

How Welfare Reform Affects Health and Wellbeing

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April 21, 2016





THREE ISSUES:

1. SANCTIONS
2. FOODBANKS
3. HOUSING

SANCTIONS

jobcentreplus

Part of the Department for Work and Pensions

Opening times

Monday

Tuesday

Wednesday

Thursday

Friday

Ebury Jobcentre Plus, Silver Street

Ebury, BL9 6DP

Telephone: 0161 253 8000



Textphone: 01204 516717

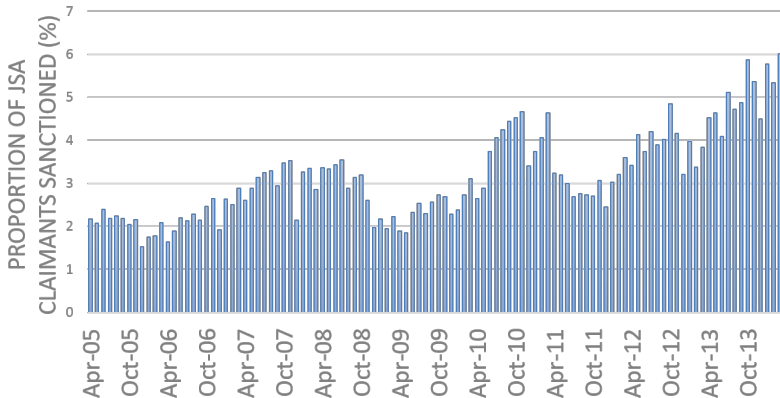


No smoking

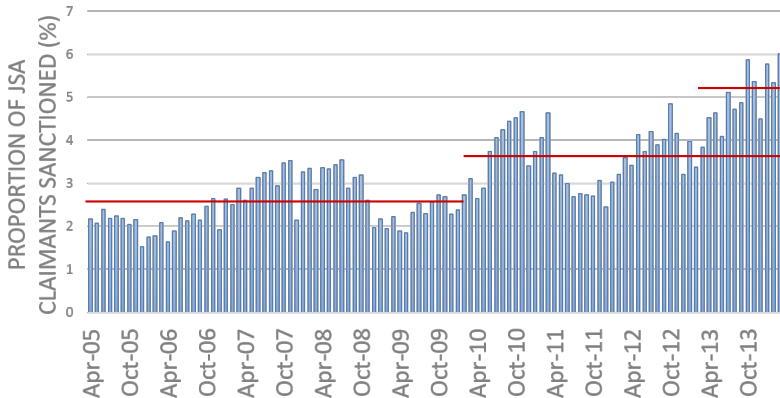


No food or drink

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

Change in jobseeker allowance claimants per working-age adult			
Sanction referrals	Entire period Apr 05-Mar 14	Pre-reform Apr 05-Jun 11	Post-reform Jul 11-March 14
Cumulative linear effect for each 100 additional sanctions	-15.41*** (0.79)	-11.84*** (1.60)	-20.62*** (1.43)
Joint <i>F</i> -test	146.05***	23.07***	82.41***
Number of local authority months	39,699	27,375	12,334
<i>R</i> ²	0.584	0.598	0.526

Notes: Cumulative linear effect is additive association between adverse decisions in the current month, one month prior, and two months prior. All models control for local authority fixed-effects and a linear time trend. Standard errors in parentheses.

* $p < 0.05$, ** $p < 0.01$; *** $p < 0.001$

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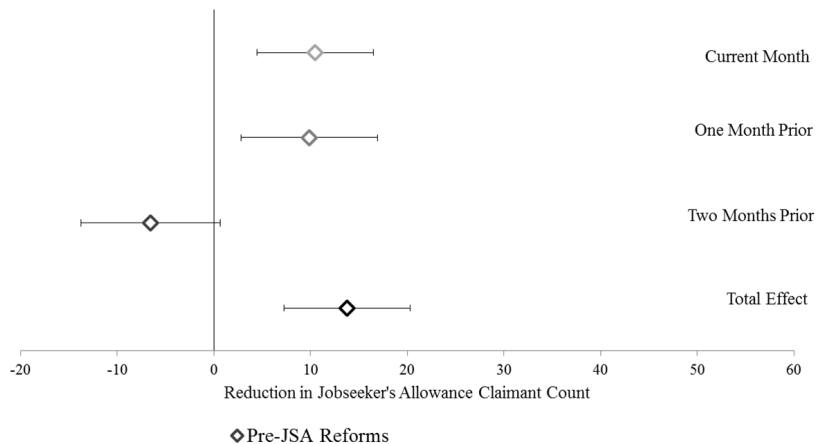
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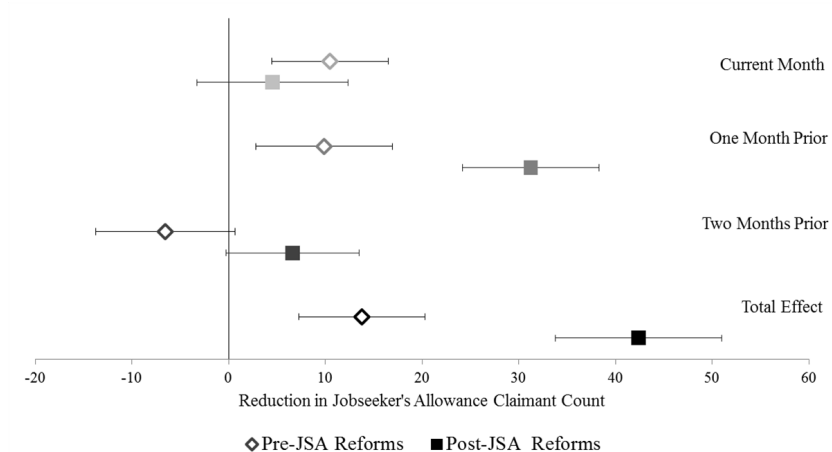
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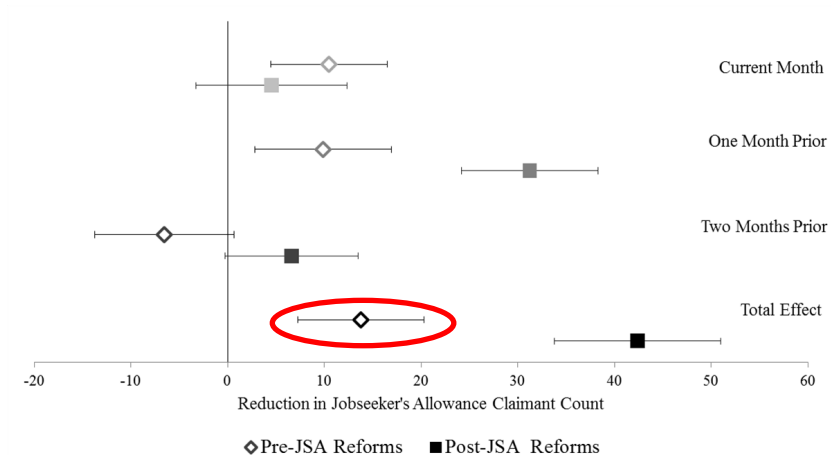
Pre-JSA reform: Adverse sanctions reduce claimant count



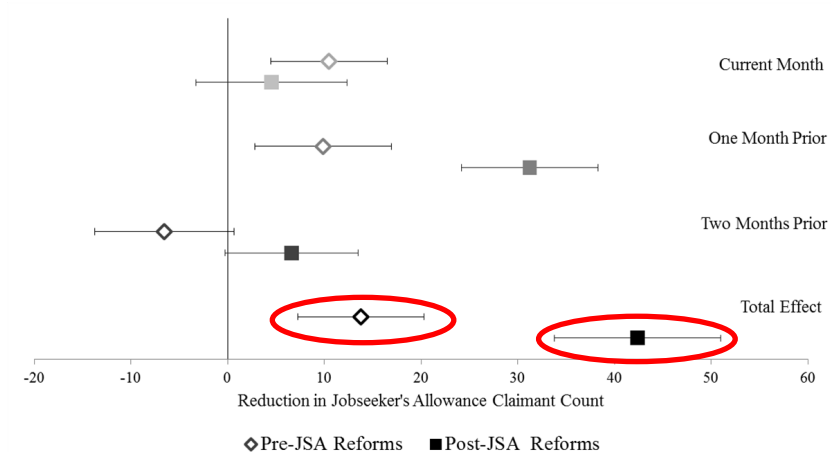
Post-JSA reform: Adverse sanctions are pushing more people off JSA



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

Sanction referrals	JSA Claimants	
	Moving on	Moving off
Cumulative linear effect for each 100 adverse decisions	2.18 (3.38)	43.1*** (3.09)
Joint <i>F</i> -test	2.01	85.52***

Notes: Cumulative linear effect is additive association between adverse decisions in the current month, one month prior, and two months prior. All models control for local authority fixed-effects and a linear time trend. Standard errors in parentheses.

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Adverse sanctions increase people leaving to 'unknown destination', July 2011-March 2014

Claimants moving off JSA by destination, July 2011-March 2014			
Sanction referrals	Finding work	Unknown	Other reason
Cumulative linear effect for each 100 additional sanctions	7.36*** (1.99)	35.9*** (1.88)	-0.32 (1.01)
Joint <i>F</i> -test	28.33***	142.37***	2.25***

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WHAT HAPPENS TO PEOPLE WHO
'DISAPPEAR' FROM THE CLAIMANT COUNT?



FOODBANKS





SHAME OF CONDEM CUTS

Britain, 2014. We're the sixth largest economy in the world. We have more millionaires than ever before...



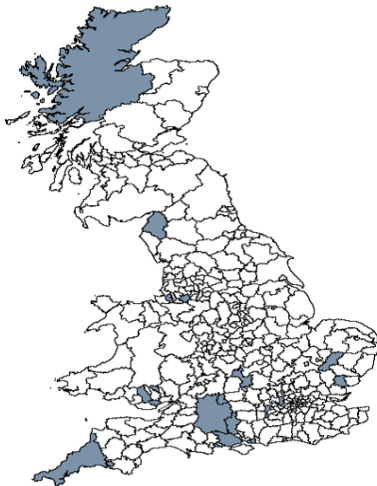
So why have we handed out
ONE MILLION food parcels?

AND NEW FIGURES REVEAL 330,000 WENT TO HUNGRY CHILDREN...SHOCK REPORT PAGES 4&5

Food insecurity and food banks

2009

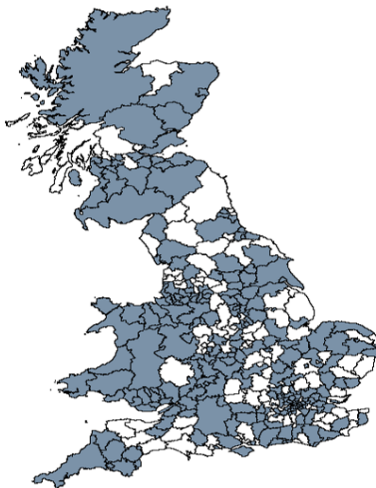
Trussell Trust food banks in 29 local authorities



Food insecurity and food banks

2013

Trussell Trust food banks in 251 local authorities

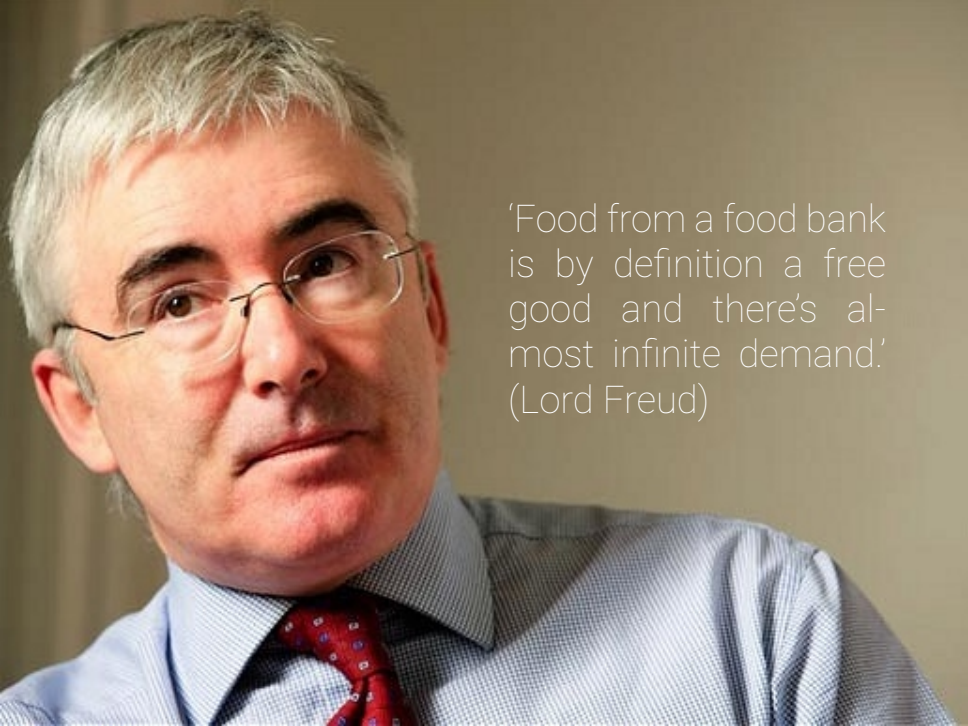


"THE WELFARE SYSTEM IS INCREASINGLY FAILING TO PROVIDE A ROBUST LAST LINE OF DEFENCE AGAINST HUNGER."

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

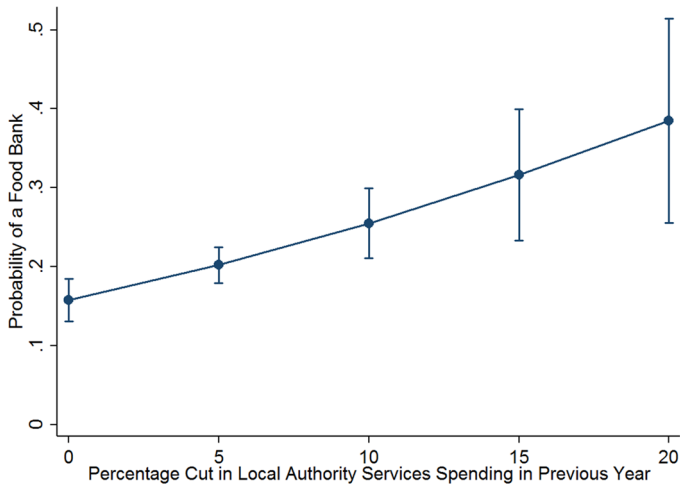
Predicting foodbank initiation

	Odds ratio of food bank opening	95% CI
Each 1 percentage point higher higher unemployment rate		
One year prior	1.08**	1.02 to 1.14
Each 1% cut in LA welfare spending in previous years		
One year prior	1.07**	1.03 to 1.11
Two years prior	1.06**	1.02 to 1.11

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



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

<i>Socio-economic factors and foodbank characteristics</i>	Percentage point change in foodbank usage per capita	95% CI
Each 1ppt higher rate of sanctions per claimant	0.09*	0.01 to 0.17
Each 1ppt higher unemployment rate	0.06**	0.02 to 0.09
Each 1ppt cut in central govt welfare spending	0.16***	0.10 to 0.22

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.

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Predicting foodbank usage

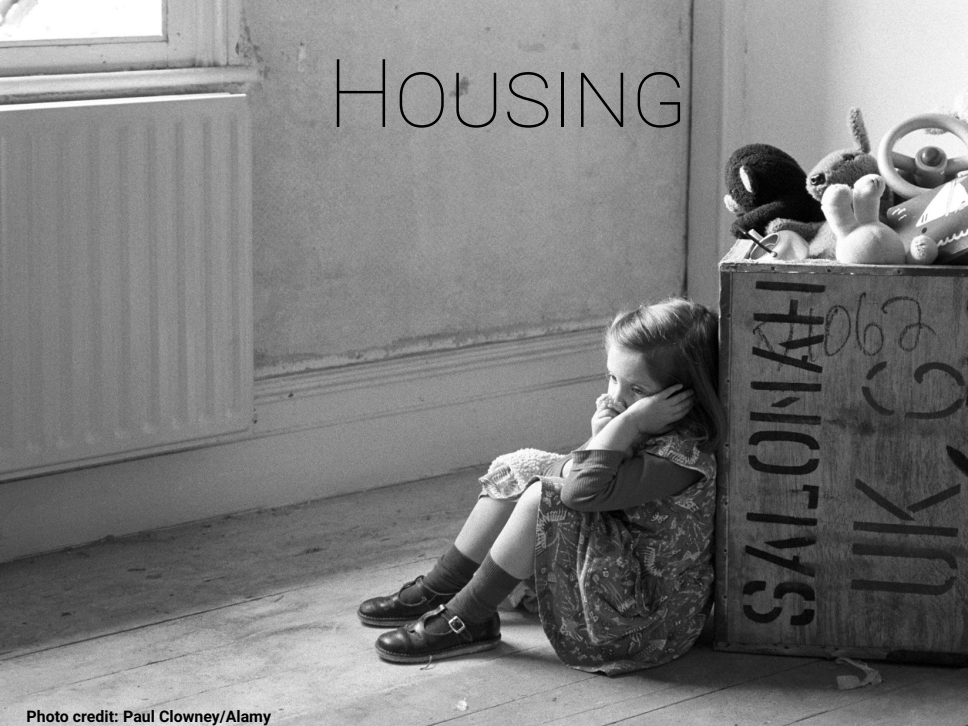
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Each 1ppt cut in central govt welfare spending	0.16***	0.10 to 0.22
Each additional year of food bank operating in LA	0.38***	0.29 to 0.48
Each additional food bank in the LA per 100,000 persons	0.66***	0.37 to 0.94

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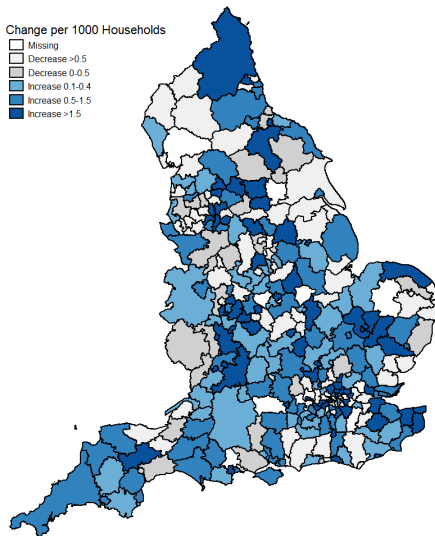
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WHAT DOES THIS MEAN FOR
HEALTH?

HOUSING



Homelessness began rising after 2010



Loopstra et al., 2015, The impact of economic downturns and budget cuts on homelessness claim rates across 323 local authorities in England, 2004-2012, J Pub Health.

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

"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

Data

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
- $n = 179,064$

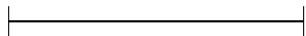
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Period 1

Apr '09-Mar '11



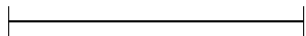
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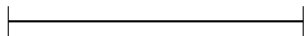
Period 1

Apr '09-Mar '11



Period 2

Apr '11-Mar '13



LHA as a natural experiment

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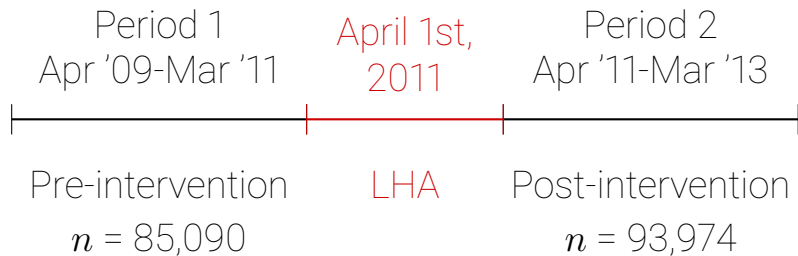
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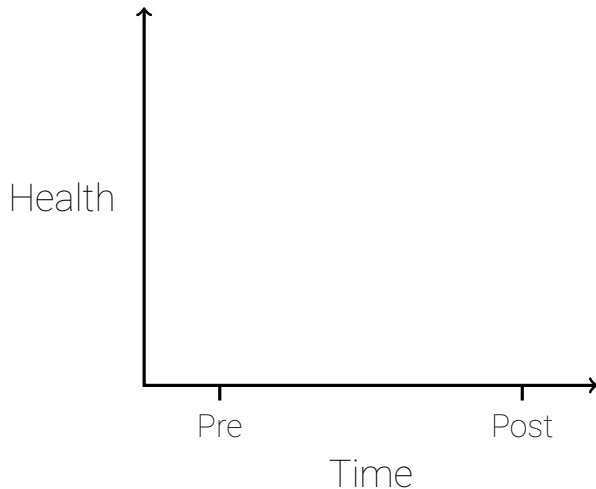
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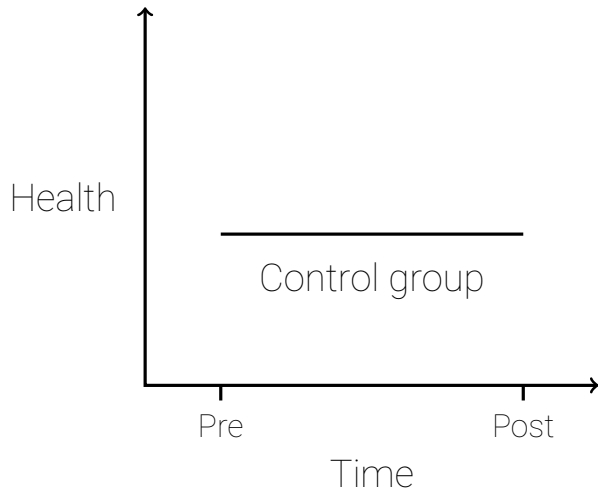
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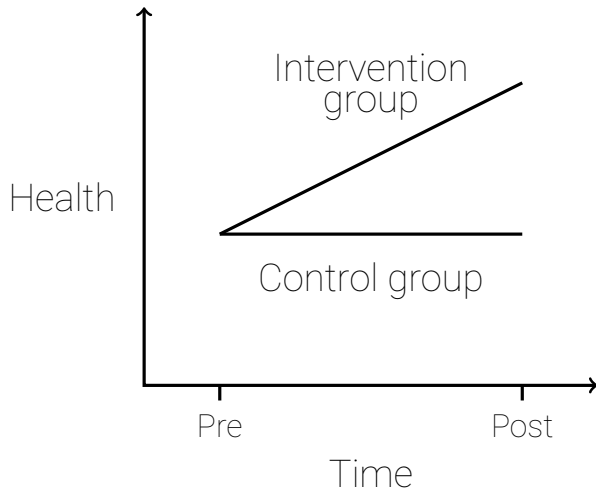
Method: Difference-in-differences model



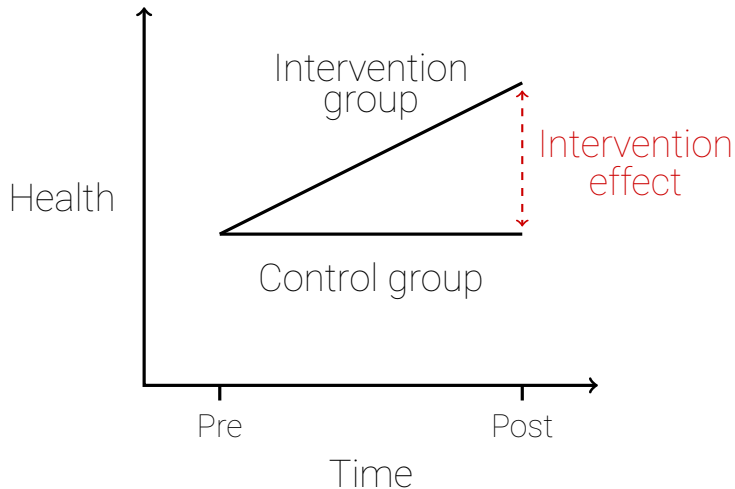
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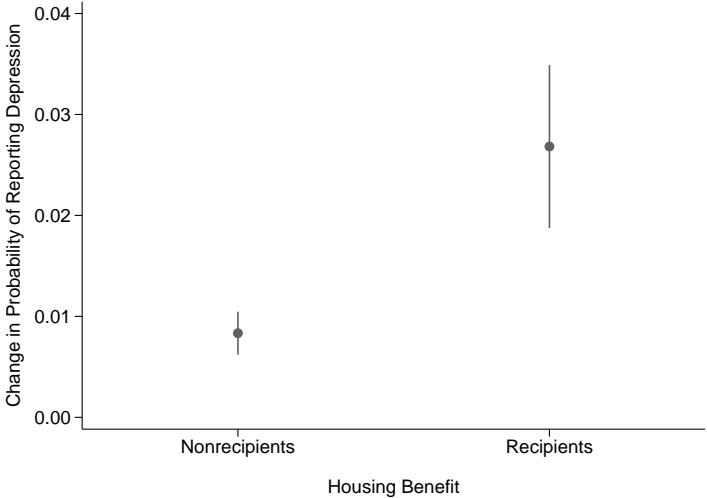
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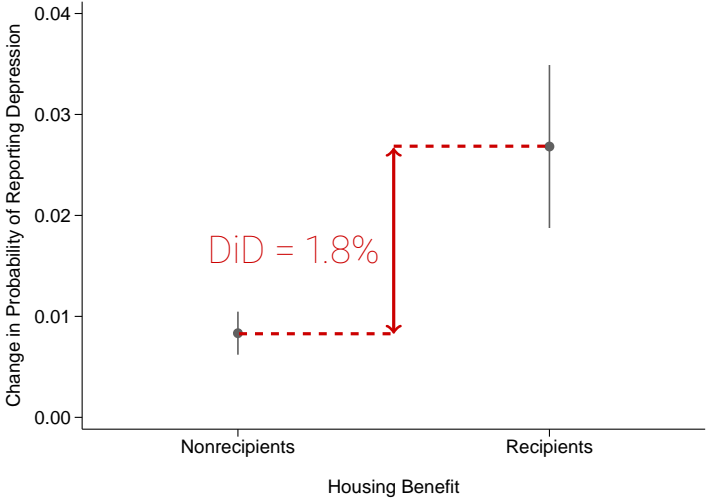
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LHA reform and mental health



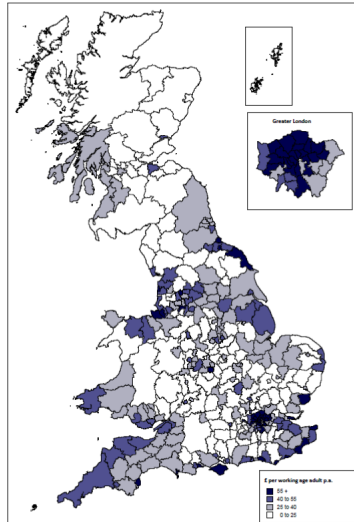
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26,000 ADDITIONAL PEOPLE WITH
DEPRESSIVE SYMPTOMS

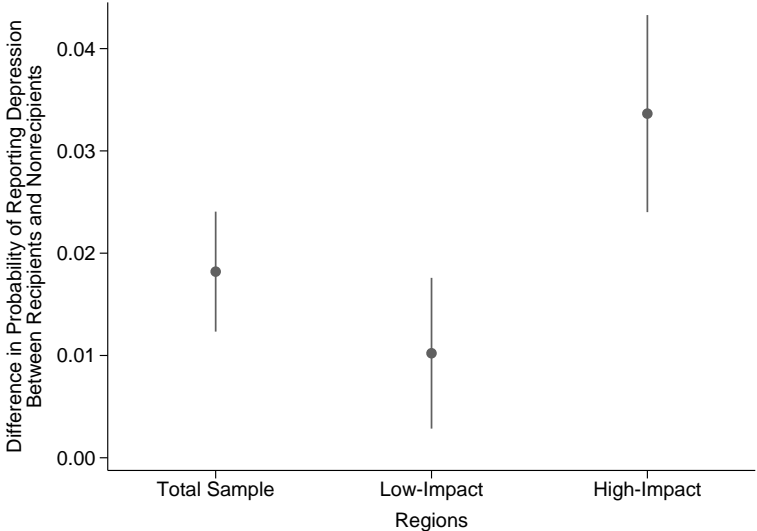
(95% CI: 14,000 To 38,000)

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



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.



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Statistical analysis

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.

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

μ_i = Local authority dummies

η_t = Time dummies

LHA reform and mental health

Covariates	Probability of people reporting depression	
	(1)	(2)
DiD estimate (after April 2011)	0.013** [0.0044]	0.018** [0.0043]
Change over time (Before April 2011 and After April 2011)	0.0058** [0.0011]	0.0083** [0.0011]
Difference between HB recipients and non-HB recipients before April 2011	0.16** [0.32]	0.11** [0.0032]
Constant (probability of depression among non-HB recipients before April 2011)	0.042** [0.00077]	0.049** [0.0085]
Observations	179,064	179,037

Standard errors in brackets; Control variables included in model 2: age, sex, employment status, geographical region, ethnicity, number of dependent children in household under the age of 19, income, occupation, education, and whether a JSA claimant.

* $p < 0.05$, ** $p < 0.01$; *** $p < 0.001$

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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?