Cabinet

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Welfare reform and poverty issues

Report of Corporate Management Team
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Report of Cabinet collectively
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Purpose of the Report

1 This report provides an update to Cabinet on the welfare reform programme and the wider issues of poverty and the council's response so far through its poverty action plan, with a particular focus on child poverty, and analyses the implications for the county.

2 The report covers all areas of the council but this update provides a particular focus on work planned to respond to child poverty across the county.

Executive summary

3 The government is continuing with its policy of welfare reform to achieve financial savings and to encourage people to support themselves through employment.

4 It has made further welfare and benefits policy announcements since the last report to Cabinet in October 2015. Summaries of the announcements are detailed in Appendix 2 and key headlines include:

(a) the Department for Work and Pensions (DWP) Work Programme and Work Choice will be replaced by a new Work and Health Programme, contracts for which will begin from October 2017;

(b) introduction of the Life Chances Strategy, with the first statistical report being published before the end of the financial year ending 31 March 2017;

(c) removal of specific parts of the Child Poverty Act 2010, including the duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area;

(d) lowering the benefit cap so that the total amount of benefits to which a family on out of work benefits can be entitled to in a year will not exceed £20,000 for couples and lone parents, and £13,400 for single claimants;

(e) changes to the child element of Universal Credit to limit payment for a maximum of two persons who are either children or qualifying young persons for whom a claimant is responsible;

(f) freezing social security benefits for four tax years starting from 2016/17;

(g) reduction in social housing rents by one percent a year for four years from April 2016;

(h) proposal to apply the Local Housing Allowance cap to Housing Benefit all claims in supported and sheltered housing with a top-up paid by the local authority from 2019; and

(i) proposals to halve the disability employment gap published in Improving Lives, the green paper on work, health and disability.

5 In the 2016 Autumn statement, the government announced that it is to delay its plans to cap the amount of eligible Housing Benefit in the social rented sector both in relation to general needs and supported accommodation from 2018 to 2019.

6 The Chancellor also confirmed that departmental spending plans set out in 2015 Spending Review would remain in place for the current spending review period and that the government has no plans to reduce welfare spending over and above what is already planned during this parliament. In fact, the Chancellor announced that the government intended to reduce the taper rate at which benefits are withdrawn from people when they start work on Universal Credit by two percent from April 2017, at a cost to the Exchequer of £700 million.

7 In addition, the government announced that it has decided to scrap the 'Pay to Stay' policy which would have forced councils to charge higher-earning social housing tenants more rent. The decision followed repeated calls from the local government sector to drop the scheme as it would be too difficult to implement.

8 The application of a cap on the amount of Housing Benefit paid to tenants living in the social rented sector and in supported housing schemes could have a major impact locally over the next couple of years. This cap will be brought in line with the existing Local Housing Allowance rates which apply to tenants in the private rented sector.

9 Supported housing helps home some of our most vulnerable residents, who are already seeing impacts in the level of support available through changes in response to the continuing programme of austerity. From just the cap alone, the financial impact locally could be in the region of £7.5 million per annum.

10 While there have been some changes to the pace of change, with policy u-turns and delays in the implementation of flagship reforms such as Universal Credit, the initial benefits and welfare changes the government continue to have a discernible effect on residents in the county.

11 It is important that the council and its partners continue to respond through the more comprehensive approach we now have to welfare reform and poverty issues, overseen by the Poverty Action Steering Group.

12 Through our Local Council Tax Reduction Scheme, the council continues to protect economically vulnerable working age people from the 10 percent national cut which was made to Council Tax Support. This scheme has been extended for a further year into 2017/18 in order to maintain the same level of benefit support provided before the scheme was changed in 2013, providing valuable support to many in need.

13 The council has also helped those affected by the changes through its use of Discretionary Housing Payments. The policy adopted has been to try and help those affected improve their personal situation through the triage review and has been successful in helping residents move into employment, training or manage their financial situation better. This year we have seen greater demands on the funds available and we are forecasting an overspend of approximately £332,728. To meet this shortfall it is recommended that funding be transferred from the council's Welfare Assistance fund which remains underspent.

14 Through the steering group, a poverty action plan has been developed which seeks to tackle poverty on a number of fronts. Progress is being made with implementing the plan and following a mid-term review informed by recent engagement events, the action plan is being revised and updated.

15 There is a great deal of activity being undertaken locally to support employment and employability and through work commissioned by the area action partnerships.

16 A particular focus moving forward will be to further develop plans on detailed work responding to child poverty which is being taken forward by Children and Young People's Services and overseen by the steering group.

17 This will include a continued analysis and understanding of the data relating to child poverty in the county including the identification of gaps in our knowledge. Existing service provision across a range of sectors will also be mapped and gaps identified in order to inform the development of additional service provision and new interventions where required. A report on the proposed work programme will be brought to Cabinet for consideration at the beginning of the new financial year.

Background

18 On 21 October 2015, Cabinet considered the most recent report on the implications of the government's welfare reform programme and agreed to the Poverty Action Steering Group consulting on its Poverty Action Plan.

19 This report provides an update on recent policy announcements and changes, the most recent welfare, economic and poverty indicators for the county and the progress made and next steps envisaged by the council and its partners in responding to the reforms and tackling poverty in the county.

20 Since the welfare reforms commenced in 2011, the council and its partners have experienced increases in demand for welfare-related services, including advice and assistance, applications for Discretionary Housing Payments and Welfare Assistance, foodbank and charity referrals and personal financial action planning.

21 Anecdotal evidence received from schools, AAPs and Members continues to illustrate cases where children who are living in County Durham are experiencing various issues related to poverty including: food poverty during school holidays; exclusion from activities which have a fee attached; poor living conditions at home including insufficient heating; and lower educational attainment levels and/or aspirations.

22 It is expected that this trend will continue. The forthcoming Life Chances Strategy, which was first announced by the previous Prime Minister in January 2016 is intended to improve the chances of disadvantaged children. It is not clear when the strategy will now be published, although in line with this strategy a first report containing data on children living in workless households is still due to be published for the end of March 2017. The Government define workless households as those where the adults are not in employment. This changed approach to national measures of poverty by definition excludes in-work poverty.

23 It is vital for the council to continue to develop its partnership-based approach to understanding and tackling poverty and welfare related issues in particular those which impact on children and young people.

24 Councillor Lucy Hovvels has joined the North East Child Poverty Commission (NECPC), which includes senior representatives from a range of public, private and voluntary sector organisations in the North East of England. A lobbying group, the commission aims to influence, campaign and build support for actions that improve the lives of children living in poverty the region.

Policy update

25 Since 2010, welfare reform has been a major theme of government policy and a raft of changes intended to reduce government spending on welfare by encouraging people to support themselves through work rather than welfare have been introduced. People of pension age are protected against many of the wider welfare reform changes.

26 The government has made further welfare and benefits policy announcements since the last report to Cabinet in October 2015. Summaries of the announcements are detailed in Appendix 2 and key headlines include:

(a) the Department for Work and Pensions (DWP) Work Programme and Work Choice will be replaced by a new Work and Health Programme, contracts for which will begin from October 2017;

(b) introduction of the Life Chances Strategy, with the first statistical report being published before the end of the financial year ending 31 March 2017;

(c) removal of specific parts of the Child Poverty Act 2010, including the duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area;

(d) lowering the benefit cap so that the total amount of benefits to which a family on out of work benefits can be entitled to in a year will not

exceed £20,000 for couples and lone parents, and £13,400 for single claimants;

(e) changes to the child element of Universal Credit to limit payment for a maximum of two persons who are either children or qualifying young persons for whom a claimant is responsible;

(f) freezing social security benefits for four tax years starting from 2016/17;

(g) reduction in social housing rents by one percent a year for four years from April 2016;

(h) proposal to apply the Local Housing Allowance cap to all claims in supported and sheltered housing with a top-up paid by the local authority from 2019; and

(i) proposals to halve the disability employment gap published in Improving Lives, the green paper on work, health and disability.

27 The government has continued with its policy of welfare reform to achieve financial savings and to encourage people to support themselves, however in its Spending Review and Autumn statement 2015 it announced the proposed changes to the rate at which a household's Tax Credit award is reduced would be scrapped and announced the taper rate would remain unchanged. There would be no further changes to the Universal Credit taper, or to the work allowances beyond those that passed through Parliament.

28 The government also sought to maintain its approach of tightening spending on welfare and initially proposed £4.4 billion of cuts to disability benefits (Personal Independence Payments). The proposal was heavily criticised and prompted the resignation of the Secretary of State for Work and Pensions. The government then announced that it would drop the proposal but is yet to confirm how £4.4 billion gap will be met.

29 The proposal in the Summer 2015 budget to reduce Employment and Support Allowance for new claimants to the level of Jobseeker's Allowance for those deemed fit to work from April 2017, would mean a £29 a week reduction for claimants. The House of Commons however, voted against the proposal in a debate on 17 November 2016 and the government's response is awaited.

30 In the 2016 Autumn statement, the government announced that it is to delay its plans to cap the amount of eligible Housing Benefit in the social rented sector both in relation to general needs and supported accommodation from 2018 to 2019. From 1 April 2019, the amount of housing benefit will be the same as that paid in the private rented sector, the Local Housing Allowance (LHA). It will affect general needs tenancies from 1 April 2016.

31 The Chancellor also confirmed that departmental spending plans set out in 2015 Spending Review would remain in place for the current spending review period and that the government has no plans to reduce welfare spending over and above what is already planned during this parliament.

32 In fact, the Chancellor announced that the government intended to reduce the taper rate at which benefits are withdrawn from people when they start work on Universal Credit by two percent from April 2017, at a cost to the Exchequer of £700 million.

33 In addition, the government announced that it has decided to scrap the 'Pay to Stay' policy which would have forced councils to charge higher-earning social housing tenants more rent. The decision followed repeated calls from the local government sector to drop the scheme as it would be too difficult to implement.

Impacts on the county

34 The government's welfare changes are affecting people in the county, however it is difficult to distinguish between changes resulting from welfare reforms and the continuing impact of wider economic trends associated with recession and recovery, all of which affect the underlying issues of poverty and wealth. A summary is provided below and Appendix 3 provides a more detailed analysis of the impacts.

Welfare impacts

Universal Credit

35 Universal Credit (UC) began in County Durham on 21 September 2015 and it is estimated that over 70,000 people will be affected by Universal Credit once it has been rolled out fully.

36 In the Public Accounts Committee's (PAC) latest progress report on the Universal Credit, it points out that in July 2016, DWP released a Written Ministerial Statement setting out further delays to the rollout of Universal Credit, pushing out its rollout of five Jobcentres a month to July of next year, not February 2017, its previous 'latest' milestone. That postponement means the system cannot now be fully operational until a year after the last PAC published date for completion - March 2022, not March 2021.

37 Currently in County Durham only new claimants, who are single and have no dependants can claim UC. The total number of UC claimants in County Durham currently stands at approximately 4,000. The DWP has advised that roll out to new claimants only will continue in October 2017 for the Peterlee and Seaham Jobcentre Plus localities; December 2017 for Stanley, Bishop Auckland, Crook and Consett; and March 2018 for Chester-le-Street, Newton Aycliffe, Spennymoor and Durham.

38 The following sections provide some detail as to recent trends in the main benefits affected by UC and other welfare reforms.

Tax Credits changes and trends[1]

39 Since 2010 changes to tax credits have resulted in the poorest (for example, non-working) families with children generally receiving a little more support from tax credits than they otherwise would have, but families with higher income are receiving less (especially if they claim support for childcare costs). In this way, the changes mean that support has become more targeted at those with the lowest incomes, but at the expense of a weakening of work incentives. In practice this has meant a sharp reduction in the number of

[1] HMRC - Personal tax credits: Finalised award statistics - geographical statistics 2014 to 2015

families claiming child tax credit and/or working tax credit and a significant reduction in household income, if it is not replaced by earned income.

40 Between April 2011 and April 2016 the total number of families claiming tax credits in County Durham fell by 20,800, a decline from more than one in four (26.5 percent) of all households in the county to less than one in five (17.2 percent). The fall is largest for in-work families where now 18,400 fewer families claim tax credits.

Main out-of-work benefits

41 The number of people claiming the main out-of-work benefits in the county has also fallen since it peaked in 2009 as a result of the recession, with in excess of 56,000 claimants resident in the county. Numbers have steadily declined since and are now lower than at any other time in the last 17 years at 40,710 claimants. This reduction is partly the result of improving employment but has also been influenced by policy changes by DWP, such as Employment Support Allowance. The vast majority of claimants of these benefits will transfer to UC but it should be noted that some JSA and ESA claimants on contributory based benefits will remain outside of UC.

Claimant Count (DWP Experimental)

42 The claimant count figures measure the number of working age people claiming either Jobseekers Allowance (JSA) or Universal Credit (UC), with figures for the county including UC from September 20152. These figures show that the number of claimants in the county has fallen from 14,825 in May 2014 to 7,825 in October 2016. Currently 2.4 percent of the working age population claim either JSA or UC in the county compared to 2.9 percent in the region and 1.8 percent nationally.

Sanctions regime[3]

43 Following the introduction of the new rules (October 2012) the adverse sanction rate increased sharply both at county and national level, peaking in summer 2014. The rate of increase in the county was greater than at national level.

44 In the last two years the rate in the county has declined rapidly and in the year July 2015-June 2016 there were 5,100 sanction decisions in the county (note that one individual can receive more than one sanction). Just over 2,700 (53 percent) of these sanctions resulted in an adverse decision (England, 49 percent).

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[2] DWP Claimant Count – Universal Credit and JSA claimants, introduced in County Durham in September 2015 for claimants who were single with no dependents, accessed via www.nomisweb.co.uk

[3] DWP JSA sanctions stats accessed via https://stat-xplore.dwp.gov.uk/, chart data represents three month average of individuals sanctioned as a proportion of three month average of JSA claimants

Employment Support Allowance/Incapacity Benefit (ESA/IB)[4]

45 In February 2014 the number of County Durham residents claiming ESA/IB fell to 27,600 claimants, the lowest number claiming sickness related benefits since comparable records began. The number of claimants then increased to 29,060 in November 2014 but fell back to 27,560 claimants in May 2016 (the most recent data). This might indicate people returning to sickness-related benefits in due course after being moved onto ESA following their work capability assessment.

Income Support

46 The number of people claiming income support in County Durham has decreased from a peak of 22,900 in 2003 to 7,600 in May 2016. These reductions have been brought about by a number of policy changes which include the introduction of child tax credit in April 2003, but more recently through reductions in the entitlement age of the youngest child for lone parents (decreasing from age 15 to age 5 years in four phases over four years) and equalisation of the state pension change. The biggest change however was brought about by the introduction of ESA. Many Income Support claimants also claimed Incapacity Benefit – a combination which is not permitted under ESA, which is means tested in a way similar to Income Based JSA.

Housing Benefit (HB)[5]

47 The number of working age HB claims in County Durham has not varied greatly since 2011. Numbers peaked in April 2013 at around 50,300 claims (21.5 percent of dwellings). Since then the gap between local and national housing benefit claims has widened slightly. The number of claims in the county in August 2016 was 47,200; 20.2 percent of dwellings, but nationally the rate dropped by 1.5 percent points to 17.3 percent of dwellings.

Personal Independence Payment (PIP) and Disability Living Allowance (DLA)

48 Just before PIP was rolled out in 2013 there were around 23,100 people on DLA aged 16-64. Since then, this number has fallen, but not by as much as PIP has increased. The DLA caseload fell by over 7,200 but latest data shows almost 11,000 people are now claiming PIP.

49 Since September 2015 onwards, DLA claimants living in DH (Durham) postcodes have been contacted by DWP to be invited to apply for PIP 20 weeks before the claimant DLA entitlement ends. These transitional arrangements are planned to be completed by 2017, but it is not yet clear when DLA claimants in other parts of the county will be invited to claim.

50 Overall this means around 16,000 residents in County Durham currently on the DLA caseload are likely to move over to PIP over the next two years. The

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[4] DWP Benefits, Working age client group – ESA/IB/Income Support, accessed via www.nomisweb.co.uk

[5] Housing Benefit trend stats, DWP stat-xplore, accessed via https://stat-xplore.dwp.gov.uk/

first independent review of the PIP assessment published in December 2014[6] noted that the PIP assessment process "gives a disjointed experience for claimants" and that improvements are required in the short-term. As part of their evidence to the Independent Review, the Citizens Advice Bureau[7] (CAB) reported serious delays in the end to end process with PIP, from making a claim to getting a decision.

Benefit Cap

51 The changes to the Benefit Cap will increase the number of people in the county affected by this particular welfare reform. There are currently 653 households identified as being potentially affected by the reduction in the Benefit Cap threshold which will be introduced in the county on 9 January 2017.

52 Analysis suggests that the total Housing Benefit paid to these households in the county will reduce by £28,745 per week or £1.494 million per annum across the county.

Local Housing Allowance Cap on Supported and Sheltered Housing

53 One new change planned over the next couple of years which could have a major impact locally is the application of a cap on the amount of Housing Benefit paid to tenants living in the social rented sector and in supported housing schemes. This cap will be brought in line with the existing Local Housing Allowance rates which apply to tenants in the private rented sector.

54 Supported housing plays a crucial role in supporting many vulnerable people in County Durham. Some examples of the types of people in supported housing include, people with learning disabilities, people at risk or recovering from homelessness, people with drug or alcohol problems or older people with support needs. These residents are already faced with changes to the support available through the impacts of the continuing programme of austerity on publicly-funded support.

55 Over the last few months, a mapping exercise has been conducted to determine the impact on County Durham in terms of numbers of supported units, categories affected and the overall funding shortfall when the reduced housing benefit is implemented. This has revealed there are 1,090 supported units, almost 80 percent of which are owned or managed by a registered housing provider. The highest numbers include, units for people with learning disabilities, homelessness and mental health. It is estimated the overall shortfall in County Durham is to be in the region of £7.5 million per annum.

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[6] Gray, Paul, An Independent Review of the Personal Independence Payment Assessment, December 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

[7] CAB, Response to Personal Independence Payment (PIP) Assessment – first Independent Review, September 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

Economic impacts

Employment trends

56 Overall, the employment rate has been improving steadily in County Durham but remains significantly below national levels. Latest data show just over two-thirds of the working age population are in employment in County Durham (67.5 percent) compared to just under three-quarters nationally (73.7 percent).

57 The employment rate of younger people (16-24) has continued around the national average after recovering from a post-recession slump.

58 The employment rate of older people (50-64) remains significantly below national levels.

59 Furthermore, the employment rates of people with a disability are well below national levels. Latest data show just over a third (35.8 percent) of County Durham residents with a disability are in employment compared with just under half nationally (49.5 percent).

Unemployment trends[8]

60 Unemployment levels have improved over the last three years. Latest data[9] show 18,700 people were unemployed in the period between July 2015 and June 2016. This equivalent to 7.8 percent of the 16-64 population, lower than the regional rate of 7.9 percent but higher than the national rate of 5.2 percent. It should also be noted that unemployment remains higher than pre-recession levels (which averaged around 5.3 percent between 2004 and 2007).

Economic inactivity

61 Since 2004, levels of economic inactivity have been greater in County Durham than in England and Wales, with a slight downward trend over this period. Economically inactive people are defined as being outside of the labour market, as they are either not actively seeking work or are not currently available for work. This could be for a variety of reasons, commonly including being a full time student, retired from work (but not yet reached state pension age), looking after a family and being unable to work because of sickness or disability.

62 The latest data (Annual Population Survey extracted from NOMIS July 2015 to June 2016) show that the level of economic inactivity in the 16 to 64 population had fallen to 26.7 percent (87,000 people) from a 12 year peak in the mid-recession period of 29.5 percent (96,500 people, April 2009 to March 2010). Corresponding figures for the North East and England and Wales were 24.7 percent/27 percent and 22.1 percent/23.6 percent respectively.

63 Another aspect of this dataset is the difference between those people economically inactive who want a job and those who do not. In County

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[8] ONS Employment Rate aged 16-64, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016. The unemployment rate differs in its calculation from Employment rate as the denominator used is the economically active population rather than the 16-64 population.
[9] ONS, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016

Durham over three quarters of the economically inactive, (77.5 percent or 67,500 people) do not want a job. Although this is a fall from 84.9 percent in April 2004-March 2005 it is still slightly higher than the share across the region (76.7 percent) and nationally (75.5 percent).

Disposable income[10]

64 Gross disposable household income per head (GDHI) in the county has increased since 2013 at a faster rate than the national average, but at £15,040 (2014) is still below the North East average (£15,198) and is £2,925 less than the national average of £17,965 (16.3 percent less). However, despite this recent improvement long term trends show that the gap between local and national disposable income levels has grown.

Fuel poverty

65 The latest data release (for 2014) estimated that 12.2 percent of households (27,600 estimates households) in County Durham were experiencing fuel poverty. This was a slight fall from 13 percent in 2011, the same as the 12.2 percent estimated across the region and higher than the 10.6 percent estimated across England.

66 The county is ranked as having the 40th highest proportion of households experiencing fuel poverty out of 152 authorities in England in the dataset. Within the North East, County Durham is ranked sixth highest.

67 Residents living in the west of the county are more likely to experience fuel poverty as they are less likely to be connected to the main gas network and have to rely on other forms of energy, (for example solid fuel, oil or bottle gas) to heat their homes and cook with.

Child poverty

68 Poverty can affect every area of a child's development - social, educational and personal. Living in a poor household can reduce children's expectations of their own lives and lead to a cycle where poverty is repeated from generation to generation. As adults they are more likely to suffer ill-health, be unemployed or homeless, and become involved in offending, drug and alcohol abuse, and abusive relationships.

69 In 2013 a report for the Child Poverty Action Group estimated that child poverty costs the UK at least £29 billion each year. Of this, £20.5 billion is a direct cost to government resulting from additional demand on services and benefits, as well as reduced tax receipts. The report also estimated that each child living below the poverty line cost local authorities £10,861 per annum as

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[10] Gross disposable household income (GDHI) is the amount of money that all of the individuals in the household sector have available for spending after taxes, social contributions, benefits have taken place and housing costs have been taken into account. The household sector comprises all individuals in an economy, including people living in traditional households as well as those living in institutions such as retirement homes and prisons.
https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/bulletins/regionalgrossdisposablehouseholdincomegdhi/2014

a result of extra costs to social services, cost to housing services and health care, as well as lost earnings and reduced tax receipts.

Welfare Reform and Work Act 2016 and Child Poverty

70 From March 2016, the Welfare Reform and Work Act 2016 placed a duty on government to report on child poverty. The Act repealed parts of the Child Poverty Act 2010, including the duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area.

71 The Welfare Reform and Work Act also repeals the UK's four previous income related targets[11] and introduced new measures of child poverty. With the emphasis taken away from income, the government will look to a wider range of factors in order to address child poverty. Initially, the new national measures of child poverty are:

(a) the proportion of children living in workless households as well as long-term workless households;

(b) the educational attainment of children (and disadvantaged children) in England at the end of Key Stage 4 (GCSE).

72 In response to a Ministerial question within the House of Commons, the Secretary of State confirmed in December that the government's Child Poverty Unit has now been disbanded and responsibility for child poverty transferred to the Department of Works and Pensions. The government will be bringing forward a social justice green paper in 2017 which aims to identify and address the root causes of poverty building upon the two statutory measures outlined above.

73 Some initial local data are available (see Appendix 4) on these indicators but it should be noted that the attainment gap data itself is subject to policy changes.

Responding to the Government's changed definition

74 Since 2007, the proportion of children in workless households has increased. In 2007 about one in seven children (14.6 percent) aged under 16 in the county were living in workless households[12] whereas latest data, from 2015, shows this has increased to about one in five (19.3 percent). This latest local estimate is equivalent to over 18,000 children and demonstrates a widening gap in the post-recession period. No local data are available on children in long-term workless households.

75 The County Durham Partnership's 'Poverty and the Workplace' conference in September 2016 identified a strong problem nationally of in-work poverty. The work of the Poverty Action Steering Group needs to understand our local

[11] The four measures were relative low income; combined low income and material deprivation; absolute low income; and persistent poverty.

[12] ONS define a workless family for these purposes of this indicator as any family with children under 16 with at least one adult aged 16-64 none of whom are in employment. In line with paragraph 22, this is the government's changed definition of indicators of poverty which exclude in-work poverty.

definitions of poverty to interpret trends locally. However we also need to be aware of how Durham will look against the national definition.

Educational attainment at the End of Key Stage 4

76 The gap between the Average Attainment 8 score of County Durham disadvantaged pupils and the Average Attainment 8 score of non-disadvantaged pupils nationally (at KS4) in 2016 was provisionally 12.3 points. Because this is a new indicator, results for earlier years are not available.

Other National and Regional Child Poverty Data

77 Regional data from the Households Below Average Income (HBAI) series[13] is published as a rolling three year average. Latest data for 2012/13-2014/15 show that in the North East, 19 percent of children (one million) live in households with relative low income (BHC). Child poverty rates in the region have remained above national levels since the mid-1990s, however the gap has narrowed over the last 10 years from nine percent in 2003/04 to one percent in 2012/13-2014/15. The narrowing of the gap is mainly due to a decline in the regional poverty level.

78 Latest proxy data shows that in County Durham in 2014 there were 20,875 children aged under 16 years living in low-income families. This equates to almost a quarter of the under 16 population in County Durham. The number of children living in low-income families in the county has increased by almost 1,100 children (1.4 percentage points) between 2013 and 2014. This is the first increase since that seen in 2008-9 (when the recession took hold) and comes after a period of relative stability between 2009 and 2013, but follows the regional and national trend. The increase corresponds to a dip in employment rates in 2014-15 and is indicative of a widening child poverty gap between County Durham and England.

Pre-school children in poverty

79 Poverty amongst families with pre-school children tends to be more prevalent. Latest data show that in 2014 more than one in four pre-school children in the county (27.1 percent) lived in low-income families, an increase of almost one percent since 2013 and six percentage points higher than national comparisons. As the rate of increase in children aged 0-4 in pre-school families was greater than in the county than nationally in 2013-14, the gap between county and national levels has continued to increase.

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[13] The Households Below Average Income (HBAI) is produced using data from the Family Resources Survey (FRS) commissioned by the Department of Works and Pensions (DWP). The HBAI measure is considered to be a good indicator as it takes into account family's equivalised income over a full financial year. This data series is the only source of comprehensive trends detailing child poverty of all families, including working households. However, HBAI data are survey based, consequently, sample sizes are insufficient for useful analysis at a local level. Therefore, data is only available at a national level with some analysis by region.

The relationship between free school meals and child poverty

80 The current children-in low income proxy measure is entirely based on administrative benefit counts so it is a precise measure of those on particular benefits and tax credits living under the poverty line. The data is provided by the government's Child Poverty Unit with data sourced from DWP and HMRC and does have limitations (see Appendix 4).

81 Initial data from 2014 show there is a strong correlation between the number of children in low income families and numbers of children eligible for free school meals. This may mean using locally collected FSM data provides a useful proxy for child poverty data even if overall numbers are lower.

Local data on health inequalities related to child poverty

82 Analysis of local health data also shows a consistent relationship between deprivation and poor health outcomes. For example, the life expectancy gap between the most deprived and least deprived areas within the county is 6.9 years for men and 7.6 years for women.

83 The distribution of excess weight and obesity for children aged 10-11 in County Durham is unequal; it is higher in the more deprived areas than the least deprived areas. For example, around a quarter (24.7 percent) of 10-11 year old children who live in the most deprived fifth of areas are obese compared to 14 percent of children in the least deprived areas.

Impacts of Welfare Reform and Poverty

84 Understanding the impact on local communities of welfare reform is very difficult, in part because the reforms are not uniform and involve a complex range of factors, but also because there has been no attempt by government to assess the collective impact of its welfare reforms via an impact assessment.

85 The same applies to the continuing reduction of local government funding and reforms, including the removal of area-based grants and the shift away from the principle of local government funding being based on need. The lack of adequate impact assessments and the knock-on effect of policy change in one area on another, have been highlighted on a number of occasions by the Public Accounts Committee and the National Audit Office.

86 As highlighted to Cabinet on 14 September 2016, the reduction in local authority funding is set to continue and over the next few years will inevitably impact on frontline services. We therefore need to continue to increase our understanding of the local impacts of change, so that when we have to reduce spending and change service delivery, we can continue to mitigate the impacts where we can, through well thought-out and targeted approaches.

87 Clearly, many of the drivers of poverty - such as the strength of the economy, employment, wage rates and inflation - are not all in the council's control, but we can attempt to mitigate the effects and make some of the impacts less severe.

County response

88 The council has taken a lead through a strategic and co-ordinated approach to the changes made to the welfare system to date, including how the funding available from government has been used to support people affected by the changes and those experiencing poverty. This has identified the benefit of joining up services across service groupings. In doing so, it has become apparent that alongside the welfare reform changes there are areas of work already being delivered which are complementary and collectively address the underlying issues around the county, such as the Warm up North scheme and the council's work on financial inclusion.

89 Area Action Partnerships have also moved to address welfare reform and poverty issues in their areas and local Members have also used the council's Neighbourhood Budgets to help reduce the impacts of the changes and issues of poverty in their local areas. Such projects include: a 'holiday hunger' project in Sedgefield; employability skills project at Bishop Auckland College; Fareshare funding to help address food poverty in Chester-le-Street; funding for a foodbank distribution point in Durham City; crisis intervention packs at Woodhouse Close Church Community Centre; and funding towards a 'meals on wheels' service in Bishop Middleham and Cornforth.

90 In recognition of the wider impact of the changes to welfare, the scope of the welfare reform policy work and the Welfare Reform Steering Group was broadened in 2014 to take a more comprehensive overview of poverty issues in the context of welfare reform.

91 The council's Poverty Action Steering Group (PASG) co-ordinates the delivery of a range of new and existing policy work which seeks to achieve a much broader understanding of the issues affecting residents, resulting from continuing changes to welfare and other issues which mean that residents can experience poverty.

92 On 21 October 2015, Cabinet considered the latest update on welfare reform and poverty issues and the progress made in responding to the changes to welfare and issues of poverty, and approved consultation on the council's Poverty Action Plan which focusses on the following themes:

(a) Attitudes to poverty and raising its profile;

(b) Focus on child poverty;

(c) Credit and debt;

(d) Further welfare reform and benefit changes;

(e) Work and personal wellbeing and sense of worth.

93 Between December 2015 and March 2016, the council consulted on the draft Poverty Action Plan, engaging with the County Durham Partnership and sub partnerships, Area Action Partnerships, elected Members, Overview and Scrutiny, the County Durham Association of Local Councils, County Durham Advice Partnership, the Voluntary and Community Sector Working Group, School Governors, the Better Together Forum and Business Durham.

94 The action plan has been amended to reflect comments and feedback received, including the recent feedback received from the Poverty and the Workplace conference held in September 2016.

95 The Poverty Action Steering Group considers regular monitoring reports in relation to the plan.

Attitudes to poverty and raising its profile through partnership with agencies and individuals with direct involvement in poverty

96 The council's response to the welfare changes and poverty issues across the county has been shared widely with the County Durham Partnership and has involved working closely with many key partners.

97 Council employees, particularly those in customer-facing roles, have received information and training to help them understand the changes and how the council and partners can help.

98 A communications programme has been instigated to ensure that claimants understand proposed changes and are signposted to the most appropriate sources of advice, help and support.

County Durham Partnership

99 This work included the County Durham Partnership holding a 'Poverty and the Workplace' conference on 23 September 2016 at The Glebe Centre, Murton. This event followed on from three previous welfare reform conferences held in 2012, 2013 and 2014. Ninety eight delegates from 43 organisations and services took part.

100 The conference included a market place of display stands highlighting the work of 18 organisations and schemes across the county helping people to access employment. Representatives from these organisations were also available to talk about their innovative work and the impact on local communities.

101 The conference highlighted issues faced by both those entering the workplace and those in work; in particular, those issues around changing employment opportunities such as low pay, and patterns of underemployment.

102 Delegates were provided with the opportunity to hear about the practical solutions being put into place to address the problems people face and took part in facilitated group discussions to consider what more can be done to ease the transition into work.

103 Feedback from this event will be presented to a forthcoming meeting of the County Durham Partnership and comments and suggestions relating to the Poverty Action Plan have been captured and will continue to be monitored by the PASG.

Advice in County Durham Partnership

104 To help co-ordinate and develop capacity to provide welfare and poverty advice in the county, the council has worked with partners to support the Advice in County Durham Partnership (ACiD).

105 In 2014 the council initially agreed to allocate £70,000 over two years to fund a partnership co-ordinator and take a more active role in the Advice in County Durham Partnership. Following this initial period, this role has now been included into the council's permanent staffing structure.

106 The partnership seeks to bring together statutory and community and voluntary sector organisations under a 'no wrong door' approach, to improve the co-ordination of advice services and ensure agencies work together to support the needs of our communities. There are now 116 members of the AiCD partnership.

107 There have been 1,718 referrals via the AiCD partnership to date of which 1,430 were referred to the council's Welfare Rights team. The referral process is currently being developed further and includes a directory of services which details online referral opportunities with an aim of increasing the choice of organisations to refer into and the speed in which cases are allocated.

Area Action Partnerships

108 Many of the council's 14 Area Action Partnerships (AAPs) had previously identified welfare reform and/or poverty as one of their key priorities and had already supported various projects in their areas, focussing on the issues which are particularly relevant to each local community.

109 The council provided £10,000 of additional funding to each of the 14 AAPs from the Welfare Assistance Scheme in 2014/15, 2015/16 and 2016/17 and at their respective 2016 Annual General Meetings, all 14 AAPs agreed a priority which is directly linked to one or more of the actions identified in Poverty Action Plan.

110 This has helped to ensure a vast range of varied interventions across the county, including projects linked to employability, training, helping residents with transport for work, and helping residents cope with welfare changes or poverty, such as access to guidance on benefits, foodbank projects and food provision for children during school holidays.

111 So far the AAPs have delivered 39 projects reflecting the diverse needs of the county's residents and have attracted £579,711 of match funding. These projects have supported over 7,360 beneficiaries to date.

Social Justice Pilots

112 Following the success of the social justice pilot in Crook in 2014/15 the PASG has been working with East Durham AAP and the Department for Work and Pensions (DWP), and Jobcentre Plus staff from Peterlee to replicate this approach in the east of the county.

113 This approach aims to improve the understanding of how the benefits regime is affecting individuals. Through a greater awareness of how benefits are processed and the requirement to avoid sanctions, support agencies are better informed and are helping to improve welfare and wellbeing outcomes for customers receiving DWP benefits and ensure that clients do not lose their entitlement, particularly those who are vulnerable and/or have particularly challenging circumstances.

114 It takes a 'customer centric' view of the support that customers may receive at the same time from different organisations and considers whether relevant agencies can improve the effectiveness of this support for individual customers. This has identified the impact on individuals with mental health issues, drug and alcohol dependency and recent offending.

115 Similar issues to those identified in Crook include a lack of basic skills within some customer groups, increasing numbers of people with financial difficulties and debt problems, travel and transport difficulties for customers in attending venues where support is available, the impact of benefit sanctions and the difficulties some customers with chaotic lifestyles experience in prioritising appointments.

116 The project is raising awareness amongst partner agencies of the support available locally and steps are being taken to improve the sharing of data between agencies, so that they understand the commitments which are being placed on individuals by Jobcentre Plus and other agencies, and can take this into account in their planning, in order to avoid having to resort to sanctions.

117 This approach is to be extended to other Jobcentres across the county.

Housing providers

118 The Housing Welfare Reform Group was established in 2012 and has worked successfully to understand and plan for the changes brought about by welfare reform and to monitor the impact. It provides an opportunity for the larger social landlords in County Durham to come together and share best practice, coordinate their work, monitor the impact and plan for the future.

119 The group continues to work together in relation to the poverty agenda and the impact on housing in County Durham, and it supports the delivery of Poverty Action Plan through activities including:

(a) identifying those tenants affected by the changes and implementing proactive targeted preventive work;

(b) working with the council's Housing Solutions and Revenue and Benefits teams in relation to the development and implementation of the Discretionary Housing Payment Policy (DHP);

(c) introducing and reviewing the countywide triage process. This provides an assessment of housing, debt and employment advice with an aim to improving the tenant's current financial situation;

(d) providing dedicated staff whose primary role is to continue to engage with tenants after a DHP is awarded, and work closely with tenants living in the private rented sector;

(e) increasing engagement with private landlords to provide advice and assistance to their tenants.

120 There are currently four temporary members of staff within the council's Housing Solutions team whose role it is to support people affected by welfare reforms or who are experiencing issues relating to poverty. This small team works closely with both social and private landlords to help achieve positive outcomes for their tenants' personal circumstances.

121 The team has visited over 2,500 customers since March 2014 and update reports on their work have been presented to the PASG on a regular basis.

122 Over 1,000 positive outcomes have been achieved by these customers who have been supported by this team. These outcomes include: approximately 100 customers gaining employment; nearly 150 have maximised their income; over 400 have resolved their housing benefit issues; and nearly 150 have been re-housed.

123 The team's current workload also includes targeted work with the 600 or so customers expected to be effected by the new benefit cap and customers aged under 35 years and living in the private rented sector.

124 At its meeting on 15 December 2016 the Poverty Action Steering Group agreed to extend the funding for this team up until March 2019.

Focus on child poverty

Child poverty workshop at 'Big Tent Event'

125 The Health and Wellbeing Board host an annual Big Tent Engagement Event to gather the views of stakeholders. This year's event was held on 5 October 2016 at the Durham Centre, Belmont.

126 The event was attended by stakeholders ranging from service users, patients, carers, representatives from the voluntary and community sector and other NHS and local authority partners.

127 The PASG facilitated a workshop at the event on child poverty. This workshop looked to share information and gather views from participants in relation to the partnership actions to reduce child poverty, with a particular focus on health.

128 Feedback from this event will be captured in the Poverty Action Plan and has been shared with Corporate Director, Children and Young People's Services for consideration and action.

Head Teachers conference

129 The council's Education Development Service held a conference on 6 June 2016 for County Durham head teachers and other school staff on child poverty and transforming the lives of vulnerable children.

130 The event focussed on poverty-proofing the school day and ensuring best effective use of the pupil premium.

Review of take up of free school meals

131 The Children and Young People's Overview and Scrutiny Committee has conducted a review of the take-up of free school meals.

132 Take-up in primary schools remains consistently high and there is universal provision of free school meals in key stage one (reception, year one and year two).

133 However, in secondary schools there has been a decreasing roll number over the three years shown and academies are not required to report their meal figures to the local authority. Information presented to the Children and Young People's Overview and Scrutiny Committee in February 2016 suggests that there is a lower take up of free school meals by secondary school pupils.

134 Feedback on the free school meals checking system operated by the authority was sought from schools to identify benefits and where improvements may be needed. The review is also exploring what is available to help families during the 12-13 week school holiday periods when their children are not able to access free school meals.

135 Feedback from the review was considered by Cabinet at its meeting of 16 November 2016.

Free 30 hour early years places

136 From September 2017, the government is introducing 30 hours a week free child care for three and four year olds to support working parents, with childcare being available anytime between 6.00am and 8.00 pm, seven days per week (to support shift workers).

137 As part of the introduction of the scheme, the Department for Education (DfE) asked local authorities to make an expression of interest for capital funding to support the delivery of this initiative. The council did so but was not chosen to be an early implementation local authority for the initiative.

138 The DfE estimate that Durham has 4,010 three and four year olds eligible for 30 hours childcare and invited the council to submit a bid for six new build/extension projects on schools and day care settings to increase capacity to deliver the new childcare offer.

139 Bids for each project are expected to be less than £1 million and a minimum of 25 percent of the total project cost is to be funded from alternative sources. There has been a countywide survey to get an indication of need from parents and to childcare providers and schools for an indication of capacity of places across the county. This will form the basis of a gap analysis.

140 The council is due to be informed of outcome of its applications this month.

141 A market assessment has commenced to ensure that the council and early years providers are aware and are forward planning for the demand anticipated when the scheme is introduced.

142 As it stands, approximately 88 percent of two year old children are accessing the entitlement in schools, community settings and childminding provision.

Financial awareness in schools

143 Staff in Regeneration and Local Services are also currently working with schools to establish 'financial literacy champions' to raise financial awareness and promote a savings culture in conjunction with work already being delivered around credit unions. Over 3,000 children have started saving with credit unions and staff are also working with Durham Housing Group and Leisureworks to engage with any schools which they work with.

Credit and debt

144 As a matter of course, when the council considers policy changes or service restructurings, it undertakes thorough impact assessments to understand the effect of proposed changes and to identify what could be done to mitigate any detrimental effects on disadvantaged communities and vulnerable groups, where possible.

145 This is particularly important as the recession and public spending reductions have disproportionately affected northern and poorer areas such as the county, which have lower levels of economic growth, higher rates of benefit dependency and disproportionately higher levels of public sector employment.

Council Tax Reduction Scheme

146 Through our Local Council Tax Reduction Scheme, the council continues to protect economically vulnerable working age people from the 10 percent national cut which was made to Council Tax Support. This scheme has been extended for a further year into 2017/18 in order to maintain the same level of benefit support provided before the scheme was changed in 2013, providing valuable support to many in need.

Under Occupancy Charge

147 The total number of tenants under-occupying as at April 2013 was 8,001. Over the years, this has decreased to 7,162 in April 2015, with a further reduction to 6,733 at the end of May 2016.

148 Rent arrears across the social housing sector in the county reduced by 4.7 percent in 2015/16 compared with 2014/15, and in 2015/16, housing providers reported 119 evictions for rent arrears, which is a significant decrease of 31 percent compared with the previous year.

149 There have been no evictions where the arrears were as a result of the under-occupancy charge only. Protocols remain in place to intervene and assist tenants to prevent eviction.

Discretionary Housing Payments

150 Through its Discretionary Housing Payments policy, the council has made awards to nearly 5,700 people, which has helped towards meeting their housing costs during the period 1 April 2013 and 4 December 2016.

151 The policy has been reviewed during 2016/17, to assess levels of expenditure and demand on budget. It is expected that the £1,186,639 DHP grant allocation for 2016/17 will be fully expended, with an overspend of approximately £138,524 (as at 12 December 2016). The council is also expecting demand for DHPs will increase towards the end of the financial year for those customers affected by the new benefit cap which comes into effect from 9 January 2017. Therefore the total forecasted overspend is approximately £332,728.

152 It is proposed that the overspend will be funded from the Welfare Assistance Scheme budget.

Welfare Assistance Scheme

153 The council continues to provide its Welfare Assistance Scheme, which provides emergency and crisis support to fill the gap left by the termination of the government's Social Fund.

154 In April 2015, the scheme was brought in-house and is now being delivered directly by the council, using existing service teams in Revenues and Benefits.

155 The council's budget for 2016/17 makes provision for £1 million of expenditure on the Welfare Assistance Scheme (including administration costs) and this will be maintained on an on-going basis until the scheme is reviewed.

156 During 2016/17, the council has awarded over 400 settlement grants and over 480 daily living expense awards which account for a total spend of over £318,422. Forecasted spend on awards during 2016/17 is £475,000.

157 The existing welfare assistance policy, together with associated expenditure will be reviewed before April 2017.

Fuel Poverty

158 The council's Affordable Warmth Strategy has been refreshed to cover the period 2015-2020 in order to align it to the new national fuel poverty indicator, the National Fuel Poverty Strategy 2015-2030 which was launched in March 2015 and to comply with the reporting requirements under the Home Energy Conservation Act 1995.

159 Through the Warm Up North partnership which commenced September 2013, over 1,450 referrals across County Durham in 2015/16 have been received with 515 households benefitting from the measures including: cavity wall insulations; external wall insulations (area based schemes in Craghead and South Moor); gas boilers; loft Insulations; full central heating; and oil boilers.

160 The Warm and Healthy Homes Project launched in 2014/15 aims to address exposure to both excess winter death and decrease hospital admissions for those who have a health condition relating to living in cold damp private sector homes and is funded from the council's Public Health service and the Department for Energy and Climate Change Health Booster fund to the end of 2016/17.

161 To date the project has received 323 referrals, assisted 151 private sector residents with an energy efficiency measure and provided briefings for 328 front line social care and health practitioners and key partner organisations regarding the project and referral process.

162 In addition, the project received a Warm Homes Campaign award from the fuel poverty charity National Energy Action for the key partnership working involved in the delivery of the project which has assisted fuel poor households.

Financial Inclusion

163 The council continues to work closely with the local credit unions and training around financial awareness, dangers of using doorstep and payday lenders and credit union promotion is currently being developed for frontline staff in the council's Housing Solutions, Public Health and Think Family teams.

164 This training will complement the advertising campaign which is currently being delivered by the council on these issues during the run up to Christmas and early in the New Year.

Adult learning and skills/community learning provision

165 The County Durham Adult Learning and Skills Service continues to utilise community learning funding to deliver family learning provision for county residents. For example, a Community Parents Programme has engaged up to 30 volunteers and funding has also been utilised to support Syrian refugee families, with up to 14 families currently engaged.

166 Procurement for 2016/17 also includes commissioning for learning provision covering areas such as digital literacy, family budgeting, as well as activity around welfare/ benefits, for example supporting individuals with Universal Credit queries and so on.

Foodbanks

167 The provision of support to foodbanks has been an element in a significant number of AAP projects since 2014, both in providing foodbank assistance, but also in building on the delivery of food assistance to offer vulnerable clients additional services.

168 Foodbanks in the county have helped more than16,200 people in the last 12 months, compared to 13,500 for the same period in 2015. They are reporting a sharp increase from November so far - in part at least driven by the increase in the Fuel voucher value from £30 to its winter level of £49.

169 The reasons for residents requesting food vouchers remain relatively unchanged: benefits issues 53 percent; low income 22 percent; and debt 6 percent.

Further welfare reform and benefit changes

Increased Benefit Cap

170 The Poverty Action Steering Group is overseeing the council's response to the change and officers are working closely with the DWP to understand who is affected, the level of impact and the dates when the changes will be introduced. This will ensure that the council can build on the good work currently being done by housing providers and the council's Housing Solutions service to ensure that we support those customers affected, through our 'triage' process and the use of Discretionary Housing Payments to provide short term financial support, where required.

Local Housing Allowance Cap on Supported and Sheltered Housing

171 Work is currently underway with Housing Solutions, Commissioning and Revenues and Benefits to identify the effects of these changes and to understand who will be affected and the level of impact. The Poverty Action Steering Group will use the findings to inform its response to the government's consultation on funding for supported housing which ends on 13 February 2017.

Independent Living Fund

172 In County Durham, it was agreed that all council service users receiving ILF (114 people) would have a social work review prior to the end of June 2015 and that the same level of service currently being received via ILF and the council would continue until a full review has been undertaken later in 2015/16.

173 All service users with ILF have been reviewed and these services have been incorporated into individual care plans.

174 All funding has been ring-fenced to those individuals already accessing it, but all services will be subject to review in the future in line with the Care Act and eligibility criteria.

Disability Living Allowance to Personal Independence Payments

175 The Welfare Rights Service is currently undertaking a campaign to assist people with learning disabilities with their transition from DLA to PIP.

176 They have identified people living in Shared Lives Placements and Supported Accommodation who will be financially better off by electing to claim PIP and completed the work with Shared Lives placements. Any new placements coming forward are checked and migrated over if appropriate.

177 The people in supported accommodation are being checked on a scheme by scheme basis and to date the people in three schemes have been assisted.

178 All those migrated have received an increase in their Daily Living component and the majority have received an increase in the mobility component payable.

179 Welfare Rights have noticed an increase in cases being referred where claimants have been transferred from DLA to PIP and have either received a reduced award or have had a decision that they are not entitled to PIP. Also those claimants who have a Motability car and lose their entitlement to the mobility component when they transfer to PIP will lose their Motability car.

Universal Credit

180 Frontline staff continue to advise residents on UC and the council's customer services team has assisted 15 customers to make an online application for UC since it was first introduced into the county. The total number of UC claims in the county now stands at over 4,000.

Work, increasing employability, personal wellbeing and sense of worth

Employment and Employability Initiatives

181 Using employment initiatives as a way of responding to the changes to the welfare system, the PASG set aside £500,000 from the Welfare Assistance Scheme budget in 2014/15 to develop a specific employability and wage subsidy scheme to help disadvantaged people into work. The overall aim of the project was to support individuals affected by welfare reform and either support them in becoming closer to the employment market or to assist those who would like to explore self-employment as a route to improving their life chances and achieving a positive outcome.

182 Cabinet agreed in June 2016 to allocate a further £500,000 from the 2016/17 Welfare Assistance Scheme budget to allow this project to continue.

183 The scheme provides access to training and work-based learning, skills provision, financial support, wage subsidies for employers and targeted discretionary support where required. To 18 November 2016, the scheme has provided skills training to 530 individuals, assisted 488 individuals into employment and supported 59 people into self-employment.

184 Some examples of the skills training provided include: HETAS 03 (Registered installer of solid fuel, wood and biomass heating solutions), CPCS Dumper Truck, 17th Edition Electrical Installation, LGV Class 2, Gym Instruction, CPCS Crane Supervisor, Slinger and Signalling, Site Management, Level 3 Education and Training, Cytech Bicycle Mechanics and ADR Transporting Hazardous Goods.

185 Examples of where the discretionary spending has been used include licences, food and fuel subsistence until salary payments begin, rent and council tax payments, DBS applications, personal protection equipment, tools, a moped to support travel to employment in a rural area with poor transport links and travel to work.

186 The self-employment strand of the programme is managed by Business Durham but delivered through County Durham Enterprise Agencies: Derwentside, Chester-le-Street, South Durham and East Durham. The key elements of the project are an initial diagnostic to assess eligibility and the type of support needed, vouchers to buy one-to-one personalised support and

advice (which can be used pre and post start) and access to a small start-up grant if needed.

187 The council is currently preparing a response to the green paper *Improving Lives*, consultation which details the government's proposals on work, health and disability, and closes on 17 February 2017.

DurhamWorks

188 A review of the overall structure of employment-related training, skills, funding and employability provision in County Durham has been completed alongside a review of current European Union (EU) funding. Priority areas are flagged for the next round of EU finding opportunities in 2017.

189 The DurhamWorks Programme continues to be delivered, with a target to engage 5,830 16-24 year old unemployed young people by July 2018. An extensive marketing campaign has recently been undertaken and by the end of September 2016, 1,464 young people had been engaged in the Programme.

190 DurhamWorks is also promoting volunteering opportunities to young people to help residents consider how volunteering can play a part in helping secure long-term employment.

Apprenticeships

191 The County Durham Apprenticeship action plan continues to provide comprehensive support to help young people progress into apprenticeships and ensure young people have the skills that local businesses need. The 1,000th apprenticeship has recently started through the County Durham Apprenticeship Programme.

Next Steps

192 The existing Poverty Action Steering Group (PASG) will continue to oversee and monitor the work by the council and its partners and will continue to review the actions within the action plan to ensure these remain appropriate and are helping support communities and residents affected by the issues referred to in this report.

193 Membership of the group will also be periodically reviewed and Margaret Whellans, interim Corporate Director, Children and Young People's Services has recently joined the group to ensure the work of Children and Young People's Services is closely aligned to what the PASG is trying to achieve and in particular to help address the causes and impacts of child poverty.

194 The group is currently reviewing the actions within the Poverty Action Plan, reflecting on what has been achieved to date and what further things need to be considered following feedback from consultation and events including the Poverty and the Work Place Conference and 'The Big Tent Event'. An update on the plan will be included in the communication plan for 2017.

195 There are already plans to further strengthen the current focus on child poverty outlined below.

196 We will continue to work closely with our partners and ensure they remain engaged with activities of the PASG and the actions within the action.

Child poverty

197 The strategy to minimize the effects of childhood poverty will be developed further and integrated into a reformed early help offer within Children and Young People's Services. Whilst there are elements of good practice and consideration across the spectrum of services, the opportunity exists to focus explicitly on targeted work to compensate for childhood poverty.

198 The research evidence about the impact of children born into low incomes is well presented where infant mortality, low birth weight, lower rates of breast feeding and poor maternal mental health are strong characteristics of poverty. This tends to continue into poor nutrition, obesity and negative impacts on physical and emotional wellbeing into adulthood.

199 Giving children the best start in life where poverty impacts, requires assertive targeting on health, education, employment, behaviour, finance, family and personal relationships. Poverty is known to affect the self–esteem and engender a strong stigma, which impacts on school and community involvement.

200 In order to continue to develop expertise on this area of work, the council should continue to participate in the regional Child Poverty Network as a way of sharing expertise and good practice and consider what works. This would enable the ongoing improvement and service development.

201 In addition, there is an opportunity to work with the North East Child Poverty Commission, which has political support across the region. The commission has received £40,000 per annum from the Millfield Foundation to provide strategic direction and focus to a regional action plan that will have impact. The opportunity to learn and make use of this work will bring added value.

202 Further detailed work will be taken forward by Children and Young People's Services and overseen by the PASG. This work will complement the actions already being delivered to address child poverty.

203 This will include a detailed analysis and understanding of the data relating to child poverty in the county including the identification of gaps in our knowledge. Existing service provision across a range of sectors will also be mapped and gaps identified in order to inform the development of additional service provision and new interventions where required. A report on the proposed work programme will be brought to Cabinet for consideration at the beginning of the new financial year.

Conclusion

204 As expected, the government intends to continue with its programme of welfare reform in order to tackle what has been described as a dependency culture and to reduce public spending on welfare.

205 While there have been some changes to the pace of change, with policy u-turns and delays in the implementation of flagship reforms such as Universal

Credit, the initial benefits and welfare changes the government made are having a discernible impact on residents in the county and it is important that the council and its partners continue to respond.

Recommendations

206 Cabinet is recommended to:

(a) note the contents of this report and the progress being made by the council and its partners in addressing welfare reform and the wider poverty issues in the county;

(b) agree to meet up to £335,000 overspend on the Discretionary Housing Policy for 2016/17, from the Welfare Assistance Scheme budget;

(c) agree to an in-depth piece of work further exploring child poverty in County Durham as outlined in paragraphs 202 to 203.

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Background papers

Cabinet Report, Welfare reform and poverty issues – 21 October 2015

Cabinet Report, Employment and Employability Initiatives – 18 June 2016

Appendix 1: Implications

Finance – It is expected that the £1,186,639 DHP grant allocation for 2016/17 will be fully expended, with an overspend of approximately £332,728 (as at 12 December 2016). It is recommended that the overspend is funded from the Welfare Assistance Scheme budget.

Staffing – There are no new staffing implications contained within the report.

Risk – N/A

Equality and Diversity / Public Sector Equality Duty – The council's Welfare Assistance Scheme and Discretionary Housing Payments policy have been subject to equality impact assessments where appropriate.

Accommodation – N/A

Crime and Disorder – N/A

Human Rights – N/A

Consultation – The Poverty Action Plan is being reviewed in the light of feedback following consultation events at the Poverty and the Work Place Conference and the health and Wellbeing Board's 'Big Tent Event'.

Procurement – N/A

Disability Issues – N/A

Legal Implications – N/A

Appendix 2: Welfare reform policy update

1 Since 2010, welfare reform has been a major theme of government policy. The Welfare Reform Act 2012 consolidated a raft of changes intended to reduce government spending on welfare by £18 billion by 2015 by encouraging people to support themselves through work rather than welfare.

2 Changes already legislated for include: the introduction of Universal Credit (UC); the abolition of Council Tax Benefit (CTB); changes to Housing Benefit; the abolition of the Social Fund; replacing Disability Living Allowance (DLA) for all working-age claimants with a new Personal Independence Payment (PIP); and the introduction of a cap on the total benefits.

3 The various changes to welfare and benefits, taken alongside wider economic changes are having an impact on the county and its residents, particularly those experiencing different forms of poverty.

Spending Review and Autumn Statement 2015

4 Shortly after the last report to Members, the government made further welfare and benefits policy announcements in the Spending Review and Autumn Statement 2015. These included:

a) the proposed changes to the rate at which a household's Tax Credit award is reduced will be scrapped and the taper rate will remain unchanged. The income rise disregard will be £2,500;

b) no further changes to the Universal Credit taper, or to the work allowances beyond those that passed through Parliament;

c) councils will be able to add 2 percent on council tax to pay towards social care in their areas;

d) from April 2016, the basic state pension will rise to £119.30 per week, an increase of £3.35;

e) the Warm Home Discount scheme will be extended to 2020-2021. This currently gives certain low-income households a one-off reduction of £140 on their electricity bill;

f) the apprenticeship levy will come into effect in April 2017, at a rate of 0.5 percent of an employer's pay bill. A £15,000 allowance for employers will mean that the levy will only be paid on employers' pay bills over £3 million;

g) the Work Programme and Work Choice will be replaced by a new Work and Health Programme, contracts for which will begin from October 2017. It will provide specialist support for some claimants with health conditions or disabilities, and for some other categories of claimants, including some those of unemployed for over two years;

h) unemployed claimants in the early stages of their benefit claim will attend more frequent interviews in Jobcentre Plus;

i) Jobcentre Plus offices will be increasingly co-located with other local services, such as council benefit teams and health services;

j) the process of devolution of employment services to combined local authorities and devolved governments will continue.

Welfare Reform and Work Act 2016

5 The Welfare Reform and Work Act received Royal Assent on 7 March 2016 and become law on 16 March 2016.

6 The Act takes forward government commitments to introduce a duty to report to Parliament on progress made with welfare and child poverty issues. The main changes legislated for include:

a) a duty to report to Parliament on progress towards achieving full employment; progress towards achieving three million apprenticeships in England, and progress with the Troubled Families programme (England);

b) a duty on the Secretary of State to lay an annual report on child poverty before the Houses of Parliament;

c) in line with the Life Chances Strategy, a duty on the Secretary of State to publish and lay before Parliament a report containing data on children living in workless households, long-term workless households in England, and the educational attainment of children (and disadvantaged children) in England at the end of Key Stage 4. The first report must be published before the end of the financial year ending 31 March 2017. Later reports must be published before the end of each subsequent financial year;

d) the Social Mobility Commission to publish a report setting out its views on the progress made towards improving social mobility in the United Kingdom. The first report must be published before the end of the financial year ending 31 March 2017;

e) the removal of specific parts of the Child Poverty Act 2010, including four UK wide targets on relative low income; combined low income and material deprivation; absolute low income; and persistent poverty. The duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area was also removed;

f) lowering the benefit cap so that the total amount of benefits to which a family on out of work benefits can be entitled to in a year will not exceed £20,000 for couples and lone parents, and £13,400 for single claimants, except in Greater London where the cap is set at £23,000 and £15,410 respectively. The legislation removes the link between the level of the cap and average earnings and the requirement for the Secretary of State to review the cap each year, replacing it with a requirement for the Secretary of State to review the cap at least once in each Parliament and allowing the Secretary of State the flexibility to review the cap more frequently at their discretion;

g) freezing social security benefits for four tax years starting from 2016/17:

- the main rates of income support, Jobseeker's Allowance, Employment and Support Allowance, Housing Benefit and Universal Credit; the work-related activity group component of Employment and Support Allowance, the work-related activity component of Housing Benefit and the limited capability for work element of Universal Credit;
- the individual element of Child Tax Credit payable to a child or qualifying young person who is not disabled or severely disabled;
- the basic, 30 hour, second adult and lone parent elements of Working Tax Credit;

- and both elements of Child Benefit, that is, the ‘enhanced rate’ for the eldest child and ‘any other case’ for any other child, with effect from April 2016.

h) a freeze of certain Tax Credit amounts for four tax years from 2017 to 2020 where each of the relevant amounts is to remain the same as it was in the tax year ending 5 April 2016;

i) changes to Child Tax Credit to define a person entitled to child tax credit as someone who is responsible for a child or qualifying young person who was born before 8 April 2017. There is also clarity around the disability element of child tax credit;

j) changes to the child element of Universal Credit to limit payment for a maximum of two persons who are either children or qualifying young persons for whom a claimant is responsible;

k) amending the regulations for Universal Credit claimants subject to work-focused interview requirements and work preparation requirements;

l) interest-bearing loans to be made to eligible owner-occupiers in respect of their liability to make owner-occupier payments in respect of their home, in particular mortgage interest payments. Those entitled to receive Income Support, income-based Jobseeker’s Allowance, income related Employment and Support Allowance, state pension credit or Universal Credit will be eligible to receive a loan. The Act enables the Secretary of State to secure a charge on the individual’s property as security for the loan;

m) a reduction in social housing rents by one percent a year for four years from April 2016.

Budget 2016

7 On 17 March 2016, the Chancellor of the Exchequer delivered his second budget since the 2015 general election.

8 The government sought to maintain its approach of tightening spending on welfare and initially proposed £4.4 billion of cuts to disability benefits (Personal Independence Payments). The proposal was heavily criticised and prompted the resignation of the Secretary of State for Work and Pensions. The government then announced that it would drop the proposal and would confirm in the 2016 autumn statement how the £4.4 billion gap would be met.

Queen’s speech 2016

9 On 18 May 2016, the government outlined its latest legislative programme through the Queen’s speech. Among the 21 bills announced, the Lifetime Savings Bill (England, Wales, Scotland and Northern Ireland) included proposals to implement the Help to Save scheme announced in Budget to help those on low incomes build up a "rainy day fund". Those in work but getting certain benefits who put aside £50 a month will see it matched by the state. A new Lifetime ISA for under-40s was also proposed, offering a £1,000 tax-free payment each year for those saving £4,000. Although it was intended that the Lifetime ISA would be available from April 2017, the bill is yet to receive its first reading in parliament, although the Financial Conduct Authority has recently commenced a consultation on the proposed implementation of the scheme.

10 Other commitments included the forthcoming Life Chances Strategy which will set out this government's new approach to tackling poverty and transforming the life chances of the most disadvantaged children and families. The Strategy will include a set of measures on the root causes of poverty.

Supported Accommodation

11 In September 2016 the Government announced details of its proposed model for the future funding of supported accommodation.

12 From 2019 it is proposed to apply the Local Housing Allowance cap to all claims in supported and sheltered housing with a top-up paid by the local authority.

13 There will be no Shared Accommodation Rate in the calculation of the LHA rate for tenants in the new system. The one-bedroom LHA rate will be used for people under 35 living in supported housing.

14 The Government believes a different system needs to be worked out for short-term transitional services and it is consulting on this.

15 Work is currently underway with Housing Solutions, Commissioning and Revenues and Benefits to identify the effects of these changes across County Durham.

Work, health and disability green paper: improving lives

16 On 31 October 2016 the government published Improving Lives, its green paper on work, health and disability, in line with its General Election manifesto ambition to halve the disability employment gap. The new Work and Pensions Secretary Damian Green reiterated his commitment that no new welfare savings were being sought through the green paper.

17 It states 4.6 million disabled people and people with long-term health conditions are out of work and sets out why change is needed by employers, the welfare system, and health and care providers.

18 Specific proposals include:

a) a review of Statutory Sick Pay and GP fit notes to support workers back into their jobs faster, and for longer;

b) encouraging Jobcentre Plus work coaches to signpost claimants to therapy;

c) the launch of a consultation on Work Capability Assessment reform;

d) encouraging employers to work with their employees with long-term health conditions to stop them from falling out of work;

e) a wide-ranging debate about recognising the value of work as a health outcome;

f) the creation of a Disability Confident Business Leaders Group to work alongside Ministers and officials to increase employer engagement around disabled employment, starting with FTSE 250 companies;

g) a consultation on the Work Capability Assessment, the process for assessing Employment and Support Allowance (ESA) and Universal Credit claimants' capability for work – the proposals would put an end to the binary 'can work/can't work' groups;

h) developing large scale trials on how health-led services and support can help get disabled people and those with long-term conditions back into work – with a specific focus on mental health and musculoskeletal conditions;

i) working with Health Education England, Public Health England and others to make the benefits of work an ingrained part of the training and health workforce approach.

19 The green paper also included proposals for a new 'Personal Support Package', which would include:

a) a new Health and Work Conversation between new people on ESA and their work coach, focusing on what they can do rather than what they cannot;

b) recruiting around 200 Community Partners into Jobcentre Plus, including expertise from the voluntary sector;

c) a trial voluntary work experience programme for young people with limited capability for work, enabling them to benefit from experience with a mainstream employer to build confidence and skills, enhance their CV and demonstrate their ability to perform a role;

d) extending 'Journey to Employment' job clubs to 71 Jobcentre Plus areas with the highest number of people receiving ESA with limited capability for work.

20 The council is currently preparing a response to the green paper consultation which closes on closes 17 February 2017.

Social Housing – cap of housing benefit

21 On 21 November 2016, the government announced that it is to delay its plans to cap the amount of eligible Housing Benefit in the social rented sector both in relation to general needs and supported accommodation from 2018 to 2019. From 1 April 2019, the amount of housing benefit will be the same as that paid in the private rented sector, the Local Housing Allowance (LHA). It will affect general needs tenancies from 1 April 2016.

22 The average rents in the social rented sector have been compared with the local housing allowance rates across the four broad market rental areas (BMRAs) in County Durham. This has highlighted the main client group who will be affected are those under 35 as a lower limit of benefit known as the single room rate will apply. The figures across the four rental areas are:

- Darlington BRMA – average shortfall for those under 35 - £18.75; average shortfall for singe bed rate - £3.03;
- Sunderland BRMA – average shortfall for those under 35 - £18.30;
- Durham BRMA - average shortfall for those under 35 - £8.90;
- Tyneside BRMA – average shortfall for those under 35 - £8.90.

Autumn statement 2016

23 On 23 November 2016, the new Chancellor of the Exchequer delivered the Autumn Statement, his first major policy statement since the change in leadership in government following the European Union referendum.

24 The Chancellor confirmed that departmental spending plans set out in 2015 Spending Review would remain in place for the current spending review period and that the

government has no plans to reduce welfare spending over and above what is already planned during this parliament.

25 He confirmed that the rate at which benefits are withdrawn from people when they start work on Universal Credit, is to be reduced from 65 percent to 63 percent from April 2017, at a cost of £700 million.

26 He also announced that the National Living wage is to increase from £7.20 to £7.50 from April 2017, with the rates for younger people and apprentices as follows:

- for 21 to 24 year olds – from £6.95 per hour to £7.05
- for 18 to 20 year olds – from £5.55 per hour to £5.60
- for 16 to 17 year olds – from £4.00 per hour to £4.05
- for apprentices – from £3.40 per hour to £3.50.

27 A further £10 million over two years was also committed to the Rough Sleeping Fund.

28 In addition, alongside the Autumn Statement, the government announced that it has decided to scrap the 'Pay to Stay' policy which would have forced councils to charge higher-earning social housing tenants more rent. The decision followed repeated calls from the local government sector to drop the scheme as it would be too difficult to implement.

Appendix 3: Welfare Impacts

Welfare Impacts

Universal Credit

1 Universal Credit (UC) began in County Durham on 21 September 2015 and it is estimated that over 70,000 people will be affected by Universal Credit once this has been fully rolled out.

2 UC is best understood as a repackaging of existing benefits. It introduces for the first time a consistent benefit withdrawal rate, intended to ensure that claimants are always financially better off in work, but the rules governing eligibility are essentially carried over from the existing benefits it replaces. Unlike the other welfare reforms covered here, Universal Credit is not expected to result in a net reduction in benefit entitlement.

3 In the Government's Public Accounts Committee's latest progress report on the Universal Credit, it points out that in July 2016, DWP released a written Ministerial Statement setting out further delays to the rollout of Universal Credit, pushing out its rollout of five Jobcentres a month to July of next year, not February 2017, its previous 'latest' milestone. That postponement means the system cannot now be fully operational until a year after the last PAC published date for completion - March 2022, not March 2021.

4 Currently in County Durham only new claimants, who are single and have no dependants can claim UC. The total number of UC claimants in County Durham currently stands at approximately 4,000. The DWP has advised that roll out to new claimants only will continue in October 2017 for the Peterlee and Seaham Jobcentre Plus localities; December 2017 for Stanley, Bishop Auckland, Crook and Consett; and March 2018 for Chester-le-Street, Newton Aycliffe, Spennymoor and Durham.

5 The full UC Digital Service will allow users to make a claim, check details of payments, notify changes of circumstance and search for a job through a single account, making digital the primary channel for most working-age people to interact with the DWP.

6 The full Digital Service will be open to all new claims from all claimant types of working age. This will also include anyone who is currently on existing benefits or Tax Credits and has a change of circumstance that would naturally trigger a new claim to UC, meaning the entire household affected would move to the full service. Additionally anyone who is currently claiming UC through the live Jobcentre service will be moved onto the full Digital Service.

7 The government expects the national roll-out to the full Digital Service to be completed by September 2018. This is being rolled out on a Job Centre by Job Centre basis, rather than by local authority area.

8 From July 2019 the government will then begin migrating all remaining existing benefit claimants to the full UC service. This part of the process is intended to be completed by March 2022.

9 The following sections provide some detail as to recent trends in the main benefits affected by UC and other welfare reforms.

Tax Credits changes and trends[14]

10 Since 2010 changes to tax credit have included:

a) freezes to the main, lone parent and couple elements of the working tax credit;

b) increases in the hours-of-work requirements for couples with children to receive working tax credit;

c) an increase in the rate at which tax credits are tapered away as income rises from 39p for every £1 of extra income to 41p;

d) reductions in the incomes at which tapering away of tax credits begins, most notably for the 'family element' of the child tax credit;

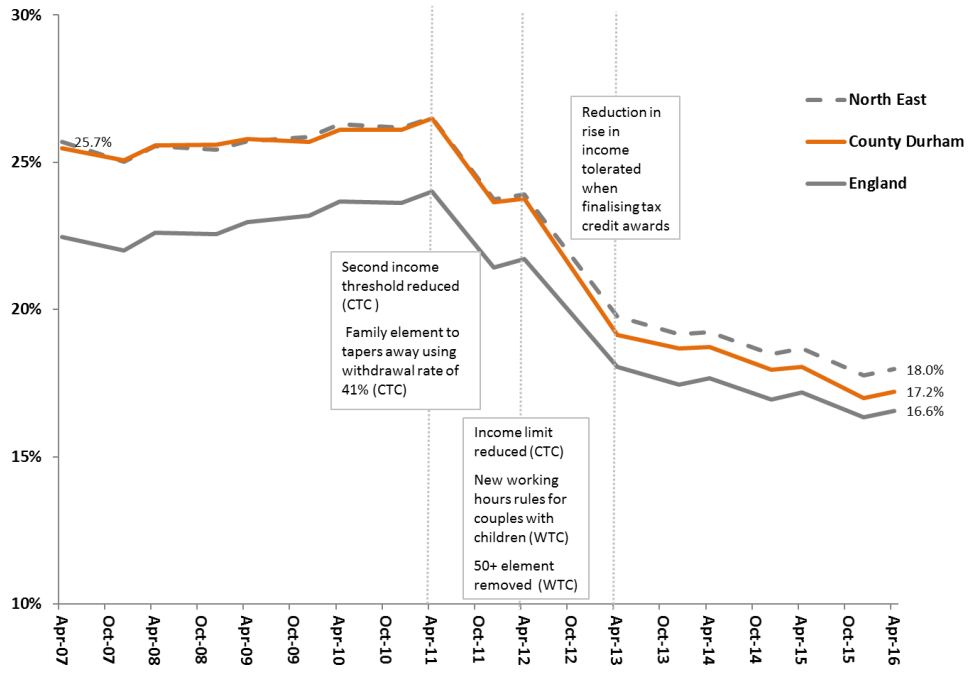
e) reductions in the proportion of childcare costs that can be claimed for, from 80 percent to 70 percent;

f) removal of a number of elements of tax credits (such as the 'baby' element paid to families with a child aged under 1);

g) and increases in the child element of the child tax credit.

11 The result of these changes is that the poorest (for example, non-working) families with children generally receive a little more support from tax credits than they otherwise would have, but that families with higher income receive less (especially if they claim support for childcare costs). In this way, the changes mean that support has become more targeted at those with the lowest incomes, but at the expense of a weakening of work incentives. In practice this has meant a sharp reduction in the number of families claiming child tax credit and/or working tax credit and a significant reduction in household income, if it is not replaced by earned income (Figure 1).

Figure 1: Proportion of Households Claiming Child Tax Credit and/or Working Tax Credit



[14] HMRC - Personal tax credits: Finalised award statistics - geographical statistics 2014 to 2015

12 Between April 2011 and April 2016 the total number of families claiming tax credits fell by 20,800, reducing from more than one in four (26.5 percent) of all households in County Durham to less than one in five (17.2 percent). The fall is largest for in-work families where now 18,400 fewer families claim tax credits.

Main out-of-work benefits

13 The number of people claiming the main out-of-work benefits in the county has also been falling since it peaked in 2009 as a result of the recession, with in excess of 56,000 claimants resident in County Durham. Numbers have steadily declined since and are now lower than at any other time in the last 17 years at 40,710 claimants. This reduction is partly the result of improving employment but also influenced by policy changes by DWP, such as Employment Support Allowance. The vast majority of claimants of these benefits will transfer to UC but it should be noted that some JSA and ESA claimants on contributory based benefits will remain outside of UC.

Claimant Count (DWP Experimental)

14 The claimant count figures measure the number of working age people claiming either Jobseekers Allowance (JSA) or Universal Credit (UC), with figures for the county including UC from September 2015[15]. These figures show that the number of claimants in the county has fallen from 14,825 in May 2014 to 7,825 in October 2016. Currently 2.4 percent of the working age population claim either JSA or UC in the county compared to 2.9 percent in the region and 1.8 percent nationally.

Sanctions regime[16]

15 DWP introduced a new sanctions regime for JSA from October 2012. The new rules introduced three categories of sanction – higher, intermediate and lower – depending on the nature of the offence and also introduced different levels of sanction for first, second and third offences. The new regime has increased the rate of adverse sanctions for individuals claiming JSA both nationally and within County Durham. Overall, the impact of these changes has increased the frequency of sanctions on JSA claimants, with a higher percentage of local claimants affected compared to England overall (figure 2).

16 In the two years preceding the introduction of the new sanction regime (October 2012) the rate of adverse sanctions on JSA claimants in the county was lower than across England. Following the introduction of the new rules the adverse sanction rate increased sharply both at county and national level, peaking in summer 2014. The rate of increase in the county was greater than at national level.

17 In summer 2013, the percentage of JSA claimants in County Durham receiving adverse sanction exceeded the national rate and has remained higher since, although in the last two years the rate in the county has declined rapidly.

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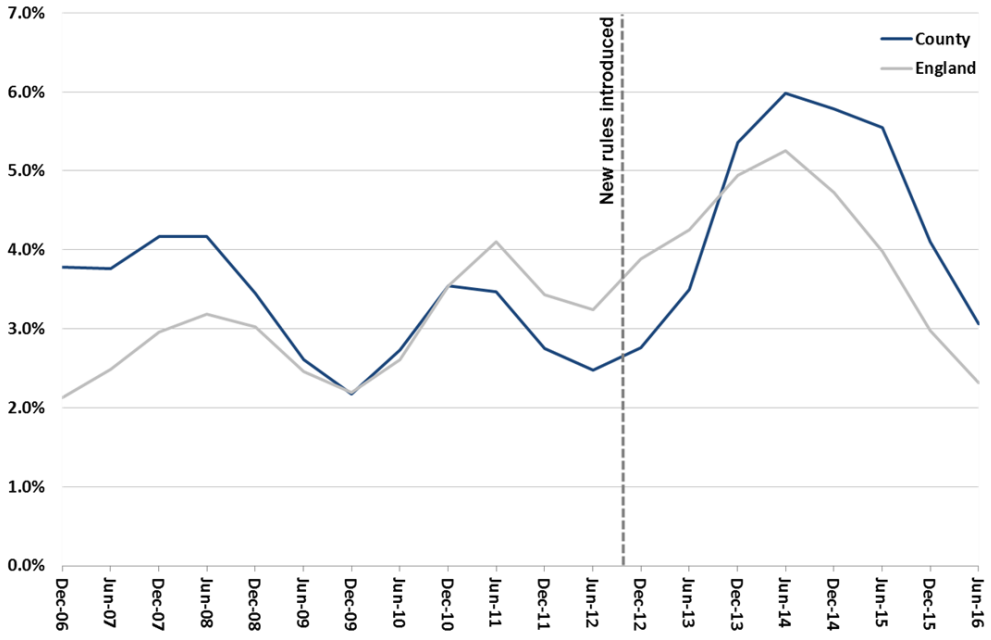
[15] DWP Claimant Count – Universal Credit and JSA claimants, introduced in County Durham in September 2015 for claimants who were single with no dependents, accessed via www.nomisweb.co.uk

[16] DWP JSA sanctions stats accessed via https://stat-xplore.dwp.gov.uk/, chart data represents three month average of individuals sanctioned as a proportion of three month average of JSA claimants

Figure 2: Increase in percentage of JSA claimants receiving adverse sanctions with new rules introduced in October 2012



18 In the year July 2015-June 2016 there were 5,100 sanction decisions in County Durham (note that one individual can receive more than one sanction). Just over 2,700 (53 percent) of these sanctions resulted in an adverse decision (England, 49 percent).

Employment Support Allowance/Incapacity Benefit (ESA/IB)[17]

19 The numbers of people claiming work-related sickness benefits declined steadily between 2008 and 2014 following the introduction of ESA. This allowance replaced Incapacity Benefit and Income Support paid on the grounds of incapacity for new claims from October 2008 and the work capability assessment (WCA).

20 In April 2011, a rolling programme was implemented by the previous government in which all existing Incapacity Benefit claimants were re-assessed using WCA. Those who passed the assessment were moved to ESA. Those who failed were disqualified from both ESA and IB, though they were able to apply for JSA if they satisfied its conditions. Nevertheless, many individuals continued to receive Incapacity Benefit during this period until their claims were re-assessed.

21 A new sanction regime was also introduced in December 2012, reducing the numbers of people claiming ESA further, but the numbers affected are relatively low compared to JSA. Since February 2009, numbers of IB/ESA went through 20 consecutive quarterly falls. In February 2014 the number of County Durham residents claiming ESA/IB fell to 27,600 claimants, the lowest number claiming sickness related benefits since comparable records began. The number of claimants then increased to 29,060 in November 2014 but fell back to 27,560 claimants in May 2016 (the most recent data). This might indicate people

[17] DWP Benefits, Working age client group – ESA/IB/Income Support, accessed via www.nomisweb.co.uk

returning to sickness-related benefits in due course after being moved onto ESA following their work capability assessment.

22 The proposal in the Summer 2015 budget to reduce Employment and Support Allowance for new claimants to the level of Jobseeker's Allowance for those deemed fit to work from April 2017, would on mean a £29 a week reduction for claimants. The House of Commons however, voted against the proposal in a debate on 17 November 2016 and the government's response is awaited.

Income Support

23 The number of people claiming income support in County Durham has decreased from a peak of 22,900 in 2003 to 7,600 in May 2016. These reductions have been brought about by a number of policy changes which include the introduction of child tax credit in April 2003, but more recently through reductions in the entitlement age of the youngest child for lone parents (decreasing from age 15 to age 5 years in four phases over four years) and equalisation of the state pension change. The biggest change however was brought about by the introduction of ESA. Many Income Support claimants also claimed Incapacity Benefit – a combination which is not permitted under ESA, which is means tested in a way similar to Income Based JSA.

Housing Benefit (HB)[18]

24 The number of working age HB claims in County Durham has not varied greatly since 2011. Numbers peaked in April 2013 at around 50,300 claims (21.5 percent of dwellings). Since then the gap between local and national housing benefit claims has widened slightly. The number of claims in the county in August 2016 was 47,200; 20.2 percent of dwellings, but nationally the rate dropped by 1.5 percent points to 17.3 percent of dwellings.

Personal Independence Payment (PIP) and Disability Living Allowance (DLA)

25 Personal Independence Payment (PIP) is a benefit for people aged 16 to 64 with a long-term health condition or disability which has replaced Disability Living Allowance (DLA) for anyone who is not getting DLA and who wants to make a new claim.

26 The underlying rationale for moving from Disability Living Allowance (DLA) to PIP is that help toward extra costs because of a long term ill-health condition or disability should be based on how a person's condition affects them, not the condition they have.

27 Just before PIP was rolled out in 2013 there were around 23,100 people on DLA aged 16-64. Since then, this number has fallen, but not by as much as PIP has increased. The DLA caseload fell by over 7,200 but latest data shows almost 11,000 people are now claiming PIP.

28 The number of PIP claimants is likely to increase more rapidly over the next year as the gradual rollout accelerates during 2015/16. Since September 2015 onwards, DLA claimants living in DH (Durham) postcodes have been contacted by DWP to be invited to apply for PIP 20 weeks before the claimant DLA entitlement ends. These transitional arrangements are planned to be completed by 2017, but it is not yet clear when DLA claimants in other parts of the county will be invited to claim.

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[18] Housing Benefit trend stats, DWP stat-xplore, accessed via https://stat-xplore.dwp.gov.uk/

29 Overall this means around 16,000 residents in County Durham currently on the DLA caseload are likely to move over to PIP over the next two years. The first independent review of the PIP assessment published in December 2014[19] noted that the PIP assessment process "gives a disjointed experience for claimants" and that improvements are required in the short-term. As part of their evidence to the Independent Review, the Citizens Advice Bureau[20] (CAB) reported serious delays in the end to end process with PIP, from making a claim to getting a decision.

30 Some claimants reported delays of over six months for a decision and, in some extreme but not uncommon cases, delays of nine months or more. This includes major delays with both assessment providers Atos and Capita arranging face-to-face assessments of up to six months and reporting back to DWP decision makers after assessments of up to three to five months.

31 CABs also noted delays in 'special rules' cases with some terminally ill clients – not expected to live longer than six months - waiting longer than four weeks for a decision. The delays are having a serious impact on clients and support services, who report that they are regularly seeing cases of clients who needed urgent support with extra costs, (for example, having experienced a life-changing event – diagnosed terminally ill, an accident, sudden onset disability or significant deterioration in an existing condition) faced with financial difficulty, and many whose condition has worsened during the wait or as a result of the uncertainty and stress caused by the delays.

32 CABs went on to outline real difficulties for clients navigating the claims process, including issues with the scheduling of face-to-face assessments and last minute cancellations, and communication from DWP helpline staff and assessment providers. Throughout this submission they also highlighted the difficulties disabled clients face with access and reasonable adjustments.

Benefit Cap

33 The changes to the Benefit Cap will increase the number of people in the county affected by this particular welfare reform. There are currently 653 households identified as being potentially affected by the reduction in the Benefit Cap threshold in the county.

34 Analysis suggests that the total Housing Benefit paid to these households will reduce by £28,745 per week or £1.494 million per annum across County Durham.

Economic impacts

Employment trends

35 Overall, the employment rate has been improving steadily in County Durham but remains significantly below national levels. Latest data[21] shows just over two-thirds of the working age population are in employment in County Durham (67.5 percent) compared to just under three-quarters nationally (73.7 percent).

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[19] Gray, Paul, An Independent Review of the Personal Independence Payment Assessment, December 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

[20] CAB, Response to Personal Independence Payment (PIP) Assessment – first Independent Review, September 2014, https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/citizens-advice-pip-first-independent-review-response.pdf

[21] ONS, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016

36 The employment rate of younger people (16-24) has continued around the national average after recovering from a post-recession slump. The employment rate of older people (50-64) remains significantly below national levels.

37 Furthermore, the employment rates of people with a disability are well below national levels. Latest data show just over a third (35.8 percent) of County Durham residents with a disability are in employment compared with just under half nationally (49.5 percent).

Unemployment trends[22]

38 Unemployment levels have improved over the last three years. Latest data[23] show 18,700 people were unemployed in the period between July 2015 and June 2016. This equivalent to 7.8 percent of the 16-64 population, lower than the regional rate of 7.9 percent but higher than the national rate of 5.2 percent. It should also be noted that unemployment remains higher than pre-recession levels (which averaged around 5.3 percent between 2004 and 2007).

Economic Inactivity

39 People who are not unemployed and are not in employment are defined to be economically inactive. (Unemployed refers to people without a job who were available to start work in the two weeks following their interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained).

40 These individuals are not currently a part of the labour supply but are important as they may enter the labour supply in the future. People can be economically inactive for a wide variety of reasons commonly including, being a full time student, retired from work (but not yet reached state pension age) and being unable to work because of sickness or disability.

41 Since 2004, levels of economic inactivity have been greater in County Durham than in in England and Wales, with a slight downward trend over this period.

42 The latest data[24] from July 2015 to June 2016 shows that the level of economic inactivity in the 16 to 64 population had fallen to 26.7 percent (87,000 people) from a 12 year peak in the mid-recession period of 29.5 percent (96,500 people, April 2009 to March 2010). Corresponding figures for the North East and England and Wales were 24.7 percent/27 percent and 22.1 percent/23.6 percent respectively.

43 Another aspect of this dataset is the difference between those people economically inactive who want a job and those who do not. In County Durham over three quarters of economically inactive people, (77.5 percent or 67,500 people) do not want a job. Although this is a fall from 84.9 percent in April 2004-March 2005 it is still slightly higher than the share across the region (76.7 percent) and nationally (75.5 percent).

44 The share of the economically inactive in the county wanting a job has increased from 15.1 percent (13,900 people) in April 2004-March 2005 to 22.5 percent (19,600 people) in July 2015-June 2016. However, this is a fall from a peak of 35.4 percent (31,600 people)

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[22] ONS Employment Rate aged 16-64, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016. The unemployment rate differs in its calculation from Employment rate as the denominator used is the economically active population rather than the 16-64 population.
[23] ONS, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016
[24] ONS, Annual Population Survey extracted from NOMIS, for the latest period July 2015 to June 2016

in April 2012-March 2013. The data shows that for much of the last 12 year period (leading up to and during the recession and subsequent years) the share of the economically inactive in the county wanting a job was consistently higher than across the region and nationally. However, the current count rate has now fallen below the rates of the region (23.3 percent) and England and Wales (24/7 percent).

45 The current county rate has now fallen below the rates of the region (24 percent) and England and Wales (24.7 percent).

Disposable income[25]

46 Gross disposable household income per head (GDHI) in the county has increased since 2013 at a faster rate than the national average, but at £15,040 (2014) is still below the North East average (£15,198) and is £2,925 less than the national average of £17,965 (16.3 percent less). However, despite this recent improvement long term trends show that the gap between local and national disposable income levels has grown. In 1997, local disposable income was £8,867[26,] 12.2 percent lower than the equivalent UK figure. In the 17 years since then the annual growth rate of disposable income in County Durham was greater than the equivalent UK growth rate just four times.

Fuel poverty

47 A household is considered to be fuel poor if it has higher than typical energy costs to provide an indoor environment that does not adversely affect their health and wellbeing (210c in living room and 180c in the rest of the house), and would as a result be left with a disposable income below the poverty line if it spent the required money to meet those costs.

48 It captures the fact that fuel poverty is distinct from general poverty: not all poor households are fuel poor, and some households would not normally be considered poor but could be pushed into fuel poverty if they have high energy costs. Fuel poverty is therefore an overlapping problem of households having a low income and facing high energy costs.

49 The latest data release (for 2014) estimated that 12.2 percent of households (27,600 estimates households) in County Durham were experiencing fuel poverty. This was a slight fall from 13 percent in 2011, the same as the 12.2 percent estimated across the region and higher than the 10.6 percent estimated across England.

50 The county is ranked as having the 40th highest proportion of households experiencing fuel poverty out of 152 authorities in England in the dataset. Within the North East County Durham is ranked 6th highest.

51 Residents living in the west of the county are more likely to experience fuel poverty as they are less likely to be connected to the main gas network and have to rely on other

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[25] Gross disposable household income (GDHI) is the amount of money that all of the individuals in the household sector have available for spending after taxes, social contributions, benefits have taken place and housing costs have been taken into account. The household sector comprises all individuals in an economy, including people living in traditional households as well as those living in institutions such as retirement homes and prisons. https://www.ons.gov.uk/economy/regionalaccounts/grossdisposablehouseholdincome/bulletins/regionalgrossdisposablehouseholdincomegdhi/2014

[26] In 2014 prices. Comparisons of income over time into account take in the changing value of money over time

forms of energy, (for example solid fuel, oil or bottle gas) to heat their homes and cook with.

52 These alternative fuel sources tend to be more expensive in general to purchase, but also have additional transport costs associated with them due to the rural nature of this western area of the county.

53 Nationally around 90 percent of both urban (91.4 percent) and semi-rural (87.1 percent) households have a gas connection compared to only 49.1 percent of those in rural areas.

54 As this dataset compares income to costs, those with low incomes, those out of work or claiming benefits are likely to be adversely affected by increasing domestic energy costs. It is also more likely that some people will live in private rented accommodation which may not be insulated to the same standards as modern homes.

55 Nationally 27.8 percent of fuel poor households were unemployed and 11.5 percent were economically inactive households. This lower proportion for the economically inactive households is in part due to a high proportion being older households aged 60 and over (67 percent of economically inactive households nationally).

56 In 2014, 22.3 percent of fuel poor households were single parent households in England and this household type has consistently had the highest proportion of fuel poor households since 2003 (27 percent).

57 Why single parents have the highest prevalence of fuel poverty is likely to be related to income. The median household income after housing costs for this group is one of the lowest, at around £13,000 a year, along with one person households.

58 Nationally, younger family households are more likely to be fuel poor. In England 24.3 percent of households were fuel poor where the oldest person in the household was aged between 16 and 24, with the least fuel poor households having the oldest person in the household aged 75 and over.

59 National levels of fuel poverty were highest in privately rented households at 20 percent and lowest in owner occupied households at 7 percent; local authority social housing were in the middle at 13 percent. This is in part due to social and owner occupied housing in general being better insulated, thus reducing fuel costs and owner occupied having higher household incomes.

Appendix 4: Child Poverty

1 Poverty can affect every area of a child's development - social, educational and personal. Living in a poor household can reduce children's expectations of their own lives and lead to a cycle where poverty is repeated from generation to generation. As adults they are more likely to suffer ill-health, be unemployed or homeless, and become involved in offending, drug and alcohol abuse, and abusive relationships.

2 In 2013 a report for the Child Poverty Action Group estimated that child poverty costs the UK at least £29 billion each year. Of this, £20.5 billion is a direct cost to government resulting from additional demand on services and benefits, as well as reduced tax receipts. The report also estimated that each child living below the poverty line cost local authorities £10,861 per annum as a result of extra costs to social services, cost to housing services and health care, as well as lost earnings and reduced tax receipts.

Welfare Reform and Work Act 2016 and Child Poverty

3 From March 2016, the Welfare Reform and Work Act 2016 placed a duty on government to report on child poverty. The Act repealed parts of the Child Poverty Act 2010, including the duty placed on local authorities to prepare and publish an assessment of the needs of children living in poverty in their area.

4 The Welfare Reform and Work Act also repeals the UK's four previous income related targets[27] and introduced new measures of child poverty. With the emphasis taken away from income, the government will look to a wider range of factors in order to address child poverty. Initially, the new national measures of child poverty are:

a) the proportion of children living in workless households as well as long-term workless households;

b) the educational attainment of children (and disadvantaged children) in England at the end of Key Stage 4 (GCSE).

5 Some initial local data are available on these indicators but it should be noted that the attainment gap data itself subject to policy changes.

Responding to the Government's changed definition

6 Since 2007, the proportion of children in workless households has increased. In 2007 about one in seven children (14.6 percent) aged under 16 in County Durham were living in workless households[28] whereas latest data, from 2015, shows this has increased to about one in five (19.3 percent). This latest local estimate is equivalent to over 18,000 children and demonstrates a widening gap in the post-recession period. No local data are available on children in long-term workless households.

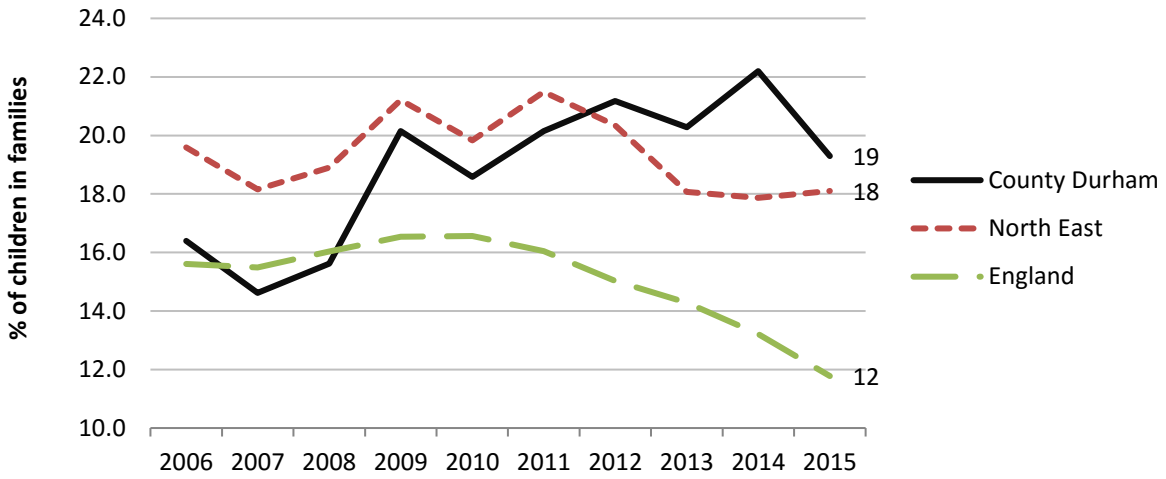
7 The County Durham Partnership's 'Poverty and the Workplace' conference in September 2016 identified a strong problem nationally of in-work poverty. The work of the Poverty Action Steering Group needs to understand our local definitions of poverty to interpret

[27] The four measures were relative low income; combined low income and material deprivation; absolute low income; and persistent poverty.

[28] ONS define a workless family for these purposes of this indicator as any family with children under 16 with at least one adult aged 16-64 none of whom are in employment.

trends locally. However we also need to be aware of how Durham will look against the national definition.

% of children under 16 living in workless households in County Durham, North East and England[29]



Educational attainment at the End of Key Stage 4

8 Children are eligible for Free School Meals (FSM) if their parents are eligible for certain benefits and they make a claim for meals on behalf of their children. Disadvantaged is a term used by the DfE to describe children who have been eligible for FSM in the last six years, children who have been looked after in the last financial year and children who have left care due to adoption or a similar process.

9 The gap between the Average Attainment 8 score of County Durham disadvantaged pupils and the Average Attainment 8 score of non-disadvantaged pupils nationally (at KS4) in 2016 was provisionally 12.3 points. Because this is a new indicator, results for earlier years are not available.

County Durham Disadvantaged pupils	National non-disadvantaged	Gap
40.8	53.1	12.3

Source: LA populated RAISE online

Other National and Regional Child Poverty Data

10 Until 2016, the Households Below Average Income (HBAI) series[30] was the primary source for national child poverty trends, tracking progress against targets set out by legislation.

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[29] ONS, Annual Population Survey, available on www.nomisweb.co.uk

[30] The Households Below Average Income (HBAI) is produced using data from the Family Resources Survey (FRS) commissioned by the Department of Works and Pensions (DWP). The HBAI measure is considered to be a good indicator as it takes into account family's equivalised income over a full financial year. This data series is the only source of comprehensive trends detailing child poverty of all families, including working households. However, HBAI data are survey based, consequently, sample sizes are insufficient for useful analysis at a local level. Therefore, data is only available at a national level with some analysis by region

11 These data are still an important indicator of child poverty and the government will continue to measure and publish three low income measures for children at a national level:

a) a 60 percent threshold relative low income before housing Costs (BHC);

b) a 60 percent threshold absolute low income BHC;

c) a combined 70 percent threshold low income and material deprivation (BHC).

12 Most recent HBAI figures for 2014/15 show that in the UK:

a) while average income has risen above the 2009/10 levels for the first time, the number of children in poverty is on the rise, despite recent improvements in employment;

b) the percentage of children in relative low income (BHC) increased by 2 percentage points to 19 percent (2.5 million children) (not statistically significant) in 2014/15;

c) the percentages of children in absolute low income and in combined low income and material deprivation, however, remained unchanged at 17 percent and 13 percent respectively;

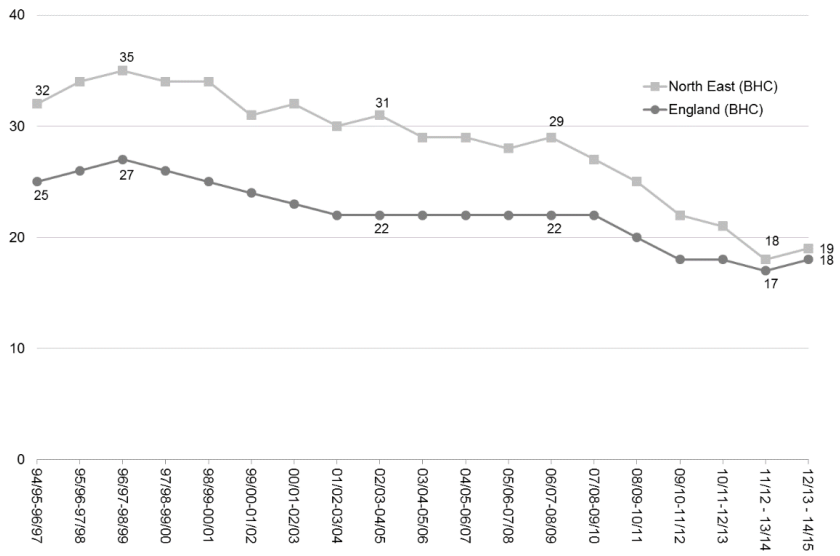
d) overall these changes were likely due to families with children benefiting less from increases in full-time work than childless families, as well as the 1 percent uprating of some benefits.

e) children are at higher risk of living in both relative and absolute low income than the overall UK population. This result holds over the past 20 years and is true on both a before and after housing costs basis.

f) there has been a 6 percent rise in the proportion of children in poverty in working families meaning that two thirds of children in poverty are now in working families.

13 Regional data from HBAI is published as rolling three year average. Latest data for 2012/13-2014/15 shows that in the North East, 19 percent of children (1 million) live in households with relative low income (BHC). Child poverty rates in the region have remained above national levels since the mid-1990s, however the gap has narrowed over the last 10 years from 9 percent in 2003/04 to 1 percent in 2012/13-2014/15. This is a result of a decline in regional poverty level.

Figure 1: Percentage of children living in households with less than 60 per cent of contemporary median household income (BHC)



14 The Children in Low-Income Families Local Measure (formerly a nationally defined indicator called Child Poverty – NI 116) is a broad proxy for relative low-income child poverty as measured by the HBAI. It enables analysis of variations in low-income rates between and within local authorities and at sub-county level. The measure provides data on the proportion of children living in families either in receipt of out-of-work benefits or in receipt of tax credits with a reported income which is less than 60 per cent of national median income.

Table 1. Children (under 16 years old) living in low-Income families 2007-16

	County Durham		**North East**	**England**
	Count	%	%	%
2007	20,375	22.8	25.3	22.4
2008	20,095	22.7	25.0	21.6
2009	20,945	23.5	25.4	21.9
2010	20,445	23.0	24.8	21.1
2011	20,405	23.0	24.5	20.6
2012	20,040	22.6	23.6	19.2
2013	19,815	22.5	23.3	18.6
2014	20,875	23.9	24.9	20.1

15 Latest proxy data shows that in County Durham in 2014 there were 20,875 children aged under 16 years living in low-income families (Table 1). This equates to almost a quarter of the under 16 population in County Durham. The number of children living in low-income families in the County has increased by almost 1,100 children (1.4 percentage points) between 2013 and 2014. This is the first increase since that seen in 2008-9 (when the recession took hold) and comes after a period of relative stability between 2009 and 2013, but follows the regional and national trend. The increase corresponds to a dip in employment rates in 2014-15 15 and is indicative of a widening child poverty gap between County Durham and England.

16 In 2014 the proportion of County Durham children under 16 living in low-income families is 3.8 percentage points greater than nationally with no considerable change in this gap from 2013 (figure 2). This is the first time since 2009 that there has not been a year on year increase in the gap between County Durham and England. Regional rates have remained at approximately 1 percent greater than the county rate since 2012, after a narrowing of the gap between 2007 and 2012.

17 The proportion of children aged under 16 in low-income families across local authorities in England ranged from 6.6 percent to 39.2 percent (figure 3). With a child poverty rate of 23.9 percent, County Durham ranks at 59 of the 326 single and lower tier local authorities in England. Over a third (34 percent) of these local authorities have child poverty levels in the under 16 population that are above the national average.

Figure 2. Percentage of children (under 16 years old) living in low-Income families

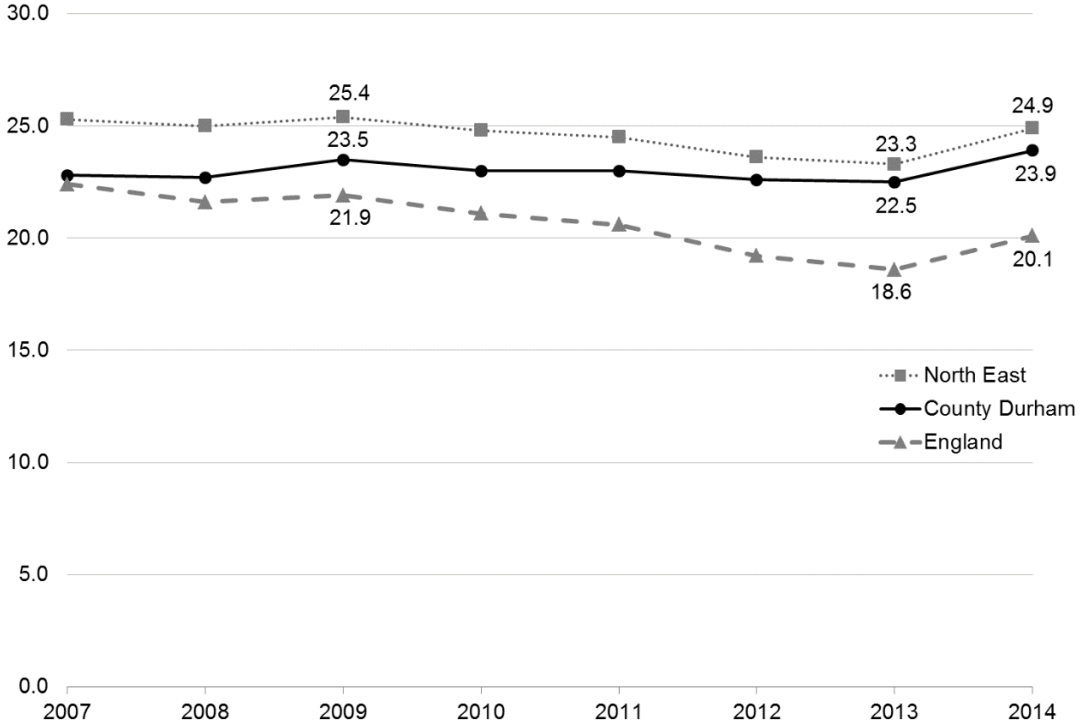
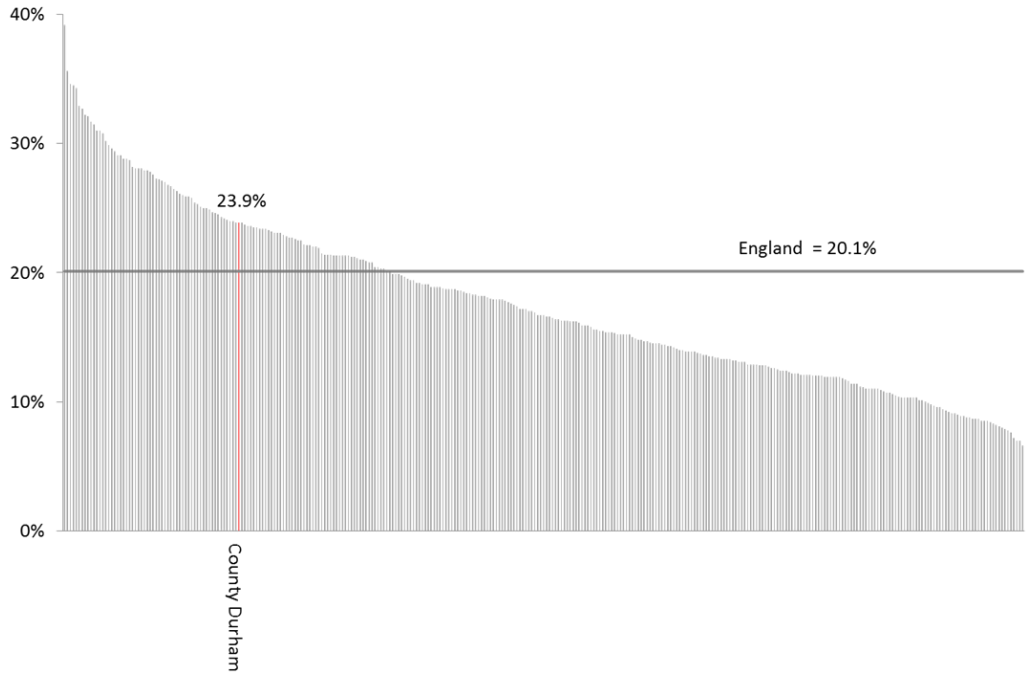


Figure 3: Child poverty rate in under 16 year olds in local authorities in England in 2014

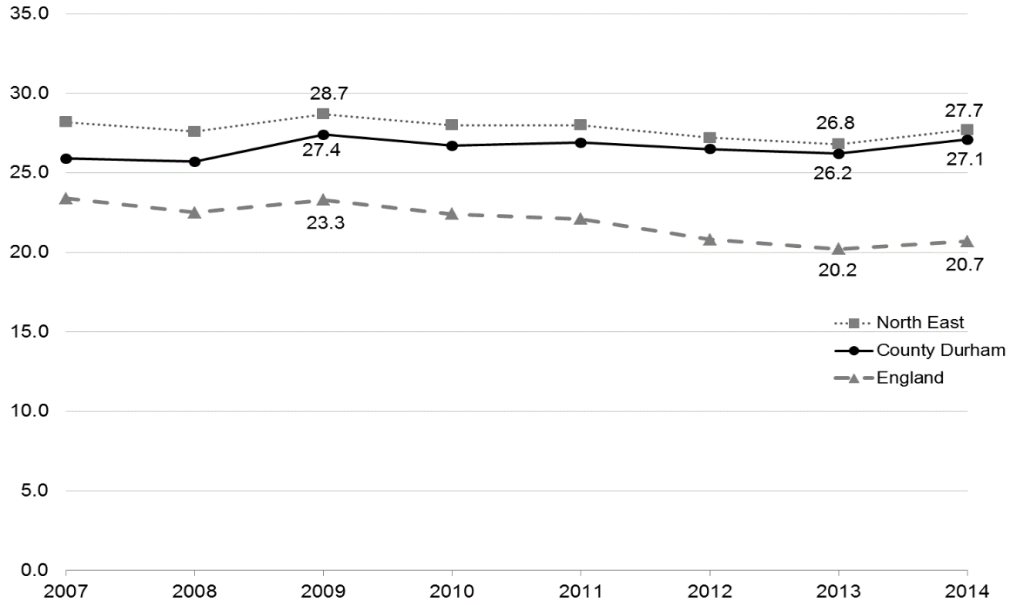


Pre-school children in poverty

18 Poverty amongst families with pre-school children tends to be more prevalent. Latest data shows that in 2014 more than one in four pre-school children in County Durham (27.1 percent) lived in families with an low-income families, an increase of almost one percent

since 2013, 6 percentage points higher than national comparisons, although slightly below the North East levels (Figure 4). As the rate of increase in children aged 0-4 in pre-school families was greater than in the County than nationally in 2013-14, the gap between County and national levels has continued to increase.

Figure 4. Percentage of children (under 16 years old) living in low-Income families



19 The current children-in low income proxy measure is entirely based on administrative benefit counts so it is a precise measure of those on particular benefits and tax credits living under the poverty line. The data is provided by the government's Child Poverty Unit with data sourced from DWP and HMRC. However, it does have limitations:

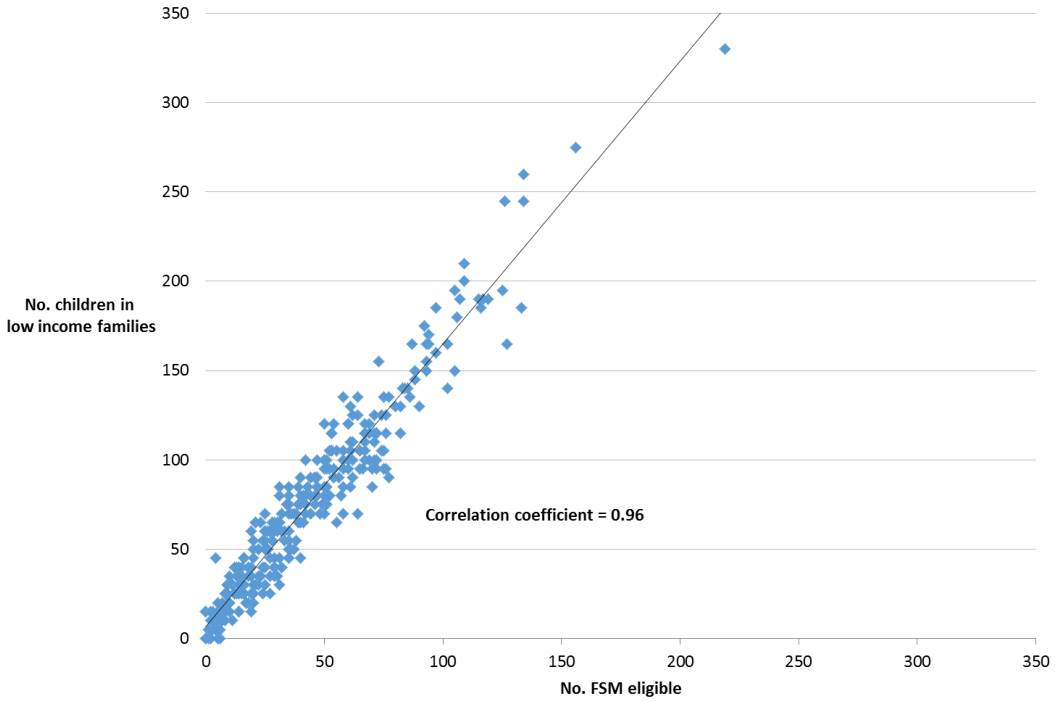
a) The measure is not very timely (almost a two-year time lag);

b) The reliance on benefits data means the measure fails to capture children in poverty whose families are not in receipt of relevant benefits. Also, the indicator is significantly affected by changes to the benefits system.

c) Eligibility of Free School Meals provides a timelier proxy indicator, as it is collected by the council as part of School Census arrangements. However, data are only collected for school aged children and the recent implementation of universal free school meals for infant school children have the potential affect the comparability of these two datasets. This could potentially affect the comparability of these two datasets especially as a key group, pre-school children are excluded.

20 Despite these limitations, initial data from 2014 shows there is a strong correlation between the number of children in low income families and numbers of children eligible for free school meals (figure 5). This may mean using locally collected FSM data provides a useful proxy for child poverty data even if overall numbers are lower.

Figure 5. The relationship between number of children in low income families and numbers of children eligible for free school meals (2014 data)



Child Poverty, Health and Mental Health

21 The Marmot review states that inequalities in health and wellbeing can be due to many factors including conditions in which people are born, grow, live, work and age. It is therefore vital to consider the wider determinants which affect health and wellbeing, including poverty, unemployment, housing, environment, transport, education and skills. Fair Society, Healthy Lives, the Marmot Review (2010), states that health inequalities result from social inequalities and that action across all the social determinants of health (for example housing, employment and education) should take a 'lifecourse' approach. It set out the key areas to be improved to make a significant impact in reducing health inequalities.

22 It found that the social conditions in which we are born, live, work and age determine variations in health and life expectancy. Social and economic inequalities in society cause the social and economic differences in health status.

23 The Marmot review outlined how health inequalities are not caused by chance or attributed just to genetic make-up, unhealthy behaviour or difficulties accessing health care, and how they accrue across the lifecourse. Marmot also demonstrated a gradient in health outcomes; the lower an individual's social and economic status, the worse their expected health. However, these health inequalities are avoidable and to reduce them is a fundamental issue of social justice, bringing significant benefits to society.

24 The review also presented an evidence base of interventions which could contribute to reducing health inequalities by levelling up the gradient. The central message is that focusing solely on the most disadvantaged in society will not reduce health inequalities sufficiently. To reduce the steepness of the social gradient in health, actions must be universal, but with a scale and intensity which is proportionate to the level of disadvantage. This is called proportionate universalism.

25 Evidence is very clear that health inequalities are the result of complex interactions caused by a number of factors, which for ease can be described as:

a) inequalities in opportunity – caused by poverty, family circumstances, education, employment, environment, housing – collectively called the wider determinants of health;

b) inequalities in lifestyle choices – caused by smoking, lack of physical activity, poor food choices, drugs misuse, inappropriate alcohol consumption and risky sexual activity;

c) inequalities in access to services for those who are already ill or have accrued risk factors for disease (health inequity).

26 Long term unemployment can lead to child poverty amongst disadvantaged families. Children from disadvantaged families are more likely to be born underweight and weigh, on average, 200g less than the babies in the richest families. Children living in poorer families are also two and a half times as likely to suffer from chronic illness as toddlers and twice as likely to have cerebral palsy. They are also over three times as likely to suffer from mental health disorders as those in well-off families (Campaign to end child poverty).

27 Half of all mental health problems have been established by the age of 14, rising to 75 per cent by age 24. One in ten children aged 5 – 16 has a diagnosable problem such as conduct disorder (6 percent), anxiety disorder (3 percent), attention deficit hyperactivity disorder (ADHD) (2 percent) or depression (2 percent). Children from low income families are at highest risk, three times that of those from the highest. Those with conduct disorder - persistent, disobedient, disruptive and aggressive behaviour - are twice as likely to leave school without any qualifications, three times more likely to become a teenage parent, four times more likely to become dependent on drugs and 20 times more likely to end up in prison.

28 The six recommendations from the Marmot review are:

a) give every child the best start in life;

b) enable all children, young people and adults to maximise their capabilities and have control over their lives;

c) create fair employment and good work for all;

d) ensure healthy standard of living for all;

e) create and develop healthy and sustainable places and communities;

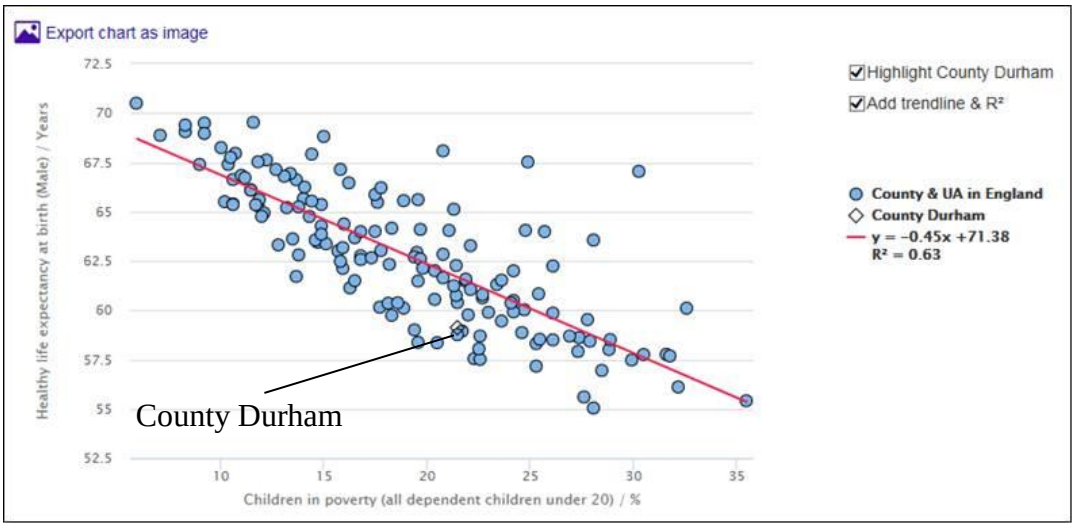
f) strengthen the role and impact of ill health prevention.

Local data on health inequalities related to child poverty

Life Expectancy

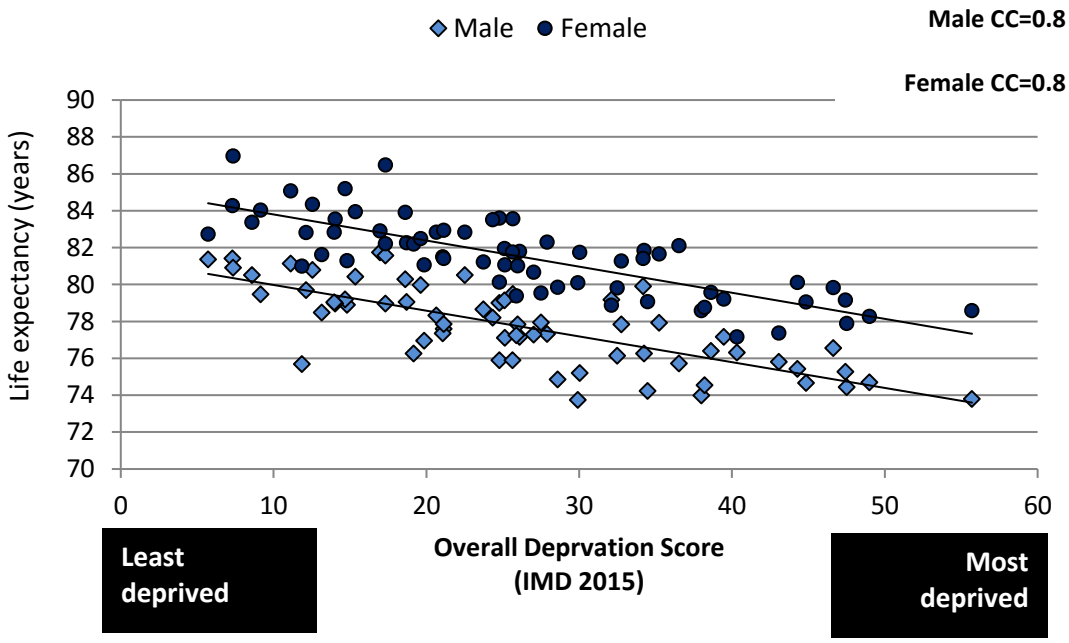
29 Analysis of local health data also shows a consistent relationship between deprivation and poor health outcomes. For example, areas with a higher level of child poverty have lower levels of healthy life expectancy at birth (Figure 6).

Figure 6 Healthy LE at birth by children in poverty by local authority



30 However, here is also inequality in life expectancy within County Durham. The distribution of male and female life expectancy by MSOA[31] (middle super output area) is unequal in County Durham, it is lower in the most deprived areas (figure 4). There is a strong relationship between male and female life expectancy and deprivation in County Durham (male cc=0.8, female cc=0.8). A correlation co-efficient (CC) measures the strength and direction of a linear relationship between two quantitative variables.

Figure 7 Life expectancy at birth for male and females, by County Durham MSOAs and IMD2015 deprivation score (overall), 2009-13. Source: ONS, 2015

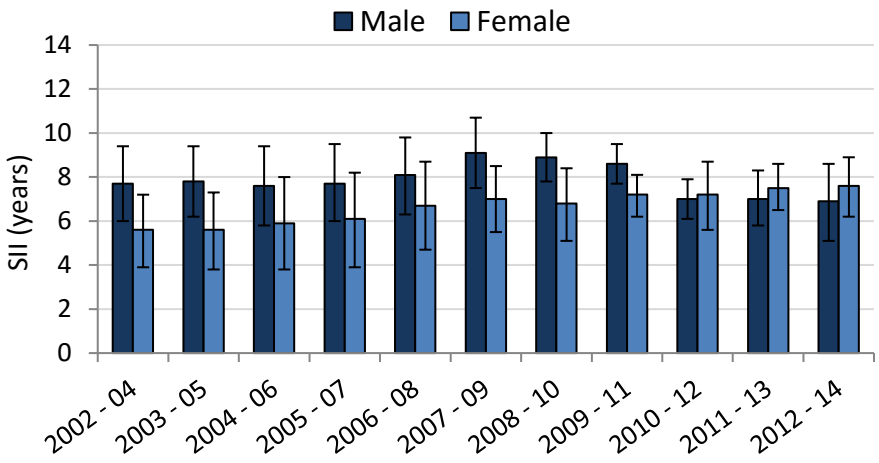


31 The Slope Index of Inequality (Sii) in life expectancy is a single measure representing the size of the gap in life expectancy between the most and least deprived areas (deciles, or 10%) of a population. It provides a consistent measure of health inequalities across populations and takes into account the position of all groups across the [social] gradient

[31] An MSOA is a small nationally defined area. There are 66 such areas in County Durham with an average population of 7,900

simultaneously. It shows the gap between the most deprived and least deprived areas within County Durham is 6.9 years for men and 7.6 years for women. These inequality gaps in life expectancy within County Durham have not changed significantly over time for men or women (figure 8).

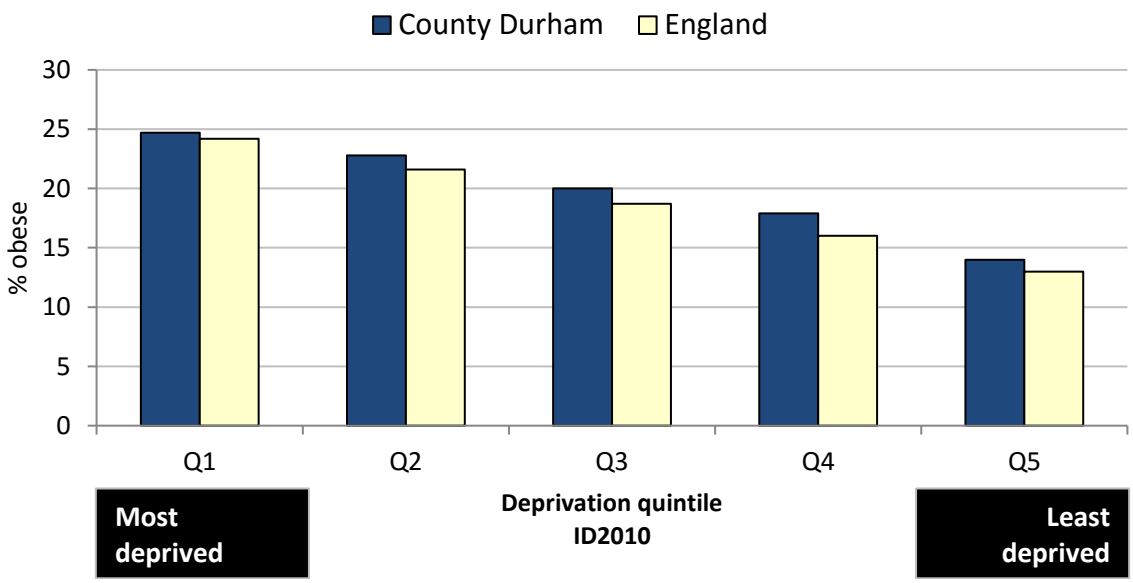
Figure 8 Slope index of inequality in life expectancy at birth within County Durham, with 95% confidence intervals, 2002-04 to 2012-14, men and women, based on local deprivation deciles. Source: PHOF, PHE.



Obesity/excess weight in children

32 The distribution of excess weight and obesity for children aged 10-11 in County Durham is unequal; it is higher in the more deprived areas than the least deprived areas. For example, around a quarter (24.7 percent) of 10-11 year old children who live in the most deprived fifth of areas are obese compared to 14 percent of children in the least deprived areas (figure 9).

Figure 9 Obesity prevalence by deprivation quintile (IMD2010), 2010-11 to 2014-15, 10-11 years, County Durham and England MSOAs. Source: NCMP Local Authority Profiles, Fingertips, PHE



Breastfeeding

33 Further health inequalities are prevalent in breastfeeding where lower rates are measured at breastfeeding initiation, at 10 days and at 6-8 weeks.

Figure 10 Slope index of inequality in breastfeeding initiation, breastfeeding at 10 days and breastfeeding at 6-8 weeks, County Durham registered babies, 2012/13 – 2014/15. Source: CDDFT Information Team, DCCPHI.