

Tenants Council

Title: UPDATE ON WELFARE CHANGES AND FINANCIAL RESILIENCE

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1. Introduction

Most welfare changes have now been/are being implemented in Lambeth (with the exception of Universal Credit) and we have had a period of learning and experience on which to reflect and consider impacts.

The financial impact of the welfare changes for residents and for the council is considerable. Residents on benefits have been estimated to be £1,600 a year worse off on average as a result of the package of cuts and changes¹. This is without the impact associated with the introduction of Universal Credit (UC) and Personal Independence Payments (PIP) as both have been delayed.

There remains significant potential income loss for the council associated with arrears, council tax debt, increased levels of homelessness/use of temporary accommodation. Some of this can be mitigated by the continued awarding of Discretionary Housing Payments (DHP) to tenants affected by some of the welfare cuts but, as it is not clear what will happen to this grant fund next year, it does provide a long term solution.

The introduction of Universal Credit will affect c.40,000 people in Lambeth and its implementation may well cause difficulties for many. The change to receiving benefit monthly, in arrears and paid to one member of the household only may well cause budgeting difficulties and conflict in households. The inclusion of Housing Benefit within this single monthly payment paid direct to the claimant, not the landlord as now, may mean that some residents get into rent arrears when they have not done so previously. The need for a bank account and email address/IT skills to manage the payment and claiming of UC will also be a problem for some who are unused to this and lack digital skills. The council is planning for the introduction of UC with a new Financial Resilience Strategy² which sets out a programme of work to support vulnerable residents in 8 key areas:



Tackling problematic debt	Reducing food poverty	Reducing fuel poverty	Supporting digital inclusion
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¹ Centre for Economic and Social Inclusion report (2014)

² A copy of the strategy can be provided on request

Many projects and services exist in Lambeth to support residents who get into difficulties with benefits or debt or need support to build their financial skills and others have been established specifically to support residents to manage better as the cuts and changes to benefits are introduced. The final section of this paper includes details of some of these projects. The best general initial point of reference is the website www.onelambethadvice.org.uk.

2. Benefit cap

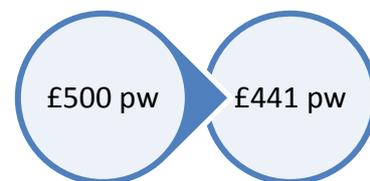
The introduction of the weekly cap on benefits in the autumn of 2013 saw around 400 households (mainly lone parent families) have their benefits reduced to the £500 per week cap level. The average shortfall for each household was around £100 per week. As the cap includes Housing Benefit and as rents in the private sector are quite high, most of those affected were in private sector tenancies or Temporary Accommodation but a significant number (c.100) of larger families in council tenancies were also affected. Notifications of new households that need to be capped are coming through from DWP at the rate of around 5 a week. These are families (mainly) who have lost work, moved into the area or had a rent or benefit increase that has seen them brought into the cap.

We put in place a multi-disciplinary team to help capped families either find work, claim a benefit that would exempt them from the cap (like DLA), negotiate a reduced rent or move to cheaper accommodation and this team has had some success with around 60 people moving into work, around 40 moving to cheaper accommodation and others being supported to sustain their tenancies through negotiating a rent reduction and putting DHP in place. We still have around 280 capped households though.

The risk attached to this welfare change remains strong and solutions are hard to come by. We have c. 80 larger families in temporary accommodation who are capped. They are already homeless and, due to the high rents in TA, are costing a significant amount of DHP to sustain each week. Given the size of the families, the number of lone parent households and the type of accommodation occupied, employment is not likely to be an achievable outcome in the short term for this cohort leaving the council to pick up the bill for the rent shortfall for an indeterminate period. The size of many of the families means that a move to a cheaper area will not take them out of the cap but it will reduce the council's exposure around DHP and is being pursued as appropriate.

Additionally, there is a cohort of c. 80 cap affected residents who live in council accommodation who have large families and who are not engaging around employment and who reasonably believe that the council will not/cannot evict them because they will cost us more if they end up in TA. Lambeth Living's levers for promoting engagement are very limited for this group and again we face a lengthy period of meeting the rent shortfall with DHP while we work to break down their resistance/the barriers to working.

The Conservative Party announced at this year's party conference their intention to lower the amount of the weekly cap from £500 per week to £441 per week though we are not sure when this will come into effect. In Lambeth this would mean another c.140 households affected and a need to revisit all of the previous cases that were found solutions as the new, lower cap may mean they have to move again.



3. Size criteria (bedroom tax)

The introduction of the size criteria in social housing in April 2013 saw around 4,000 working age Lambeth households have their Housing Benefit cut by an average of £20 per week because they were under-

occupying their homes. Just over half of these households occupy council tenancies, the remainder are housed by Registered Social Landlords.

A generous DHP grant meant that we could support many of these households with their shortfall during 13/14. We actually provided DHP for a third of those affected. The smaller weekly shortfalls meant that arrears accrued fairly slowly for those affected. As a result, at the time of writing, only a handful of tenants affected by the bedroom tax have been evicted though it is important to note that these tenants had arrears that pre-dated the bedroom tax and which were simply compounded by the shortfall.

An interim evaluation of the size criteria policy (by DWP) this month revealed, unsurprisingly, that over a half of those experiencing cuts to their HB have got into arrears and that others are going without essentials like food and fuel to meet the shortfall. Only 4% have managed to make a move to smaller accommodation against 19% who are actively trying to move. Lambeth's experience is very similar.

Lambeth Living's Welfare Solutions Team have helped over a 100 people escape the problems associated with the bedroom tax via mutual exchanges or supporting people into work. However, the scale of the impact and the lack of engagement by a significant minority of households remains a key challenge for all involved.

A change of approach has meant that we are unlikely to be providing DHP in future for single people who are under-occupying who have no support needs/vulnerabilities instead concentrating available resources on families, disabled households and those with demonstrable vulnerabilities. There is an active need for the larger properties that some single people are under-occupying and we believe that single people with more than one spare room should be considered a priority for action. For example, the current breakdown shows that we have:

- 38 single person households in properties that are 4 bedroomed or bigger
- 269 single person households in 3 bedroomed properties
- 47 couples with no children in properties that are 4 bedroomed or bigger
- 166 couples with no children in 3 bedroomed properties

A "work first" approach will be taken that will encourage these households to avoid the bedroom tax altogether by getting into work and funding from DWP is being used to add a couple of employment workers to the Lambeth Living Welfare Solutions Team to take this forward. The other option is for these households to move to smaller accommodation and they will be prioritised for mutual exchanges.

4. Council Tax Support (CTS)

Lambeth's CTS scheme offers full protection from the Government's 10% cut to carers, disabled people, pensioners and those affected by the weekly benefit cap. However, because of the cut, around 22,000 residents saw the amount of CTS they used to get under the old scheme reduced under the new scheme with those that receive only partial protection now having to pay an average of 19% of their own Council Tax bill. For many, particularly those used to receiving 100% Council Tax Benefit, the change has been problematic.

The impact of the change has been to drive up the number of residents who are summonsed to court for Council Tax debt and, consequently, the number of those for whom enforcement action (including bailiffs) has been necessary.

As well as reviewing the data and the operation of the CTS scheme to better understand the effectiveness of current measures, a pilot project intended to prevent households from receiving a summons if they sign up for debt support is on-going. The take up of this offer (which would save a household £127 in fees and prevent them having to go to court) has been limited and we are working with Capita, relevant council departments and the debt advice provider who runs the support scheme to try to address this by constantly refining the way the offer is made and publicised.

No changes were made to the CTS scheme in its second year of operation as it was felt the council could continue to afford providing the same level of support but, if there are more cuts to the council's grant, this may need to change in future.

5. Emergency Support Scheme (ESS)

We are into the second year of operating a local welfare assistance scheme and the scheme continues to perform well. Acceptance rates are at around 36% (an increase on the 20% average from last year) and special arrangements remain in place to expedite support for those moving because of welfare changes, moving out of hostels/supported housing and those supported by Every Pound Counts.

In January 2014, we received notification from DWP that the specific grant provided to run the schemes would be withdrawn from the end of this financial year and local authorities would have to fund future support from their general grant. The LGA and London Councils (amongst others) have made strong representations to Government about the unfairness of this cut – coming just a year after the responsibility for the schemes was localised and given the tight financial position of most local authorities.

The Lambeth scheme has recently been highlighted as an example of best practice by London Councils in their review of local welfare assistance provision. The use we have made of grant to fund projects that prevent crises and build financial resilience (eg: advice provided in food banks, debt support for those affected by the welfare cuts, bank account project) is considered innovative.

We have carried forward around £500k of unspent ESS grant from 13/14 into the current financial year and reduced admin costs for the scheme this year by around 50%. Our current year's grant coupled with the c/f amount is likely to give us enough funding – if carefully managed – to run the scheme for the next three years. We do not anticipate, at this stage, tightening eligibility criteria. Our intention is to manage spend by being more careful about the amount awarded and negotiating better rates from our suppliers. We still offer Credit Union loans for some awards but to a limited extent as repayment rates are low.

Child Poverty Action group and LB Islington brought a successful court case against the DWP for the way it cut the grant for local welfare assistance schemes to LAs without proper review/consultation. As a result, the Government has embarked now on a consultation process which seems to suggest they will still cut the grant but will this time consult before doing so. We have submitted a response arguing strongly that the Government should continue to provide the grant funding as the scheme is such an important safety net for residents in crisis.

6. Disability Living Allowance (DLA) changing to Personal Independence Payments (PIP)

PIP began to replace DLA for new claims nationally from June 2013. Existing DLA claimants in certain limited circumstances have started to be invited to claim PIP from October 2013 but most DLA recipients will not transition to PIP until October 2015.

There have been considerable problems with implementation linked to the DWP under-estimating how long it would take to undertake assessments, take claims and make decisions and a massive backlog has developed which DWP estimate will take months to clear. New claimants of PIP are often waiting over six months for a decision (fast track processes have been put in place for the terminally ill) and the difficulties in managing without support and then receiving a backdated lump sum have been well documented.

Atos – the company providing the medical assessments for PIP in London – has again been under fire for what the Public Accounts Committee has called “misleading information” in its bid for the work. Atos

claimed it had partnerships in place with a wide range of health providers to provide assessment services and venues but, during delivery, finding appropriate venues and services has apparently been difficult.

It seems that PIP is not an easy benefit to claim successfully with just over a third of those applying receiving an award (not counting those with a terminal illness). This is estimated to be about 12% lower than the success rate for new claims under DLA.

While there is limited impact locally at present (because of the delays around transition), we have around 13,000 DLA claimants in the borough with our numbers increasing steadily year on year thanks to all the work done by agencies like Every Pound Counts. If, during transition in 15/16, we see large numbers losing their benefits under PIP, the financial and service risks will be great (knock on costs into social care, people losing exemption from the cap and council tax support cuts, loss of passported benefits) and the need for advocacy and support around appeals will be intense.

7. Employment Support Allowance (ESA)

The DWP decision to end the Atos contract to provide Work Capability Assessments has seen more delays for those claiming ESA with claimants waiting much longer than the 13 week standard assessment period. The recent announcement of a new provider will mean that assessments start to be offered again and we will see a lot of activity and decisions made as they seek to catch up on all the work missed.

Local advice agencies continue to assist considerable numbers of people who feel they have been unfairly assessed and refused ESA. Nationally over 40% of those refused ESA appeal the decision and many need support to do so. However, the shorter ESA award periods mean that many claimants are on a merry-go-round of reassessments and appeals with some being called back for reassessments before their original appeal has been heard. As over 40% of appeals against negative ESA decisions are successful, there are real benefits to appealing and having someone to support the process.

8. Discretionary Housing Payments (DHP)

Since the beginning of the current welfare reform programme, the Government has allocated additional funds to local authorities for use as Discretionary Housing Payments (DHP) aimed at mitigating negative impacts of housing benefit reforms including the benefit cap, the bedroom tax and reforms to Local Housing Allowance. Lambeth's standard DHP allocation tripled from around £500k in 2012/13 to just over £1.5m in 13/14 and 14/15. In 13/14, we were one of eight London local authorities who bid to DWP for more DHP funds and were awarded a further £300k.

Our total budget for 13/14 was therefore £1.8m and we spent 99% of this. We had 2,596 applications for DHP with 89% of them granted.

A new DHP policy has been introduced this year which sets out a local desire to prioritise families, disabled people and single people with support needs.

The Government have been silent on whether they will maintain the higher levels of DHP paid to councils during 13/14 and 14/15 into the years to come and rumours coming out of DWP are that the fund will be subject to the kind of reductions we have seen in other areas in future years.

9. Universal Credit

Universal Credit is now live, in a limited sense, within 24 Job Centres in the north west of England, Bath, Harrogate, Inverness, Shotton (Wales) and LB Hammersmith and Fulham. Up to the end of June, only single job seekers (the majority without housing costs) could claim UC but some areas are now taking UC claims for couples. Families have been brought within scope in a small part of the north west this month.

The DWP remains committed to UC but is taking implementation very slowly. It is unlikely therefore that we will see any real impact from UC in Lambeth until 2016-17. If the DWP are to meet their UC roll out deadline of 2019, however, the transition will need to be speedy once it starts which will cause problems trying to respond to those with a need for support. More likely though is that, post election (if re-elected), the final deadline will be pushed back. A Labour government if elected would pause the roll-out of UC for 3 months and ask the national audit office to review the business case, which is still to be agreed by the Treasury.

DWP have come under pressure from landlords worried about the impact of direct payment of housing costs to claimants and have also delayed publication of a report into last year's direct payment pilots because the increasing arrears and consequential large numbers of claimants switched back to having their housing costs paid direct to their landlord seems to vindicate these concerns. However, DWP are pushing ahead and have tried to mitigate the impact by providing a range of contact methods for landlords to use to raise concerns and arrange switch backs and making reassuring noises about their willingness to maintain direct payments to landlords if arrears already exist at the point of transfer to UC.

There is, of course, a direct link between the council's role in administering HB and the introduction of UC which will instead see housing costs paid and administered centrally. There is an obvious impact for the large numbers of staff working within the HB service whose future role is unclear. The lack of certainty around the introduction of UC (and the unknown impact that the outcome of the General Election on UC policy) makes any sort of planning difficult.

For those transitioning to UC who may have trouble with the new arrangements – ie: they need budgeting support, digital skills support, debt advice or a bank account – the DWP intended to put in place local support services frameworks in each area to provide that support. Lambeth is testing the delivery of such a support framework currently in partnership with Lewisham and Southwark using some funds from DWP. We are working with claimants in Streatham and assessing their support needs and offering support. The pilot runs till August 2015. However, it is not at all clear that DWP are committed to providing funds for these support frameworks in future with Government Ministers suggesting that LAs could use existing funds and existing services. The existing services we do have are already at capacity and our grant is being cut by central Government so we could not take on the new burden associated with supporting those UC claimants who need support especially as we have 40,000 likely UC claimants in Lambeth alone. We continue to lobby DWP on this point.

The support services framework pilot links very directly with the advanced work on developing the three borough Community Budget around improving pathways to employment (and employment progression) as it will provide an opportunity to identify and appropriately triage job seekers from within the groups that the Community Budget is seeking to target (eg: lone parents, 18-24 year olds, over 50s and those with mental health problems) and then signpost them to the newly created bespoke employment support services commissioned for the CB.

It is important to note also that pensioners will not be moved to UC in the medium term and the payment of their housing costs may remain a local authority function (though this is unclear) and the council is still expected to have a role in running the local Council Tax Support scheme as currently this is not included within UC.

10. Governance

The work to respond to the welfare changes and promote financial resilience sits within the financial resilience work stream/outcome area. Cllr McGlone, the lead for financial resilience and welfare reform, chairs a Cabinet sub-group that has existed to oversee and make policy/commissioning decisions in this area over the past two years. The involvement of Cabinet Members and senior officers from across the

council on this group means the area of work continues to be prioritised even when difficult decisions are being taken about funding cuts.

11. Information about projects available to support financial resilience:

Projects and services

ONE LAMBETH ADVICE 

The service can help if people have problems with:

- Benefits
- Debt and/or money
- Work
- Housing
- Goods and services
- Immigration

Service available online, by phone or in person

W. <http://onelambethadvice.org.uk/>
T. 0344 245 1298

 Lambeth

Projects and services

ONE LAMBETH ADVICE 

Provides a gateway to phone and face to face advice services available within Lambeth including:

- Lambeth Law Centre
- Waterloo Action Centre
- Brixton Advice Centre
- Centre 70
- Streatham CAB
- Every Pound Counts
- Blackfriars Advice Centre
- Step Change
- Money Advice Service

 Lambeth

EVERY POUND COUNTS



Benefits advice and take up service for:

- People aged 60 and over
- Those who have a disability or sensory impairment
- Carers
- Those who are experiencing long term ill health
- Those who care for a disabled child or a child with long term ill health

Accept self referrals and agency referrals

Call on 020 7926 5555 or email
everypoundcounts@lambeth.gov.uk



Bank account take-up project

Supports residents who are receiving their benefit via a Post Office Card account or cheque to open a bank account and set up direct debits. Provides one-to-one support for residents who may have difficulty accessing mainstream banking services i.e. those with mental health issues, learning difficulties and substance misuse issues.

Runs drop-in sessions with high street banks in community locations, where residents can talk to bank staff, have their ID checked and open accounts.

0207 735 1771 / ANorman@shp.org.uk



Digi-buddies

A peer-to-peer service that supports residents to improve their digital skills and get online. Can provide support with getting an email address, applying for benefits online and completing Universal Job Match.

Runs regular drop-in sessions in community locations, including Olive Morris House and Brixton and Streatham libraries.

For more information, to find out about the next drop-in session, or to join digi-buddies, contact Thames Reach by emailing: erhelpdesk@thamesreach.org.uk or calling 0203 691 5111.



Lambeth FACE project

- A budgeting support/money management service
- Provides "Money Mentors"
- Funded by Big Lottery
- Only for social housing tenants

For more information, call: 07738 714213 or email lambethface@metropolitan.org.uk



Money Champions

A peer-to-peer service that trains key members of the community in money management, so that they can share their skills within their local networks.

New project – started August 2014.

For more information laura.mccullagh@wlm.org.uk or Tel: 020 3242 0954 / 07572 595340



Emergency Support Scheme

Provides support for residents experiencing a crisis or under exceptional pressure. Support is provided through food vouchers, fuel top-ups, white goods, furniture, travel warrants and a storage and removal service.

Applicants to the scheme must be aged over 16, live in Lambeth and be in receipt (or about to be in receipt) of a qualifying benefit. For more information visit

www.lambeth.gov.uk/emergencysupportscheme



Where to go for help

Free legal advice in Lambeth

<http://lawworks.org.uk/index.php?cID=10352#LondonClinics>

- Thurs evenings at Waterloo Action Centre
- Mon evenings at Centre 70 (West Norwood)
- Weds mornings at Lambeth Law Centre (SW9)

Emergency Support Scheme –

www.lambeth.gov.uk/emergencysupportscheme / 0345 302 2312

Emergency food, fuel, furniture and white goods for households in crisis



Where to go for help

Money Advice Service – www.moneyadviceservice.org.uk / 0300 500 5000

Financial advice, money health checks, budget planners, debt test, savings calculator

Step Change – www.stepchange.org.uk / 0800 138 1111

Debt advice, debt management plans

Benefits calculator

http://www.tum2us.org.uk/benefits_search.aspx