



Belfast City Council

Report to:	Development Committee
Subject:	Research proposal: The Impact of public sector cuts on the community and voluntary sector and the impact of the Welfare Reform Bill
Date:	22 May 2012
Reporting Officer:	John McGrillen, Director of Development, ext 3470
Contact Officer:	Jelena Buick, Policy Officer, ext 3229

1	Relevant Background Information
1.1	The Welfare Reform Act proposes the biggest change to the welfare system for over 60 years. This Act and continuing public sector budgetary reductions are likely to directly affect community and voluntary sector organisations, the residents of Belfast and consequently the services that Council will need to provide.
1.2	The main elements of the Welfare Reform Act are: <ul style="list-style-type: none">- The introduction of Universal Credit (UC) to provide a single streamlined benefit.- Reforms to Disability Living Allowance (DLA) with the introduction of the Personal Independence Payment.- A new approach to Housing Benefit.- Changes to Employment and Support Allowance.- Changes to the system of Child Support.- A tough approach on fraud and error.- A clearer commitment expected from claimants.- Community Safety
1.3	The UC cap will be set at the average (median) net earnings for a working household, currently projected to be £500 per week (£26k per annum) for couples and lone parents, and £350 per week for single people without children.

1.4	The Department for Work and Pensions estimates that affected households will lose an average of £83 a week – nearly £4,500 per year - with 17% of those affected losing more than £150 a week.
1.5	The Institute for Fiscal Studies has noted that households in Northern Ireland will be no more affected than the UK average by the tax and benefit changes to be introduced between 2010 and 2013. However, measures to be introduced in 2013–2015 will leave Northern Ireland having the second highest average loss as a percentage of income after London. Overall it is estimated that the loss to Northern Ireland’s benefit recipients will be more than £600 million per year. Much of this is due to the characteristics of the local population:
1.6	<ul style="list-style-type: none"> - Firstly, NI has a relatively high proportion of its population receiving DLA, meaning that it is likely to lose out disproportionately from the stricter medical test for DLA eligibility. - Secondly, we have a relatively high proportion of households with children, who are a group that previous analysis has shown will particularly lose out from tax and benefit reforms.
1.7	<p>There are also likely to be particular implications for Belfast (and the Council) due to:</p> <ul style="list-style-type: none"> - High disproportionate numbers of families living in deprivation compared to the rest of Northern Ireland. - High numbers of our residents claiming Disability Living allowance. - The changes in the Single Room Rate may lead to parts of Belfast attracting greater numbers of single people under 35 (due to the larger availability of shared private sector accommodation). - The impact on the housing market and rates – more vacant properties and more people who can’t afford paying rates.
1.8	<p>The NI Law Centre estimates that the categories likely to be hardest hit are:</p> <ul style="list-style-type: none"> - People with disabilities - Children - Older people - Lone parents and - Women
1.9	Community and voluntary sector organisations are facing specific budgetary reductions both as part of wider public sector fiscal constraints and as a result of the scaling down of Peace funding. This is true both of geographically located community and voluntary sector organisations and those within a particular sector, for example culture and arts or organisations working with particular communities of interest or identity.
1.10	Research by Northern Ireland Council for Voluntary Action (NICVA) on the impact of budgetary reductions (http://www.nicva.org/cuts/list) noted that approximately 500 cuts have been reported across the UK totalling £77 million. Of those, 44, totalling £2,027,468, have been reported in Northern Ireland to date. Those are only reported cases and it is considered that the actual numbers are much higher and will increase over the next three years. However, the wider societal impact of these on communities themselves is still unknown. From government’s perspective it is recognised that the budgetary reductions in the community and voluntary sectors will lead to a reduction in service delivery.

1.11	Belfast is home to more than 3,000 community and voluntary sector organisations and we work with at least 400 of those organisations either through partnership, service level agreements or as a funder. From the Council's point of view, in the next three years, we envisage developing further partnership arrangements and shared service provision with community and voluntary sector organisations. This is envisaged as part of the Community Planning process and is central to our draft Community Development strategy. However, as public sector budgetary reductions continue (in particular, in Central Government departments' budgets) the Council's aspirations for working with the sector are likely to be affected.
1.12	As well as the obvious impact on Community Services, other services or activities within the Council that might be affected include:
1.13	<ul style="list-style-type: none"> - Culture and Arts - Local tourism initiatives - Environmental Health including shared public health and health inequalities work with the Public Health Agency - Provision of advice across the city - Waste management - Good Relations - Parks and Leisure initiatives
1.14	It would be useful for the Council to know which sectors may be particularly affected by the budgetary reductions; to what degree, and; how the Council's service provision and partnership working might be impacted. In different Communities and voluntary sector budget cut scenarios, the Council needs to have a risk management strategy outlining how to deal with the potential impact on our service delivery to the public.

2	Key Issues
2.1	We propose that research should be undertaken to help understand the risks resulting from the Welfare Reform Act and Community and voluntary sector budgetary reductions and to help develop an appropriate action plan.
2.2	<p>Objectives of the research</p> <ul style="list-style-type: none"> - Building on the research of the Law Centre, to examine in more detail the impact of the Welfare Reform Act on specific categories within Belfast. - To study the likely impact on public services, specifically Belfast City Council's, as demand might rise after the implementation of the Reform act. - To provide an analysis of the likely impact on the housing market and rates in the city in short, medium and long term timescale. - To provide an analysis of the Act's impact on specific areas in Belfast (possible new areas of deprivation, areas where deprivation might increase, etc.) - To describe the current and potential levels of budgetary reductions in the Belfast community and voluntary sectors and analyse how these might have an impact on the level and quality of service provision in and by the sectors. - To describe a series of scenarios based on the analysis above that outline the effect of budgetary reductions on the Council's service provision. - To provide the Council's specific service providers with information which would help them plan better future service provision in the city.

2.3	<ul style="list-style-type: none"> - To provide recommendation on what the council and other public bodies can do to mitigate the adverse impact of the budgetary reductions on local communities. <p>Desired outputs from the research</p> <p>A final report which will comprise of:</p> <ul style="list-style-type: none"> - An examination of the impact of the Welfare Reform Act on Belfast residents, geographic areas, rates, Council's service delivery and other public sector services. - An analysis of different public cut scenarios on different categories of the community and voluntary sector in Belfast. - An examination of established public cut scenarios on the community and voluntary sectors in Belfast and the impact on the Council's service provision (and partnership working). - A set of recommendations for the Council's various service providers on how to respond to these different scenarios.
-----	---

3	Resource Implications
3.1	We estimate a required budget of £25,000.

4	Equality and Good Relations Considerations
4.1	As the people most likely to be affected are from the most deprived areas of the city, the research is likely to lead to provide a positive impact in terms of equalities and good relations.

5	Recommendations
5.1	Members are asked to approve the proposed approach.

6	Decision Tracking
6.1	There is no Decision Tracking attached to this report.