How Welfare Reform Affects Health and Wellbeing

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April 21, 2016
THREE ISSUES:

1. SANCTIONS
2. FOODBANKS
3. HOUSING
SANCTIONS
Increasing use of adverse sanctions
Increasing use of adverse sanctions
‘Many benefit recipients welcome the jolt that a sanction can give them. Indeed, I have evidence of some very positive outcomes from just those kinds of tough conversations.’ (Neil Couling)
Are sanctions 1) lowering the claimant count, 2) moving people into work, and 3) increasing employment rates?
Data

Monthly data across 375 local authorities in England, Scotland, Wales, 2005/06-2013/14 Jobseeker’s Allowance claimants.

- Off-flow/on-flow counts
- Reasons for off-flow
- Number of claimants referred for sanction
  - Outcomes of sanction referrals: adverse sanction applied; non-adverse decision; cancelled/reserved decision

Unemployment rates from Annual Population Survey
- 12-month rate provided every quarter
Statistical analysis

Predict change in JSA claimant rate between March and February

Using change in sanction rate between:
⇒ March-February
⇒ February-January
⇒ January-December
Sanction rates and JSA claimants

<table>
<thead>
<tr>
<th>Sanction referrals</th>
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Sanction rates and JSA claimants

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Pre-JSA reform: Adverse sanctions reduce claimant count

![Graph showing reduction in Jobseeker's Allowance Claimant Count with Pre-JSA Reforms indicated.](image-url)
Post-JSA reform: Adverse sanctions are pushing more people off JSA

Graph showing the reduction in Jobseeker's Allowance claimant count over time with Pre-JSA Reforms represented by diamonds and Post-JSA Reforms represented by squares. The graph includes data points for the current month, one month prior, two months prior, and the total effect.
Post-JSA reform: Adverse sanctions are pushing more people off JSA
Post-JSA reform: Adverse sanctions are pushing more people off JSA
Adverse sanctions increase people leaving JSA, July 2011-March 2014

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<td>Moving on</td>
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<td>Cumulative linear effect for each 100 adverse decisions</td>
<td>2.18</td>
</tr>
<tr>
<td>(3.38)</td>
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<td>Joint ( F )-test</td>
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Adverse sanctions increase people leaving to ‘unknown destination’, July 2011-March 2014

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<th>Sanction referrals</th>
<th>Finding work</th>
<th>Unknown</th>
<th>Other reason</th>
</tr>
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<tr>
<td>Cumulative linear effect for each 100 additional sanctions</td>
<td>7.36***</td>
<td>35.9***</td>
<td>-0.32</td>
</tr>
<tr>
<td></td>
<td>(1.99)</td>
<td>(1.88)</td>
<td>(1.01)</td>
</tr>
<tr>
<td>Joint $F$-test</td>
<td>28.33***</td>
<td>142.37***</td>
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What happens to people who ‘disappear’ from the claimant count?
FOODBANKS
Britain, 2014. We’re the sixth largest economy in the world. We have more millionaires than ever before...

So why have we handed out ONE MILLION food parcels?

And new figures reveal 330,000 went to hungry children... Shock report Pages 4 & 5
Food insecurity and food banks

2009
Trussell Trust food banks in 29 local authorities
Food insecurity and food banks

2013
Trussell Trust food banks in 251 local authorities
"THE WELFARE SYSTEM IS INCREASINGLY FAILING TO PROVIDE A ROBUST LAST LINE OF DEFENCE AGAINST HUNGER."

Faculty of Public Health

‘... no robust evidence linking food bank usage to welfare reform’
(Esther McVey)
‘Food from a food bank is by definition a free good and there’s almost infinite demand.’

(Lord Freud)
Two key questions

Is there evidence that initiation of foodbanks is linked to economic hardship, austerity measures, and sanctioning?

Is the emergency food aid distribution linked to supply or demand?
Data

- Gross Value Added - Subregional measure of economic production (ONS)
- Unemployment (Annual Population Survey)
- Annual cut in local authority spending per capita (Calculation from spending reports: DCLG) Social care, housing, community etc.
- Annual cut in central welfare benefit spending per capita (Calculation from DWP) JSA, Pension Credit etc.
- Rate of sanctions applied to Jobseeker’s Claimants (DWP)
- Proportion of local area population identifying as Christian (Census 2011)
Analysis 1: Foodbank initiation

Cross-local authority logistic regression model examining potential drivers of first food bank initiation in 375 local authorities after 2009 to 2013.

- Lagged socioeconomic conditions
- Local authority-years excluded from analysis after censoring.
- \( n = 1071 \) local authority-years included.
- Clustered standard errors by local authority
Predicting foodbank initiation

<table>
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<tr>
<th>Predictors</th>
<th>Odds ratio</th>
<th>95% CI</th>
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<tbody>
<tr>
<td>Each 1 percentage point higher higher unemployment rate</td>
<td></td>
<td></td>
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<tr>
<td>One year prior</td>
<td>1.08**</td>
<td>1.02 to 1.14</td>
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<tr>
<td>Each 1% cut in LA welfare spending in previous years</td>
<td></td>
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<tr>
<td>One year prior</td>
<td>1.07**</td>
<td>1.03 to 1.11</td>
</tr>
<tr>
<td>Two years prior</td>
<td>1.06**</td>
<td>1.02 to 1.11</td>
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Notes: Model also includes % of population identifying as Christian, central cut in welfare benefit spending, and Gross Value Added. 95% confidence intervals based on standard errors clustered by local authority to reflect non-independence of sample units. Local authorities were censored for years after first food bank initiated.

* p<0.05, ** p<0.01; *** p<0.001
Austerity is associated with foodbanks

Loopstra R. et al., 2015, Austerity, sanctions, and the rise of food banks in the UK. BMJ.
Analysis 2: Foodbank usage

Cross-local authority linear regression model examining potential drivers of food parcel distribution where foodbanks were operation over 2010 to 2013.

- Lagged socioeconomic conditions
- \( n = 575 \) local-authority years included.
- Clustered standard errors by local authority
- Include measures of ‘supply-side’
  1. Duration
  2. Number of operational food banks
## Predicting foodbank usage

<table>
<thead>
<tr>
<th>Socio-economic factors and foodbank characteristics</th>
<th>Percentage point change in foodbank usage per capita</th>
<th>95% CI</th>
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<tr>
<td>Each 1ppt higher rate of sanctions per claimant</td>
<td>0.09*</td>
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<tr>
<td>Each additional year of food bank operating in LA</td>
<td>0.38***</td>
<td>0.29 to 0.48</td>
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<tr>
<td>Each additional food bank in the LA per 100,000 persons</td>
<td>0.66***</td>
<td>0.37 to 0.94</td>
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What does this mean for health?
Housing
Homelessness began rising after 2010.

43,000 FORCED EVICTIONS
The 2011 reform to housing benefit

Housing benefit costs £24bn every year.

From April 2011 the govt reduced the local housing allowance by £1.6bn.

This reform did two things:

1. Reduced allowances from the median of local market rent to the 30th percentile.
2. Introduced caps, e.g., £250 per week for one bedroom

These policies were applied to both new and existing LHA claimants, from the anniversary of their claim.
£1,220 PER YEAR
£1,220 PER YEAR

1.35 MILLION PEOPLE
£1,220 PER YEAR

1.35 MILLION PEOPLE

27-54,000 ADDITIONAL CHILDREN IN SEVERE POVERTY
"Basically, it’s the fine line between living here and not living here, pretty much, making me homeless and me moving back in with the parents. So, yes, it’s impacted greatly."

32 year old lone parent in Edinburgh

Beatty et al., 2014, The impact of recent reforms to Local Housing Allowances: Summary of key findings. DWP.
"IT DOESN’T AFFECT US MUCH... IT’S ONLY A FEW QUID HERE AND THERE."

29 YEAR OLD WOMAN IN EXETER WITH HER WORKING PARTNER AND CHILDREN

Beatty et al., 2014, The impact of recent reforms to Local Housing Allowances: Summary of key findings. DWP.
The Annual Population Survey (APS):

Conducted annually between April and March (integrates the Labour Force Survey (waves 1 and 5); the English Local Labour Force Survey, the Welsh Labour Force Survey, and the Scottish Labour Force Survey).

Used to generate quarterly official statistics.
LHA as a natural experiment

Data were drawn from April 2009 to March 2013

- Men and women 16-69
- Private renters
- $n = 179,064$
LHA as a natural experiment

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Period 1
Apr ’09-Mar ’11
LHA as a natural experiment

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Period 1
Apr ‘09-Mar ‘11

Period 2
Apr ‘11-Mar ‘13
LHA as a natural experiment

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- Period 1: April 09 - March 11
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- LHA
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Period 1
Apr ’09-Mar ’11

Period 2
Apr ’11-Mar ’13

Pre-intervention
\(n = 85,090\)

LHA

Post-intervention
\(n = 93,974\)
Method: Difference-in-differences model
Method: Difference-in-differences model

Health

Control group
Method: Difference-in-differences model

- **Health**
  - **Control group**
  - **Intervention group**

- **Time**
  - Pre
  - Post
Method: Difference-in-differences model

![Graph showing health changes over time for control and intervention groups.](image-url)
LHA reform and mental health

Change in Probability of Reporting Depression

Nonrecipients

Recipients

Housing Benefit
LHA reform and mental health

DiD = 1.8%
26,000 ADDITIONAL PEOPLE WITH DEPRESSIVE SYMPTOMS

(95% CI: 14,000 to 38,000)
Regional variation in impact of reform

Beatty and Fothergill, 2014, Hitting the poorest places hardest: The local and regional impact of welfare reform. CRESR.
Regional variation in impact of reform

Difference in Probability of Reporting Depression Between Recipients and Nonrecipients

Regions

Total Sample
Low-Impact
High-Impact
Conclusion
Conclusion

Sanctions may be increasing disconnection from social security, increasing reliance on informal support systems.

Cuts to local and national government spending are associated with rising foodbank usage, harming diets but also mental health.

Reductions in housing benefit are associated with a rise in depressive symptoms.
How Welfare Reform Affects Health and Wellbeing

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April 21, 2016
Regression model: fixed effects and robust SE to examine relationship between sanction decisions, claimant counts, on/off flow.

Finite distributed lag models using joint $F$-tests.

$$
\Delta JSA_{i,t} = \alpha + \beta_1 Sanctions_{i,t} + \beta_2 Sanctions_{i,t-1} + \beta_3 Sanctions_{i,t-2} + \mu_i + \eta_t + \epsilon_{i,t} \quad (1)
$$

$\mu_i = \text{Local authority dummies}$

$\eta_t = \text{Time dummies}$
LHA reform and mental health

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Falsification and sensitivity tests

- Matching analysis
- Interrupted Time Series Analysis
- Public sector housing
- Other health outcomes
- Reductions to child tax credits were also implemented in April 2011.
- Some people have pre-existing health challenges
- Most of our analyses are restricted to private renters, what about the whole population?