to 4.53 million in 2013/14. From these totals the number of out of work families (all with children) has decreased from 1.46 million in 2010/11 to 1.40 million in 2013/14, the numbers of in work families has decreased from 4.85 million in 2010/11 to 3.13 million in 2013/14.

Nationally, the average number of in work families benefiting from the severely disabled child element is 62,000 of which out of 59,000 families, 14,000 have one child, 24,000 have two children, 14,000 have three children and 8,000 have four or more children. 30,000 of the 59,000 families are in receipt of Working Tax Credit and Child Tax Credit and 29,000 are in receipt of Child Tax Credit only.

According to (Office of National Statistics (ONS) 2011 Census estimates) Plymouth has a population of 256,384 people. In 2011 there were 3,280 births, in the same year Plymouth had 59,616 resident families

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-286262>

From HMRC geographical data for Plymouth (UA) published in April 2015 there were 5,300 out of work families in receipt of tax credits with 9,900 children. In work recipients of both Working Tax Credit and Child Tax Credit extended to 7,400 families with 13,100 children. In work recipients of Child Tax Credits only extended to 4,300 families with 9,100 children. Thus there is a strong reliance on Tax Credits as an income supplement, this can in part be related to an average gross full time weekly pay in Plymouth of £479.40 (£24,929 annually) which is £1,466 below the national average. Plymouth males earn 1.2 times as much as Plymouth females. (data for 2012).

<https://www.gov.uk/government/statistics/child-and-working-tax-credits-statistics-provisional-awards-geographical-analyses-december-2013>

Whilst the impact of this particular policy will not land on the affected Plymouth population until April 2017, the impact thereafter will be profound. In the Plymouth (UA) Jobseekers Allowance caseload for February 2015, out of 3,460 claimants, 140 had more than two children with 70 being of an 'unknown' child dependency status in the household.

In the DWP South West region, of 29,620 lone parents on Income Support, 7,380 had more than two children (approximately 25%). Of 2,840 on Income Support in the South West in an 'other income- related category', 70 had more than 2 children (2.5%). No figure for the number of child dependents is available from DWP WPLS on those on Income Support because of Incapacity for work. In the Plymouth (UA) as of February 2015, of 3,70 claimants in the Income Support caseload, 680 were claiming on incapacity for work grounds, 1,970 were lone parents, 770 were carers and 240 were in the 'other income- related' category.

From these figures, it could reasonably be assumed that around 492 lone parents (having more than 2 children) will be affected. The lowering of child dependency ages makes the Income Support 'cyclical' with these claims being related to Child Tax Credit payments (which replaced Income Support child additions from 2003). Given that there are around 5,300 'out of work' tax credit recipients in the Plymouth (UA) area (over a distribution of 9,900 children) it is safe to assume that a fair number can be attributed to income related claim cohorts in receipt of incapacity benefits including Employment & Support Allowance as well as Jobseeker's Allowance.

Table 5: Working Age incapacity group including ESA (Dependent Children)

Total	No child dependents	1 child	2 children	3 children	4 children	5 Or more children	Unknown
13,910	750	1,050	620	270	080	50	11,090

The above table shows that in the incapacity group, out of 13,910 claimants in the set there are 400 known cases where child dependency exceeds two children. It is difficult to estimate how many of the 11,090 'unknown' cases involve claimants with children. Incapacity benefit cases are often incorrectly assumed to be longer term, in reality claims are often shorter term ending in the Assessment Phase. The 'cycle' is important because it generates a potential new claim, which in turn can create a secondary claim for Child Tax Credits where there are dependent children in the family unit.

In the February 2015 quarter, in the Plymouth (UA) area, 1,100 claimants took up a claim for Employment & Support Allowance, of these 830 were not in receipt of any other benefit. In the same quarter, the number of people who came off Employment & Support Allowance was 800, of which 180 had previously claimed the same benefit.

The annual loss in income as a direct result only on the tax credit claim of an affected individual would equal -£712.40 in Child Benefits and - £2,780 in the basic Child Element per year; a reduction of £3,492.40 (using the lower Child Benefit amount). Up to 492 lone parents in Plymouth could lose out by this amount. The overall loss would be £1,718,260.800 per year in this group alone.

This unit of measurement: £1.71 million (per annum) per 492 affected families can be applied to other statistical groups according to the numbers involved but does not include other losses related to the tax credit reduction. The overall loss in this policy area could extend more according to the numbers of affected families involved.

The cycle of affected Employment & Support Group claimants in particular is likely to bring a larger number of affected families in to the equation depending on the numbers having to cease work through illness before taking up an incapacity related claim.

Government seeks to cushion the blow by introducing some protection for those on Universal Credit; again this is very much an unknown quantity as at the current date we have not had a single recorded Universal Credit claim being statistically recorded as a starter in the Plymouth (UA) area.

http://www.plymouth.gov.uk/knowing_your_communities.pdf

http://83.244.183.180/flows/flows_on/esa/ccla/comb/a_carate_r_ccla_c_comb_feb15.html

http://83.244.183.180/flows/flows_off/esa/ccla/cnclaim/a_carate_r_ccla_c_cnclaim_feb15.html

http://83.244.183.180/100pc/isa/ccla/deps/a_carate_r_ccla_c_deps_feb15.html

(5) The abolition of Employment and Support Allowance Work-Related Activity Component.

We have carried out intensive research in to the impact which this will have upon the numbers of claimants affected, all whom are in the Work Related Activity Group. An excerpt of that research is to be found below:

The current figure for those in the Work Related Activity Group in the Plymouth Local Authority area is 2,820 as of the February 2015 quarter. In the absence of any forward projections reducing this number further, it is reasonable to use it as a constant for the years requiring prediction.

Table 6: Loss of WRAG component payment across Plymouth (UA) caseload

	2017/2018	2018/2019	2019/2020	2020/2021
(A) National (WRAG)	483,930	483,930	483,930	483,930
(B) National (WRAG) Reduction	36,400	112,508	145,599	129,054
(C) % National caseload to National WRAG reduction (A) divided by (B)	7.5%	23%	30%	27%
(D) Plymouth WRAG constant	2,820	2,820	2,820	2,820
(E) Plymouth	211	648	846	761

***Local Authority reduction using (C) as a % of (D) to arrive at (E)**

The government aims to implement the abolition of the Work Related Activity Group payment over the course of time. The figures shown above should therefore be read cumulatively so as to deliver the estimated £640 million savings by 2020/2021 (up to the end of March 2020). In the national example the total number of claimants affected cumulatively by 2020/2010 would be 423,561 in the Work Related Activity Group. When the National reduction % is applied cumulatively to the Plymouth Local Authority area WRAG constant of 2,820 claimants per annum; by March 2020 it is projected a total number of 2,466 claimants in Plymouth will have been affected.

In cash terms at a loss of approximately £1,500 per annum, the overall loss to 2,466 ESA WRAG claimants in the Local Authority area of Plymouth from April 2017 to March 2020 would amount to £3,699,000 (£3.69 Million). This is relatively close to the 0.5% proportion of national caseload where the overall £640 million savings are estimated to equate to £3.2 million at local level. However, this could increase substantially if there is a substantial shift in the placements within the Employment & Support Allowance caseload. A shift is likely given government's announcement.

Of the 12,410 claimants on Employment & Support Allowance in February 2015, 380 were categorised as unknown (meaning they receive a nil payment), 3,130 in the Assessment Phase, 2,820 in the Work Related Activity Group and 6,080 in the Support Group. It is highly likely that future changes in the ESA 2008 'exceptional circumstances' regulations revolving around regulation 35 will see greatly decreased numbers placed in the Support Group. This will impact heavily upon claimants with likely transfers to the Work Related Group according to forecasts for the numbers eligible for placement in the main phases of Employment & Support Allowance.

(6) Changes to conditionality for responsible carers under Universal Credit.

The changes require claimants with caring responsibilities having children aged three to four to participate in all work related activity (as in seeking work). This change in policy affects those in receipt of Universal Credit and is based on assumption that claimants will move across to this cohort from their current Income Support claim. The government has announced free childcare for up to 30 hours per week and bases its policy assumptions on claimants being better off in work.

The availability of free childcare places is part of the Childcare bill which governments says will increase availability for up to 600,000 families and double in value from £2,500 to £5,000 per annum.

The Pre-School learning Alliance have already warned of a 'meltdown' situation arising due to under-funding with providers being unable to provide care for the funding allocated. Providers currently speak of a 20% shortfall against the true cost of providing care - £3.88 per hour (funded) compared with the true cost of £4.53 per hour.

This report has already touched on an indication of the numbers likely to be affected. The predominant concern on the policy implementation in Plymouth is (a) the availability of adequately funded childcare (b) the likelihood of claimants in this group being better off in work. Overall, the majority of welfare reforms are shown to disproportionately affect women (principally the affected group).

The average childcare cost in Plymouth is estimated at £6.86 an hour by Childcare Plymouth with a number of individual child carers charging £10 per hour. The cost of providing 30 hours of childcare per week could therefore result in a weekly bill of £300. Much of the employment likely to be available to people affected by this policy is likely to be short term/part time (including zero hour type employment) which may make it extremely difficult for a carer and childcare provider to come to a satisfactory and reliable arrangement. The absence of a reliable arrangement may pose as a substantial obstacle for a person trying to hold down a job as a reliable employer and instability for providers who may find it difficult to sustain childcare provision with short notice cancellations

At the time of compiling this report, there are no recorded starter claimants on Universal Credit in the Plymouth (UA) area.

<http://www.bbc.co.uk/news/education-32928117>

<https://uk.care.com/childcare-plymouth>

(7) Replacing Support for Mortgage Interest with Loans for Mortgage Interest.

Support for mortgage interest (SMI) currently pays interest on a claimant's mortgage while they are in receipt of Income Support (IS), income-based Jobseeker's Allowance (JSA), income-related Employment and Support Allowance (ESA), Pension Credit (PC) or Universal Credit (UC).

Further research is being undertaken in to the numbers of people likely to be affected in Plymouth. The amount of loan available will be calculated by applying a standard interest rate to the amount of capital outstanding, subject to a maximum of £200,000 (£100,000 for pension age claimants). Delivery of a loan scheme DWP will be responsible for determining eligibility for loans and for making payments. As now, payments will be made direct to lenders to ensure their continued forbearance from repossessing SMI claimants. Independent external providers will be engaged to give pre-loan advice to claimants, register charges on claimants' properties and recover debts.

Currently there are 170,000 claimants receiving SMI at a cost to the Exchequer of £265 million per annum. Around 55% of claimants are working age and 45% pension age.

The predominant concern is that of those affected, there is a great deal of uncertainty over how people may move in to negative (or near negative) equity in home ownership. This is likely to impact greatly upon those towards the upper working age and who move in to retirement with an outstanding mortgage. It is not known how the policy will affect the calculation of a claimant's personal allowance which currently is worked out with the inclusion of eligible housing costs (SMI related). Invariably the inclusion of this amount increases the threshold at which a claimant may qualify for income related benefits because the applicable amount ceiling is increased by the housing cost amount.

Where the loan is used, it is unknown how this will be considered when calculating a person's applicable amount.

**(8) Reducing social housing rent levels by 1% in each year for four years
from 2016-17**

On this policy it is felt that social housing providers are best placed to provide evidence. That said; it is an area which we are evaluating in our 'Welfare Trends report 2015'

For and on behalf of Advice Plymouth.

Nick Dilworth

Welfare Benefits Casework Specialist & Services Coordinator

Advice Plymouth

7th October 2015

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Summer Budget 2015 Response to the Scrutiny panel

1 How do you expect changes from the Summer Budget to impact on you or your client base?

Whilst the Chancellor said he did not intend to penalise the disabled the reduction of the rate of benefit for those in the ESA work related activity group to that of JSA will in fact do that. It will be a reduction of 30%. This was paid acknowledging extra expenses such as trips to hospital which will not go away. This could be the difference between paying their council tax contribution and not paying it. It is likely to increase demand on the foodbank as people adjust their budgeting.

The implication is that Government does not really believe that illness/disability is a barrier to work. At the Foodbank we see people who have been able to manage a few hours work a week despite disabilities being under pressure to work more which they believe will lead to a worsening of their condition and more dependence on others. These “others” are often support workers funded by the council.

2 The decision that young people under 21 should not be allowed any housing benefit unless they are “vulnerable” is a concern. How will this be interpreted? At the Foodbank a significant proportion of young people referred have come from the care system and report differing degrees of support. The 18+Care leavers Team referred 45 last year but they also access the service through other agencies. Young people coming out of prison and those with mental health problems are also vulnerable but will they be given housing benefit? The drastic reduction in staff in the Housing Department at Plymouth City Council concerns us that individual stories will not be heard as everyone is told to apply for help online. Thus young vulnerable people will not be safeguarded. They could end up sofa surfing for years, hampering their education and work possibilities.

3 Many of the families who come to the Foodbank have 3 or more children because families are joining together; people are caring for relative’s children whilst they are unwell and many other situations. Only allowing child benefit for

2 children whilst understandable from a policy point of view, will cause hardship in reality given that family sizes change for all sorts of reasons. We would expect to see longer reliance on foodbanks for this reason and the likelihood that our 4 voucher rule will need to be exceeded. The cap on benefits is also likely to adversely affect these people.

4 Whilst we welcome increases in the minimum wage (still not at the “living wage” rate) and higher personal allowances it is inevitable that the changes to tax credits will adversely affect the poorest people. Whether any deficit will be catered for by increases in housing benefit is unclear. The wage levels do not necessarily help those on zero hour contracts and whilst it may encourage employers to take on younger people we have come across them being sacked when they are of an age when higher rates are payable.

5 As previously mentioned, the guidelines around someone becoming classed as vulnerable is unclear and the concern is that the official definition may not take into account to many complex issues people face. It is unclear where the support for people to learn new skills that they haven’t previously needed, for example budgeting, will be coming from and how accessible this is.

All these changes will coincide with the introduction of Universal Credit and we can foresee an increased need for budgeting help. We are looking into how to do some of this here to reduce the burden on Advice Plymouth and ensure that they will make visits there partially prepared. The lack of understanding of people’s varying needs and lack of one-to-one assistance on offer at the One Stop Shop was an eye opener for our volunteers on a recent visit.

SUMMARY - EARLY YEARS STRATEGY AND PLAN

The Strategy and Plan form the basis of the Council and partner's improvement delivery. This is an extract which is being refreshed for the Plymouth Plan



Early Years Performance

Children's Centre Performance

75% are currently 'good' or better with the rest being 'satisfactory' (on the old framework).

Cluster and organisation	Children's Centres	Ofsted Grade – Old Ofsted framework pre April 14	Ofsted Grade- Post April 14 (New Ofsted Framework)
Cluster 1 4 Children	Nomony	Outstanding	
	Plumtree	Good	Good
	Plymstock		Good
Cluster 2 Action for Children	Green Ark	Good	
	Manor Street	Not yet inspected	
Cluster 3 LARK	LARK	Good	
	Popin	Satisfactory	
	Morice Town	Good	
Cluster 4 4Children	Tamar FOLK	Good	
	Four Woods	Good	
Cluster 5 Barnardos	Dell	Good	
	Crownlands	Good	
	Sweetpeas	Satisfactory	
Cluster 6 Barnardos	Southernway	Good	
	Plym Bridge	Satisfactory	
	Whitleigh	Satisfactory	

Children's Centre Performance Management.

All organisations meet with the Early Years Children's Centre Advisor on a quarterly basis to measure their progress against the agreed targets and outcomes. All organisations are expected to

provide qualitative and quantitative data. To date all organisations have met their agreed contractual targets and outcomes for 2014- 2015.

Priorities for 2015-16

The LA and Cluster priorities for 2015-16 will be agreed at the next quarterly review in November.

The current priorities are as follows:

- To encourage staff to work collaboratively as a cluster, and stabilise staff teams;
- To continue Advisory Board development, especially the role of parents in cluster governance;
- To effectively record the levels of vulnerable children and families, and their outcomes;
- To better capture the child's voice in order to influence their care and centre development;
- To track and monitor the impact and outcomes of children and adults, including evidencing learning, return to employment, improved health and educational attainment.

Early Years Foundation Stage (EYFS)

(Teacher assessment of 5 year olds, reported at the end of reception year)

The percentage of 5 year olds reaching a 'good level of development' (GLD - having the essential skills, knowledge and understanding to be ready for starting the national curriculum) increased by 5% on last year. This places Plymouth 3% below the national average. 18% less pupils entitled to free school meals (FSM) attained a good level of development but this gap is smaller than the national average FSM gap. 17% more girls than boys reached a GLD in Plymouth which is the same as the national gender gap.

The percentage of Early Years settings inspected as being 'good' or better is 93.4% (21/09/15). This is 4% higher than last year and well above the national average. When settings receive an 'inadequate' judgement we provide intensive support. So far all but one setting has secured an improved grade on re-inspection.

Plymouth has a good reputation with the DfE as it is usually very successful in introducing new early years initiatives and we usually host fact finding meetings prior to national roll out. We have retained an excellent oversight of early years outcomes through the Early Years Strategic Partnership (EYSP) which meets quarterly. Representation includes: Public Health, Health Visiting, Plymouth Community Healthcare, Maternity Services, Department for Work and Pensions, Councillors, Plymouth Governors Association, Primary Schools, pre-school providers, parents and PCC officers. The EYSP priorities are summarised below. A more detailed action plan and monitoring report is available if required.

Early Years Strategic Plan 2014 - 2016

Strategy Aim

To improve outcomes for all children and to narrow the gap between those who are the most and the least vulnerable through the provision of child centred, high quality, safe, inclusive and integrated services for children aged 0-5'

Strategic Outcome 1

Parents and families have the knowledge, skills and confidence to nurture and provide support to meet

Strategic Objective 1.1: Provide parenting support to promote positive relationships and enable play, learning and development opportunities with and for their children.

Strategic Objective 1.2: Support families to enable positive health and wellbeing choices for their children.

Strategic Objective 1.3: Facilitate access for parents to information,

children's needs.	advice & support.
	Strategic Objective 1.4: Support the extensive role of parents to enhance their ability to provide for and nurture their family.
	Strategic Objective 1.5: Enable parents to have access to affordable, high quality and tailored child care.
Strategic Outcome 2 Services are working in partnership to promote the resilience, wellbeing, learning and development of all children	Strategic Objective 2.1: Ensure that children are engaged in fun play and learning opportunities which are delivered through high quality early years provision.
	Strategic Objective 2.2: Ensure that there is an emphasis on developing communication, language and literacy skills as well as personal, social and emotional development across services.
	Strategic Objective 2.3: Develop Children Centres as the hub for partnership working with key partner agencies as an integral aspect of locality working.
	Strategic Objective 2.4: Ensure that services work together to keep children safe.
	Strategic Objective 2.5: Ensure the Early Years workforce have the necessary knowledge and skills to improve outcomes for all children.
Strategic Outcome 3 Services are working in partnership to close the gaps by providing early intervention for emerging additional needs and identified vulnerabilities, and to meet the needs of those with established or complex problems.	Strategic Objective 3.1: Ensure a coherent, efficient and shared approach to assessment which impacts on children's outcomes, and facilitate easy, timely and coordinated referral and support for those children and young people with emerging additional needs.
	Strategic Objective 3.2: Provide additional, targeted and specialist multi agency services that identify and respond to the needs of children with any degree of vulnerability.
	Strategic Objective 3.3: Ensure continuity of support for children and their families before, during and after times of change.
Strategic Outcome 4 Processes are in place to ensure effective planning, local delivery and evaluation of all services for children aged 0-5 and their families.	Strategic Objective 4.1: Ensure full participation from parents and children in service planning, evaluation and delivery.
	Strategic Objective 4.2: Implement the Commissioning Cycle so that services meet national and local needs.
	Strategic Objective 4.3: Develop governance and accountability through the Early Years Strategic Partnership.

30 Hours Free Childcare

An EYSP priority is to deliver the 30 hour free entitlement commitment from September 2017.

CURRENT SITUATION IN PLYMOUTH

Plymouth has a high take up of the current free entitlement with 98% of 3 and 4 year olds accessing early education in a range of childcare providers:

105 PVI early years providers

48 registered childminders

20 maintained Nursery classes

2 Nursery schools

Many providers have made significant alterations to their current provision to help the Local Authority meet its statutory duty to provide free places for eligible 2 year olds. This has included a significant capital investment to provide new nursery spaces. 1170 2 year olds currently take up a free place making Plymouth one of the better performing LAs in the country.

POSSIBLE IMPLICATIONS FOR PLYMOUTH

- With tax free childcare more parents might decide to go back to work, especially if there are 30 free hours on offer too, putting a strain on current provision.
- If more working parents take up this offer by extending the number of sessions their child is attending then some providers will struggle with capacity, especially where many of them have used their surplus capacity to take 2 year olds, leaving very little physical space for additional 3 and 4 year old places.

Provision

Of the 127 setting based providers including schools

- **10%** cannot expand as they do not have sole use of the building
- **30%** are situated where there is lack of space to expand.

This could have capital implications and impact on Plymouth's statutory duty to ensure sufficient childcare for parents who want it, particularly working parents.

Schools with a nursery class

- If working parents are currently using a maintained nursery class there are implications for where the family will take their additional hours (the current pattern of take up suggests that the majority are either not working or paying for additional hours elsewhere).
- Lack of space in schools to deliver the whole entitlement or to work in partnership with a PVI to deliver additional hours.
- Impact on maintained nursery places if families move their child to full day care setting to take up 30 hours in one setting.

Sustainability and pressures on providers

- Nationally it is felt that the funding rate provided for Early Education is insufficient to cover the costs and providers recoup this cost from those parents who pay for additional hours therefore if the funding rate is not raised they will not be sustainable.
- Implementation of employer's pension contribution, which will be phased in according to the size of each business, will add additional pressure to financial planning.
- Commercial business rates can impact on private providers adding to sustainability issues.
- Implications of the living wage and the cost of incremental rises for those with more responsibility e.g. room leaders and deputy managers
- The use of childcare is fluid and the impact/loss of income for 30 hours will be greater when a child leaves, especially for childminders.

The workforce

- Need to increase the workforce to ensure there are sufficient workers at every level especially graduates
- Currently many groups are reporting challenges recruiting high quality staff and this is hampered by the requirement for staff progressing to level 3 needing to have grade C and above in English and Maths plus the difficulty in recruiting graduates
- Attracting staff is a challenge as this is a low paid sector with a high turnover rate.

Benefits for working parents

- Working parents will receive a boost to their income having a further 15 hours of childcare funded for them. This should mean that families should have more disposable income to spend in the local economy.
- Mothers especially should be able to return to work or increase their hours of paid employment. The cost of paying for childcare in the past has been prohibitive for lower paid workers.

NEXT STEPS

- Undertake a review of current childcare provision to update current data to find out:
 - % are working parents in each setting
 - % of working parents taking up 30 hours or more
 - Plans providers already have for expanding provision to meet new offer
 - Providers that would have capacity to expand if capital was available.
 - Potential number of registered childminders who could take funded children for 30 hours or work in partnership with existing providers
 - Recruit more childminders to increase the number of places available.
- Analyse data to provide information on current take up and potential gaps in provision, and plan for ways to increase sufficiency.
- Consult with parents to be able to make an accurate prediction as to how many parents might be tempted back to work when new offer is in place and where potential places might be needed.
- Continue with recruitment workshops in partnership with 1000 Club and local training providers to encourage additional practitioners to enter the early years workforce.

INTRODUCING 30 HOURS FREE CHILDCARE

Implications for Plymouth

BACKGROUND

The Conservative government has pledged to provide

- Tax free child care for working parents
- Free 30 hours of early education for 3 and 4 year olds when both parents work from 2017

It has been announced that it is the government's intention to implement the free offer from September 2016 in some early implementer areas.

A new Childcare Bill is being introduced to Parliament with the intention that this will pave the way for the new entitlement to become law.

A ministerial childcare task force is being set up to drive this through and make appropriate cross government links. In addition the government has stated they wish to hold a review of funding over the next few months.

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This equates to 4,217 three and four year olds in Plymouth taking up the current entitlement.

Many providers have made significant alterations to their current provision to help the Local Authority meet its statutory duty to provide free places for eligible 2 year olds. This has included a significant capital investment to provide new nursery spaces. 1170 2 year olds currently take up a free place making Plymouth one of the top performing LAs in the country.

POSSIBLE IMPLICATIONS FOR PLYMOUTH

While it is recognised that access to longer more sustained hours of childcare will have a positive impact on children's outcomes and give them the best start in life, providing the additional free hours are not without challenge.

- With tax free childcare more parents might decide to go back to work, especially if there are 30 free hours on offer too, putting a strain on current provision.
- If more working parents take up this offer by extending the number of sessions their child is attending then some providers will struggle with capacity, especially where many of them have used their surplus capacity to take 2 year olds, leaving very little physical space for additional 3 and 4 year old places.

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