Impact of the Welfare Reforms

Prepared by a Task Group of the Business Support Overview and Scrutiny Committee

August 2014
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1 FOREWORD

Medway Council has a changing and yet key role to play in the delivery of the benefits system. A role that will increasingly involve identifying, leading and facilitating partnerships to support Medway’s residents.

As part of the Coalition Government’s long-term economic plans, it has stated that changes are being made to the welfare and pensions systems so that they are fair and affordable.

The past few years has seen some fundamental changes to the benefits system, with the Welfare Reform Act 2012 containing a number of measures that are comprehensively reforming the welfare state. Changes have included the introduction of a cap on benefits, the social sector housing Size Criteria, the replacement of Council Tax Benefit with a local Council Tax scheme and new responsibilities relating to local discretionary funds. The main reform however will involve the introduction of a completely new benefit, Universal Credit. It is these elements of the Department for Work and Pensions reform story that have been the focus of this Task Group.

There was cross-party support for an in-depth review of the impact of Welfare Reform on Medway residents of working age given the potential impact on the more vulnerable people in our community.

Scrutiny on this issue has taken place at a time of local interest and continued national coverage. Whilst most of these reforms are relatively new and Universal Credit is yet to be implemented in Medway, the Task Group has sought to bring together evidence and present a series of recommendations that addresses a number of emerging issues and thereby contribute to this ongoing debate.

On behalf of the Business Support Overview and Scrutiny Committee, the Task Group is pleased to present their review into Welfare Reform, with its associated recommendations for Medway Council’s Cabinet.

We would like to take this opportunity of thanking all participants in the review. The Task Group wished to place on record its appreciation for the support provided by Council officers, in particular Jon Poulson, Revenues and Benefits Manager and Anthony Law, Democratic Services Officer.
Councillor Mackness (Chairman)

Councillor Pat Gulvin    Councillor Juby    Councillor Maple    Councillor Royle
2. EXECUTIVE SUMMARY

2.1 The Welfare Reform Act 2012\(^1\) contains measures for a comprehensive reform of the welfare state. Underlying the reforms is the Coalition Government’s aim to make significant savings to the welfare budget, reduce dependency on the state, make work pay for the majority of claimants, whilst at the same time supporting those who cannot work.

2.2 The main reform involves the introduction of a completely new benefit, Universal Credit, which will replace the six main means-tested benefits and tax credits. With Universal Credit yet to be implemented it is too early to say what the impact will be on Medway’s residents. It will however overhaul the benefits system and was raised during the evidence sessions as being the area of most concern.

2.3 The other significant reforms include the replacement of Disability Living Allowance for working age claimants with the new Personal Independence Allowance, the extension of Housing Benefit under-occupancy rules, the replacement of Council Tax Benefit with local Council Tax Support Schemes, the localisation of the Social Fund and the introduction of a total Benefit Cap for claimants of working age.

2.4 The evidence considered by the Task Group has shown that nationally unemployment has reduced and specifically it appears significant numbers (according to national Department for Work and Pension figures) of people subject to the Benefit Cap have secured employment.

2.5 The specific Welfare Reforms have, at 31 March 2014, impacted upon a relatively small number of Medway residents, with 127 impacted by the Benefit Cap and 1,138 households experiencing reductions in income due to size-related restrictions to Housing Benefit (with the latter further reducing to 632 at 31 May 2014 mainly as a result of mhs properties being deemed exempt). However, those affected have seen a significant reduction in their household incomes. There is further evidence of increasing levels of homelessness applications, use of food banks and increased usage of debt and money advice services.

2.6 Discretionary Housing Payments and local welfare provision have helped to manage the impact of significant Welfare Reforms and have been used to smooth transitions to work or alternative housing.

2.7 During the evidence sessions, it has not always been possible to isolate the specific impact of Welfare Reform to date. Other factors such as the state of the economy, the cost of living and the housing market may play an equal or sometimes more important role in the impacts observed. The Universal Credit reforms are also extensive and when taken with the other reforms are complex.

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\(^1\) TSO (The Stationery Office) Welfare Reform Act 2012
http://www.legislation.gov.uk/ukpga/2012/5/contents/enacted
and will have an effect on a large proportion of the population but to differing degrees.

2.8 Given the dynamic nature of this subject matter it is acknowledged that this evidence base will continue to grow and be the subject of continued review. For example, as this document was finalised the Department for Work and Pensions published a report Evaluation of Removal of the Spare Room Subsidy: Interim report.¹

2.9 The Task Group was encouraged during the evidence sessions by positive commentary about the work undertaken by the Council to inform and assist residents and to coordinate a response to the impact of Welfare Reform across directorates and agencies.

Terms of Reference

2.10 The Task Group’s Terms of Reference were:
• To consider the implementation and impact of the Welfare Reforms in Medway on people of working age.
• To identify, where appropriate, any need for new interventions or different approaches to minimise detrimental impacts of the reforms.

Conduct of work

2.11 A series of ‘roundtable’ evidence sessions were held, which were designed to provide an opportunity for the participants to get together in an informal setting to examine the issues as they relate to their specific industry and/or business process.

2.12 This was supported by additional written submissions from a number of organisations/individuals within the remit of this review and further desktop research.

2.13 All the Task Group’s meetings are outlined in section 5 of this report.

Outcomes of the review

2.14 The Task Group’s recommendations seek to help the Council and its partners to deliver a co-ordinated service. A co-ordinated service that can target discretionary funds and advice and progress individual claimants with complex needs towards independence, self sufficiency and work readiness – the single client journey².

The Corporate Officer Welfare Reform Group, established to provide a co-ordinated Council-wide response to the Government’s Welfare Reform agenda, will be instrumental in delivering the Task Group’s recommendations.

Communication between the Council and other agencies should be developed, with the objective of providing the customer with the single journey through a coordinated response. This should include:

(a) a Stakeholder event explaining the Welfare Reforms and the schemes in operation in Medway;
(b) the development of a booklet for all affected residents, signposting the various organisations providing support.
(c) A briefing for all Members on the Welfare Reforms.

Further work be undertaken to improve communication channels for potentially vulnerable claimants of discretionary payments, who may find themselves excluded. This should incorporate:

(a) any positive learning from existing cross agency partnerships, such as Street Weeks and Troubled Families;
(b) a review of Council systems, with a view to highlighting vulnerable claimants, especially where there may be safeguarding issues, and the potential need for ‘personal intervention’ in the debt recovery process;
(c) undertaking a Diversity Impact Assessment to understand the cumulative impact of the Welfare Reforms including the impact on groups with protected characteristics and to identify the necessary actions to take forward.

The Council’s Corporate Debt Policy be reviewed, considering the feasibility of encouraging the “Warm Transfer” of clients to organisations such as StepChange, the Citizens Advice Bureau and Christians Against Poverty and stressing the availability of advice agencies at the later stages of the debt recovery process.

That the Welfare Reform Officers Working Group continue until after the introduction of Universal Credit and that the Corporate Management Team reviews its membership, with a view to ensuring appropriate representation at the relevant time and enhancing its collaborative work with partners.

That the emerging requirements of Universal Credit and Welfare Reforms be tracked and responded to, with progress reported to the Business Support Overview and Scrutiny Committee every 6 months.

That the Council write to the Secretary of State for Work and Pensions and Secretary of State for Communities and Local Government, copying in the Chairman of the Local Government Association, highlighting the:

(a) recognised delays and impact of the assessment phases of Employment and Support Allowance and Personal Independence Payment processes;
(b) concerns expressed during the evidence sessions as to direct payments;
(c) benefits of a localised Local Welfare Assistance Fund and stressing the need for Central Government to make alternative funding provision for this to continue.

That the Welfare Reform Officers Working Group reflects on digital access, use and support across Medway and plays a role in the developing digital inclusion workstreams.
3. BACKGROUND

3.1 In 2011 Medway Council adopted a systematic approach to identifying and prioritising topics for in-depth review work by time limited Task Groups. This evaluated topics in line with potential impact, corporate priority, potential outcomes and timeliness.

3.2 Following consideration of a number of topics for 2013/2014 the Business Support Overview and Scrutiny Committee selected ‘Impact of Welfare Reforms’. In particular, Members expressed an interest in reviewing the impact of Central Government’s plans to radically reform the welfare benefits system on the Council and residents in receipt of welfare benefits from April 2013.¹

3.3 At the inaugural meeting of the Task Group on 22 April 2014 the Task Group agreed the Terms of Reference and some key lines of enquiry. These are set out in section 5.

The Welfare Reform Agenda

3.4 The Coalition Agreement announced the Government’s intention to encourage responsibility and fairness in the welfare system. That meant providing help for those who cannot work, training and targeted support for those looking for work, with sanctions for those who turn down reasonable offers of work or training. In the context of this review, the specific intention was to simplify the benefit system, so to encourage people to move into work and ensure that receipt of benefits for those able to work is conditional on their willingness to work².

3.5 In terms of the impact on the lives of individuals and families it was reported that the benefit system had trapped people into welfare dependency with approximately 1.6 million children living in workless households in the UK and around 300,000 households where no adult had ever worked.

A system that was originally designed to support the poorest in society is now trapping them in the very condition it was supposed to alleviate.

Iain Duncan-Smith, Secretary of State for Work and Pensions³

It was also reported that 13 million people were not saving enough for their retirement.⁴

¹ Medway Council Topics for Indepth Scrutiny Reviews – Priorities and Timetable Report to the Business Support Overview and Scrutiny Committee
² HM Government The Coalition: our programme for government
³ Department for Work and Pensions and The Rt Hon Iain Duncan Smith MP Welfare for the 21st Century
⁴ Department for Work and Pensions DWP Reform – DWP’s Welfare Reform agenda explained
3.6 The Department for Work and Pensions has therefore been reforming the welfare and pension systems. The Department for Work and Pensions 2014 document, *DWP Reform – DWP’s Welfare Reform agenda explained*, specifies what the reforms aim to achieve:

- ensure people are better off in work than on benefits
- provide unconditional support for disabled people that need it and help for those that can work to gain employment
- prepare the long term unemployed for the world of work
- ensure people receive a fairer pension and are encouraged to save for retirement
- support separating and separated families
- improve the delivery of support to the most vulnerable people.

3.7 The reforms are therefore seen to help to put public spending on a more sustainable footing (targeting money effectively), ensuring that the system is fair to the British taxpayer and helping people in genuine need of support.

3.8 This review document looks at the impacts of a number of specific policies on the working age population:

**Universal Credit**

Universal Credit is a new single payment for people who are looking for work or are on a low income. It will replace: Housing Benefit; Income Support; Jobseeker’s Allowance; Employment and Support Allowance; Child Tax Credits and Working Tax Credits.

Universal Credit aims to help claimants and their families to become more independent and will simplify the benefits system by bringing together a range of working-age benefits into a single payment.

In most cases, Universal Credit will require recipients to accept a ‘Claimant Commitment’, setting out what is expected in return for receiving benefit; receive a single payment to the household at the end of the month; and, make and maintain their claim online.

The introduction of Universal Credit will result in the end of Housing Benefit assessment and payments made by local authority staff.

Universal Credit is being delivered on a ‘test, learn and implement strategy’ and it is not expected to be introduced in Medway until 2017.

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1 Department for Work and Pensions DWP: Our Reform Story

2 The Department for Work and Pensions have clarified this further within the 2014 document, *DWP Reform – DWP’s Welfare Reform agenda explained*
A central element of Universal Credit is the Local Service Support Framework\(^1\), which is intended to:

- support people making the transition to Universal Credit
- support those who find it more difficult to make the transition.

It is envisaged that this support will come from a number of partnerships between the DWP, local authorities and third sector organisations.

**Personal Independence Payment**

Personal Independence Payment (PIP) replaced Disability Living Allowance (DLA) for people of working age (16-64) in 2013. It is intended to help towards some of the extra costs because of a long-term ill-health condition or disability.\(^2\)

This change applied to new claimants aged 16 to 64 from 10 June 2013 but most existing DLA claimants will not start to be affected until October 2015.

The PIP is intended to be easier to understand than DLA, be more efficient, and targeted at supporting those in most need to remain independent. Like the DLA, it will be paid as a non means-tested benefit. There is no automatic transfer from one benefit to the other, so people receiving DLA have to make a fresh claim and need to be re-assessed.

**A cap on the amount of benefits working age people can receive**

The objective of the Benefit Cap is to restrict the total amount of money a non-working household could receive to broadly the level of the average earned income of working households, after tax and national insurance contributions had been deducted.\(^3\) In addition to delivering fiscal savings, the policy is intended to improve working incentives for those on benefits and make the system fair and affordable.

The Benefit Cap was introduced in April 2013 and applies to the combined income from the main out-of-work benefits, plus Housing Benefit, Child Benefit and Child Tax Credit. Some households are exempt from the Benefit Cap, such as those entitled to Working Tax Credits receipt or Disability Living Allowance.

The cap ultimately aims to limit the total amount of benefits per week that most out-of-work households can claim to £500 for couples and lone parents or £350 for single people.

To aid transition a number of mitigation measures were introduced; such as a “grace” period, where the Benefit Cap would not be applied for 39 weeks to those who had been in work for 12 months prior to claiming benefit.

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\(^2\) Gov.uk Personal Independence Payment (PIP) [https://www.gov.uk/pip/overview](https://www.gov.uk/pip/overview) 2014

The Benefit Cap is currently administered by the Council and operates by reducing the claimant’s Housing Benefit entitlement only, thus limiting the reduction to their housing cost element. Once households have transferred to Universal Credit the Benefit Cap will apply to their combined income from Universal Credit and benefits.

Size Criteria (an under occupation adjustment)

From April 2013 the amount of Housing Benefit paid to working age tenants in Council or Registered Social Landlord properties was reduced where they had more bedrooms than the Government said the family needed (size criteria). This was to make the rules consistent with those that apply to tenants renting in the private sector.

If assessed as having more bedrooms than was necessary the claimant was considered to be under-occupying the accommodation. Eligible rent would then be reduced by 14% for one spare room or 25% for two or more spare rooms.¹

Some households are exempt from these size related restrictions.

Council Tax Benefit

The Welfare Reform Act 2012 provided for the abolition of Council Tax Benefit and provisions for the localisation of Council Tax Support were included in the Local Government Finance Act 2012².

Since 1 April 2013, local authorities have been responsible for their own Council Tax Reduction Schemes, subject to the regulations. The only requirement which local authorities had to comply with was that they must continue to protect low income pensioners. The local authority could decide to protect other groups of people that it identified as vulnerable.

The reform was accompanied by a 10% reduction in central funding.

Social Fund

As part of the Welfare Reform Act 2012, the Discretionary Social Fund scheme administered by the Department for Works and Pensions was abolished on the 1 April 2013. Crisis loans for living expenses and Community Care Grants were abolished and replaced by Local Welfare Provision Schemes developed by local authorities.

The Department for Work and Pensions funded the new schemes at the same level in 2013/2014 and 2014/2015 as would have been provided for these

elements of the Social Fund - around £176 million. The funding was not ring- fenced and local authorities had discretion to distribute it as they saw fit.\footnote{Work and Pensions Committee \textit{Monitoring the Performance of the Department for Work and Pensions in 2012-13}\,\url{http://www.publications.parliament.uk/pa/cm201314/cmworpen/1153/115307.htm#note69} 2014}

Central Government has indicated that funding will not continue post-March 2015.

3.9 Whilst the Welfare Reform Act 2012 is acknowledged as the major reform of the Welfare State (and the focus of this Task Group) it is noted however that there have been other changes to the benefit and tax credit system that will have had a cumulative effect. For example, in 2008 reforms were made to incapacity-based benefits and the Local Housing Allowance was introduced. These are also reflected upon within the evidence section of this document.
4. SETTING THE CONTEXT

(a) Legal framework, Council duties and obligations, accountabilities

4.1 The Government published its strategy for Social Justice, *Social Justice: Transforming Lives*¹, in March 2012 and Social Justice principles are seen to underpin and link all aspects of the Government’s work - influencing overall direction, policies, and the delivery of Services. The strategy sets out the Government’s contract with the British people on work and welfare, how they are ensuring every person facing disadvantage can move towards work, and why the Government believes that everyone who can, should work.

4.2 The Welfare Reform Act² became law in March 2012 and introduced major changes to the way people receive housing and other welfare benefits. The stated aims of the Act was for a simpler, fairer benefits system and to ensure work pays³. The reforms are seen as helping to put public spending on a more sustainable footing (targeting money effectively), by ensuring that the system is fair to the British taxpayer and people in genuine need of support.


This includes:

**Universal Credit, Jobseeker’s Allowance and Employment and Support Allowance**

*Claims and payments regulations for Universal Credit, Personal Independence Payment, Jobseeker’s Allowance and Employment and Support Allowance 2013* – updates existing provisions and makes new provisions, for example to pay Universal Credit 1 month in arrears

*Decisions and appeals regulations for Universal Credit, Personal Independence Payment, Jobseeker’s Allowance and Employment and Support Allowance 2013* – updates existing provisions on how decisions are made, including a new requirement for decisions to be reconsidered before claimants can appeal

*Employment and Support Allowance regulations 2013* – removes income-related rules and brings contribution-based Employment and Support Allowance into line with Universal Credit on labour market requirements

*Employment and Support Allowance sanctions amendment regulations 2012* – aligns the Employment and Support Allowance sanctions regime

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with Universal Credit and introduce hardship payments prior to introduction of Universal Credit

**Jobseeker’s Allowance regulations 2013** – removes income-related rules and brings contribution-based Jobseeker’s Allowance into line with Universal Credit on labour market requirements

**Jobseeker’s Allowance sanctions amendment regulations 2012** – introduces a new sanctions regime for Jobseeker’s Allowance

**Payments on account of benefit regulations 2013** – replaces interim payments and some crisis loans with Universal Credit Advances and Short Term Benefit Advances and replace Budgeting Loans with Budgeting Advances

**Universal Credit regulations 2013** – sets out the main rules for Universal Credit, including entitlement, elements of the award, calculation of income and capital, and claimant responsibilities, and also allow for a benefit cap

**Universal Credit transitional provisions regulations 2013** – provides for the limited introduction of Universal Credit from 29 April 2013 for certain claimants who will participate in the ‘Pathfinder’.

**Personal Independence Payment, Disability Living Allowance, Attendance Allowance and Carer’s Allowance**

**Disability Living Allowance, Attendance Allowance and Carer’s Allowance amendment regulations 2013** – allows for changes to certain rules on residence, absences abroad, age limits and hospital and care homes

**Personal Independence Payment regulations 2013** – sets out the main rules for Personal Independence Payment, including the assessment criteria, and payment amounts

**Personal Independence Payment amendment regulations 2013** – makes clear that, when assessing whether an individual can carry out an activity, we must look at whether they can do so safely, to an acceptable standard, repeatedly and in a reasonable time period

**Personal Independence Payment supplementary provisions and consequential amendments regulations 2013** – allows for Personal Independence Payment claimants to qualify for certain other schemes and benefits (known as ‘passporting arrangements’)

**Personal Independence Payment transitional provisions regulations 2013** – sets out the transitional arrangements for assessing existing Disability Living Allowance claimants for Personal Independence Payment.

**Housing Costs**

**Benefit Cap (Housing Benefit) regulations 2012** – amends the Housing Benefit regulations to introduce a benefit cap

**Claims and payments amendment regulations 2013** – makes changes to the cost mortgage lenders pay towards the mortgage interest direct scheme

**Housing Benefit amendment regulations** – introduces a requirement to set a maximum rent in the social rented sector using the local housing allowance size criteria, and also make changes to the time and circumstances in which a case subject to the local housing allowance is reviewed

**Rent officers (Universal Credit functions) order 2013** – allows for rent officers in England, Wales and Scotland to make decisions about housing costs relating to Universal Credit
Council Tax Benefit

Local Government Finance Act 2012 - allows for localised Council Tax support schemes

Council Tax Benefit abolition (consequential provision) regulations 2013 – removes or amends references to Council Tax Benefit in various statutory instruments.

(b) Medway’s policy framework

4.4 There are no specific performance indicators in the Council Plan 2013/2015 relevant to the Welfare Reforms. However, as will be evidenced in section 6 of this document, the Welfare Reforms are not an abstract issue. Reforms to the benefit system could, for example, impact on a wide set of strategic priorities, such as those relating to community cohesion, public wellbeing and homelessness. Measures such as NI156 (Number of households living in temporary accommodation) may therefore be relevant.

4.5 Recognising this potential causal impact, this review and its recommendations become a thread to a number of the Council’s policy documents, including:

The Council Plan 2013-15¹, which sets out how the Council will provide the best possible services for residents. It sets out the Council’s main objectives and centres around four priorities:

- Children and young people have the best start in life in Medway
- Adults maintain their independence and live healthy lives
- Safe, clean and green Medway
- Everyone benefiting from regeneration.

In addition to this, all the work the Council does is led by two core values:

- Putting the customer at the centre of everything we do
- Giving value for money.

The Sustainable Community Strategy 2010-2026², which sets out the long-term vision and key ambitions for Medway and the priorities to deliver that vision. It is made up of six ambitions and four key principles. This includes Medway having a thriving, diverse and sustainable economy.

The Housing Strategy 2011-2014³, which identifies the ways in which Medway Council will work to help improve the affordability, accessibility and sustainability of housing in Medway.

¹ Medway Council Council Plan 2013-15
² Medway Council Sustainable Community Strategy 2010-2026
³ Medway Council Housing Strategy 2011-2014
http://www.medway.gov.uk/housing/housingstrategy.aspx
The Joint Health and Wellbeing Strategy for Medway: 2012-2017\(^1\), which is aimed at improving the health and wellbeing of the population in Medway and was directly informed by the enhanced Joint Strategic Needs Assessment 2012.

(c) National and local picture

National Picture

4.6 The Department for Work and Pensions have identified that:
- in financial terms welfare spending rose by 20 per cent in real terms in the decade before the financial crisis;
- by 2010 welfare spending was costing every household in Britain an extra £3,000 a year;
- spending on Housing Benefit was up 50% in real terms over the last decade;
- The Office for Budget Responsibility’s projections had also suggested that public expenditure on older people was set to rise by 5% of GDP between 2016 and 2060.\(^2\)

4.7 The number of people claiming Jobseeker’s Allowance nationally has decreased by 25,100 between March 2014 and April 2014 to 1.12 million people aged 18 or over, the lowest level since November 2008.\(^3\)

4.8 The unemployment rate was 6.8% in January-March 2014. The International Labour Organisation measure of unemployment was 2.21 million people, down 133,000 from the previous quarter and down 309,000 from the previous year. 30.43 million people were in employment in January-March 2014, up 283,000 from the previous quarter and up 722,000 from the previous year. The employment rate was 72.7%.\(^4\)

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Local Picture

4.9 As at November 2013, there were circa 24,000 people of working age claiming benefits in Medway and the table below provides details of the latest information from the Office of National Statistics:

<table>
<thead>
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<th>Working-age client group - key benefit claimants (November 2013)</th>
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<tr>
<td><strong>Medway</strong></td>
</tr>
<tr>
<td><strong>(numbers)</strong></td>
</tr>
<tr>
<td>Total claimants</td>
</tr>
<tr>
<td><strong>By statistical group</strong></td>
</tr>
<tr>
<td>Job seekers</td>
</tr>
<tr>
<td>ESA and incapacity benefits</td>
</tr>
<tr>
<td>Lone parents</td>
</tr>
<tr>
<td>Carers</td>
</tr>
<tr>
<td>Others on income related benefits</td>
</tr>
<tr>
<td>Disabled</td>
</tr>
<tr>
<td>Bereaved</td>
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<tr>
<td>Key out-of-work benefits†</td>
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Key out-of-work benefits includes the groups: job seekers, ESA and incapacity benefits, lone parents and others on income related benefits. These groups have been chosen to best represent a count of all those benefit recipients who cannot be in full-time employment as part of their condition of entitlement. Those claiming solely Bereavement Benefits or Disability Living Allowance are not included as these are not out-of-work or income based benefits.

Note: % is a proportion of resident population of area aged 16-64

Source: DWP benefit claimants - working age client group†

† Office of National Statistics

http://www.nomisweb.co.uk/reports/lmp/la/1946157282/report.aspx#tabwab
4.10 The following illustration provides an indication of impact of the Welfare Reforms across Medway, by reference to the successful Discretionary Housing Payment applications in 2013/2014.

Colours represent proportion affected by each reform at ward level

4.11 At Medway Council a corporate Officer Welfare Reform Group has been established to provide a co-ordinated Council-wide response to the Government’s Welfare Reform agenda. This is to ensure the Council adopts a more cohesive approach to signposting and referrals within the authority and has since been expanding to include representatives from Public Health and Job Centre Plus. The Group has been considering the Local Support Services Framework (as detailed in section 6.9) and established four main projects (which reflected pilots Department for Work and Pensions were testing with other local authorities elsewhere in the country):

- Partnership Working
- Digital Inclusion
- Financial Inclusion
- Triage.
5. METHODOLOGY AND APPROACH

5.1 On 22 April 2014, the Task Group met to discuss the background to the review, as well as scope and determine its Terms of Reference. At this point the group also considered the methodology for the review and agreed to hold a series of ‘roundtable’ evidence sessions, thereby providing an opportunity for the participants to get together in an informal setting to examine the issues as they relate to their specific industry and/or business process.

Terms of Reference

5.2 The Task Group agreed the following Terms of Reference:

- To consider the implementation and impact of the Welfare Reforms in Medway.
- To identify, where appropriate, any need for new interventions or different approaches to minimise detrimental impacts of the Reforms.

5.3 To support their consideration the Task Group agreed a number of key lines of enquiry:

Communications

Whether the communications were working, with good information about the Welfare Reforms reaching those affected.

Mitigating the Impact

Assessing what support was available. Whether, for example, the Discretionary Relief was sufficient and effectively promoted to those that needed it.

Service and Policy Review

A number of service and policy issues were identified for consideration, including:

- the provision of ‘a single journey’ for clients through the coordination of services provided by both internal and external partners;
- the effectiveness of support mechanisms, such as financial skills training and debt counselling services;
- an assessment of whether vulnerable groups and individuals had been identified, with appropriate support put in place to prevent rent and Council Tax arrears;
- a review of the availability of appropriate housing to meet the needs of benefit claimants;
- whether there were appropriate arrangements for access to and use of IT in Medway.
The approach, methodology and programme for the review is set out below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Members in attendance</th>
<th>Other attendees</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| 22 April 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | Fawad Bhatti, Community Inclusion Coordinator (Medway Council)  
Mark Blowers, Head of Housing Management (Medway Council)  
Mick Hayward, Chief Finance Officer (Medway Council)  
Stephen Gaimster, Assistant Director Housing and Regeneration (Medway Council)  
Matthew Gough, Housing Strategy Manager (Medway Council)  
Anthony Law, Democratic Services Officer (Medway Council)  
Jon Poulson, Revenues and Benefits Manager (Medway Council) | To discuss the background to the review, the scope and determine Terms of Reference. |
| 28 May 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | Stephen Gaimster, Assistant Director Housing and Regeneration (Medway Council)  
Michelle Lanning, Appeals Officer (Medway Council)  
Anthony Law, Democratic Services Officer (Medway Council)  
Jon Poulson, Revenues and Benefits Manager (Medway Council) | To gain evidence on:  
Medway’s Revenues & Benefits Service.  
The Welfare Reform Officer Group, which had been established in 2013 to provide a co-ordinated Council-wide response to the Government’s Welfare Reform agenda. |
| 2 June 2014 | Councillors Juby, Mackness (Chairman), Maple and Royle | Mick Hayward, Chief Finance Officer (Medway Council)  
Anthony Law, Democratic Services Officer (Medway Council)  
Jon Poulson, Revenues and Benefits Manager (Medway Council)  
Rob Sandalls, StepChange Debt Charity | To receive a presentation on the work of StepChange, a national charity that provides free, independent and impartial advice and support for anyone experiencing problems with personal debt. |
<table>
<thead>
<tr>
<th>Date</th>
<th>Members in attendance</th>
<th>Other attendees</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| 9 June 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | • Jonathan Bottomer, Housing Division (Department for Work and Pensions)  
• Ian Childs, Project Manager (Medway Food Bank)  
• Sue Harrison, Partnership Manager for Medway (Department for Work and Pensions)  
• Rachael Horner, Public Health Programme Manager (Medway Council)  
• Chris Gell (Client Financial Services Manager (Medway Council)  
• Mick Hayward, Chief Finance Officer (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council)  
• Jon Poulson, Revenues and Benefits Manager (Medway Council) | To gain evidence concerning:  
• Medway Food Bank.  
• an overview of the Welfare Reforms from the Department for Work and Pensions.  
• the Medway Local Welfare Provision Scheme.  
• Public Health implications arising from the Welfare Reforms. |
| 11 June 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | • Kathryn Lammas, Welfare Reform Co-ordinator (The Hyde Group)  
• Keith Towler, Legal Services Manager (Medway Citizens Advice Bureau)  
• Louise Turner, Services Manager (Medway Citizens Advice Bureau)  
• Michael Opreshko, Housing Manager (Medway Council)  
• Myra Dicken, Housing Officer Welfare Reform (Medway Council)  
• Chris Rourke, Housing Income Manager (Medway Council)  
• Marc Blowers, Head of Housing Management, (Medway Council)  
• Mick Hayward, Chief Finance Officer (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council) | To gain evidence concerning:  
• The Hyde Group, who had 282 rented properties in Medway.  
• Medway Citizens Advice Bureau.  
• The work of the Council’s housing management team and specifically the work of the Housing Welfare Reform Team. |
<table>
<thead>
<tr>
<th>Date</th>
<th>Members in attendance</th>
<th>Other attendees</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| 16 June 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman) and Royle | • Tina Barnard, Benefits Manager (Medway Council)  
• Mick Hayward, Chief Finance Officer (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council)  
• Jon Poulson, Revenues and Benefits Manager (Medway Council) | The Task Group took this opportunity to consider the evidence received to date and potential recommendations. |
| 18 June 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | • Fawad Bhatti Social Regeneration Team (Medway Council)  
• Tosin Carew Social Regeneration Team (Medway Council)  
• Neville Dack CVS Medway  
• Stephen Gaimster, Assistant Director Housing and Regeneration (Medway Council)  
• Stephanie Goad, Assistant Director Communications Performance and Partnerships (Medway Council)  
• Mick Hayward, Chief Finance Officer (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council)  
• Marion Money - National Landlords Association  
• Jon Poulson, Revenues and Benefits (Medway Council) | To gain evidence concerning:  
• The Council’s Benefits Reform Advice Programme (BRAP).  
• CVS Medway, which develops, supports, represents and empowers the Voluntary and Community sector in Medway.  
• the Council’s current position regarding digital access in Medway.  
• the challenges and opportunities for the private landlord. |
<table>
<thead>
<tr>
<th>Date</th>
<th>Members in attendance</th>
<th>Other attendees</th>
<th>Purpose</th>
</tr>
</thead>
</table>
| 19 June 2014 | Councillors Pat Gulvin, Juby, Mackness (Chairman), Maple and Royle | • Gary Clark, Operations Director (MHS Homes)  
• Matthew Gough, Housing Strategy Manager (Medway Council)  
• Mick Hayward, Chief Finance Officer (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council)  
• Jon Poulson, Revenues and Benefits Manager (Medway Council)  
• Andrew Willets, Troubled Families Coordinator (Medway Council) | To gain evidence concerning:  
• Medway Action for Families (MAfF), the local delivery model of the national Troubled Families Programme.  
• the impact and issues concerning the Welfare Reforms for MHS Homes.  
• the Council’s Strategic Housing Team. |
| 24 June 2014 | Councillors Pat Gulvin, Mackness (Chairman), Maple and Royle | • Stephen Gaimster, Assistant Director Housing and Regeneration (Medway Council)  
• Anthony Law, Democratic Services Officer (Medway Council)  
• Jon Poulson, Revenues and Benefits Manager (Medway Council) | To agree and finalise the Task Group’s recommendations.                                          |

5.5 In addition to the work and evidence outlined above, evidence was obtained from a review of documents available electronically and a further written submission from Medway’s Public Health Team.

5.6 The Task Group would like to thank all participants in the review and a link to the final review document will be sent to all of them, together with the decisions of the Cabinet.

5.7 The outcome of this evidence gathering is reported, in summary, within section 6 of this report.
6. SUMMARY OF EVIDENCE COLLECTED

The Implementation and Impact of the Welfare Reforms

6.1 This section considers the implementation and impact of the Welfare Reforms nationally and, in line with the remit of this review, locally where the evidence was available.

6.2 It also considers a number of trends and issues that have emerged from the evidence sessions.

6.3 The Benefit Cap

6.3.1 The Benefit Cap was expected to deliver savings of £110m in 2013/2014 and £185m in each of the following four years\(^1\). In addition to delivering fiscal savings, the policy was intended to improve working incentives for those on benefits and make the system fair and affordable.

The numbers affected

6.3.2 In terms of impact, an Equality Impact Assessment on the Benefit Cap Regulations was published in July 2012\(^2\). This highlighted that the original modelling, in the absence of any behavioural response to the policy, identified around 56,000 households who would have their benefits reduced in 2013/2014 and 58,000 in 2014/2015.

6.3.3 The key characteristics of the households affected were families who were both out of work, and were either:
   a. Larger than average, in the most part with three or more children, and thereby receiving larger than average Child Tax Credit payments and Child Benefit payments; or
   b. situated in high-rent areas, and thereby receiving large Housing Benefit payments; or
   c. both of these factors combined.\(^3\)

6.3.4 The Equality Impact Assessment estimated that the affected households in 2013/2014 would contain 80,000 adults and 190,000 children.

6.3.5 The Department for Work and Pensions has since published data advising that nationally, since its introduction in 2013 and up to January 2014, the cap had affected 38,600 households. The 2014 statistics also reveal that

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\(^1\) House of Commons Library The Household Benefit Cap
www.parliament.uk/briefing-papers/SN06294.pdf 27 March 2014

\(^2\) Department for Works and Pensions Benefit Cap Equality Impact Assessment

Welfare Reform Task Group

4,300 households that were previously subject to the Benefit Cap had found jobs since the limit was introduced and another 3,340 households who had their benefits capped had either reduced their Housing Benefit claim or stopped claiming it altogether, while 1,570 households reduced the amount they receive in other benefits.1

6.3.6 In Medway, as a whole, it was originally anticipated that 240 individuals would be affected by the Benefit Cap but this was later reduced by the removal of exempt cases by the Department for Work and Pensions/customers obtaining exempt status. As at 19 August 2013 the actual figures for Medway were 114, which increased to 127 as at 31 March 2014.2

The impact of the Benefit Cap

6.3.7 Whilst a relatively small number of families are affected in Medway, evidence obtained from the 2014 Oxfam report Multiple Cuts for the Poorest Families showed that, when compared with the other changes to housing benefit, the average cut in income by the Benefit Cap is higher 3.

6.3.8 According to the Department for Work and Pensions 22% of all capped households were losing more than £100 per week as of January 2014.4 In Medway the Revenues and Benefits Service was able to advise that the position was, as an average, lower:

<table>
<thead>
<tr>
<th>Actual by 19 August 2013</th>
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</thead>
<tbody>
<tr>
<td>Individual cases</td>
<td>114</td>
</tr>
<tr>
<td>Total weekly loss</td>
<td>£7,420</td>
</tr>
<tr>
<td>Average weekly loss</td>
<td>£64.52 (highest £199)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Actual at 31 March 2014</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual cases</td>
<td>127</td>
</tr>
<tr>
<td>Total weekly loss</td>
<td>£6,174</td>
</tr>
<tr>
<td>Average weekly loss</td>
<td>£51.44 (highest £199)</td>
</tr>
</tbody>
</table>

It was reported that 17 households in Medway had a weekly loss in excess of £100. Therefore, whilst the numbers affected in Medway were relatively small, the average weekly reduction could have a significant impact on those households.

2 Medway Council Welfare Reform Task Group Briefing Note 1/14 29 April 2014
5 Submission to Task Group by Revenues and Benefits Service 28 May 2014

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6.3.9 Evidence as to the impact of the Benefit Cap on those who are or have at some point been affected and their responses, include:

- An Ipsos MORI longitudinal survey, commissioned by the Department for Work and Pensions, published in April 2014\(^1\).

The findings refer to a significant minority who say they were encouraged to find work since being affected by the policy. Many indicated that their initial response to the Benefit Cap had been to reduce both essential and non-essential expenditure. Many also planned to find work in the future to deal with the changes.

The survey also highlighted a number of other impacts on those affected. Some respondents reported financial difficulties, and a significant minority said they had spent less to cover reductions or borrowed from family or friends to make up the shortfall. Many claimants also reported being in arrears more frequently since becoming affected. Two in five said they were currently looking to move from their current accommodation, half of whom said they were doing so mainly because of the Benefit Cap.\(^2\)

- A recent report by the Work and Pensions Committee on the post-implementation effects of the Benefit Cap\(^3\)

This highlighted that the Benefit Cap was having a negative impact on some vulnerable households who were not the intended targets. This is explored further at section 6.15.

6.3.10 As the Benefit Cap is initially being implemented on Housing Benefit housing organisations have expressed concerns as to its potential impact on rent arrears, evictions and increases in homelessness.

6.3.11 In their submission to the Task Group, the Council’s Housing Management (HRA Services) service identified that in Medway, at year-end, the Council had nine HRA tenants who were affected by the Benefit Cap. It was noted that prior to the Cap being applied only one tenant had arrears. Subsequent to the introduction of the Benefit Cap eight tenants had arrears amounting to £246.21 of which £213.00 was accountable to one tenant. The Task Group were advised that part of the reason why the affect of the Benefit Cap on the Council’s tenants was not representative

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\(^3\) Work and Pensions Committee Support for housing costs in the reformed welfare system [http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72003.htm](http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72003.htm) 2014
of the wider national impact was because the Council’s HRA rents were the lowest in the area, not only when compared to private rents but also to Registered Social Landlords.

Benefit Cap – Case Study provided by Housing Management (HRA Services)

A single parent family with 6 children. The Benefit Cap affected the family from August 2013; with housing benefit reduced from £94.63 (full housing benefit) to £9.40 per week. At the time of the Benefit Cap being applied the family had in the region of £2,400 of rent arrears, this has now been reduced to approximately £600. The claimant is engaging with the Council and other agencies, as well as Job Centre Plus. She is working towards being eligible for Working Tax Credits - when in receipt of Working Tax Credits the parent will not be affected by the Benefit Cap.¹

6.3.12 It is noted that there is a Government commitment to review the operation of the cap after one year², which will need to be monitored.

6.4 Social Sector Size Criteria

6.4.1 The intentions of the Social Sector Size Criteria are to use the social housing stock more efficiently and reduce overcrowding. This is to be achieved by: containing spending on Housing Benefit; providing motivation for tenants to move into smaller accommodation if they are not using all the space in their current accommodation, thus freeing up larger properties for those who need them; and providing further work incentives.³

6.4.2 The options for under-occupying tenants in receipt of Housing Benefit is therefore to remain in their homes and meet the shortfall, seek smaller accommodation or apply for Discretionary Housing Relief.

The numbers affected by the Social Sector Size Criteria

6.4.3 On 13 November 2013, the Department for Work and Pensions published figures on the numbers affected by the under-occupation deduction in the social rented sector:

In total 523,000 claimants across the country had their Housing Benefit reduced in August by an average of £14.50 to reflect the fact they were living in social accommodation that was too big for their needs.

¹ Submission to the Task Group by the Housing Management (HRA) service 2014
Each month has seen a steady decline in the number of households affected and there are already 24,000 fewer claimants than there were in May at 547,000.¹

6.4.4 The Oxfam 2014 Research report Multiple Cuts for the Poorest Families reports that those most affected are single adults.²

6.4.5 In Medway, the Revenues and Benefits Service initially predicted that the size restrictions would affect 1,550 residences. However, these figures were subsequently revised to circa 1,200 in April/May 2013, 1,100 in April 2014 and 600 in May 2014 reduced mainly by mhs exemptions but also some declarations of joint tenants/overnight carers/shared ownerships ³. In terms of the scale of the under occupation it was reported that:

- at 1 April 2013:
  1,038 were under occupied by 1 room, 232 by 2 rooms and 7 by 3+ rooms
  Total loss across all households per week: £21,522
  Average loss per annum per household: £876.37

- at 31 March 2014:
  922 were under occupied by 1 room, 208 by 2 rooms and 8 by 3+ rooms.
  Total loss across all households per week: £19,330
  Average loss per annum per household: £883.27

- at 31 May 2014:
  531 were under occupied by 1 room, 97 by 2 rooms and 4 by 3+ rooms.
  Total loss across all households per week: £10,623
  Average loss per annum per household: £836.16

The impact of the Social Sector Size Criteria

6.4.6 The Government’s Impact Assessment, drawn up before the policy was implemented, identified that

there is little research that provides an indication about the possible behavioural impacts on claimants in the social rented sector following the introduction of the size criteria⁴.

¹ Department for Work and Pensions Housing Benefit: data published on reforms to restore fairness
² Oxfam Research report Multiple Cuts for the Poorest Families
³ Presentation to the Task Group by the Revenues and Benefits Service 28 May 2014
It does acknowledge research from the Housing Futures Network that suggested amongst others strategies that around 25% were quite or very likely to move to smaller accommodation.

6.4.7 In terms of what has caused the steady decline in under occupation, the Work and Pensions Select Committee has commented that

Some of the reduction could be related to changes in household structure, moving house, entering work, or increasing hours. Other reductions could be as a result of claimants ceasing to claim because their entitlement was reduced to zero, or to such a low level that they decided to stop claiming, or because they were already in the process of moving.¹

6.4.8 A significant issue is the tenants’ willingness to move, as demonstrated by one resident commenting in the Hyde Group’s document Welfare Reform One Year On:

“ I’ve been the only person that’s ever lived in that house. I’ve been there 22 years and I just feel that it’s safe. I know all my neighbours for all them years. We all look out for each other, you know, and then I thought, “Why should I have to downsize? Why? Why should I have to come out of my home? ”²

6.4.9 Furthermore, in their submission to the Task Group Medway Citizens Advice Bureau referred to findings by the National Housing Federation. This found that of those affected, in order to make a shortfall between rent and housing benefit paid:

- 32% cut back on food
- 25% cut back on heating
- 46% had to borrow money to help pay the rent
- 70% were concerned about eviction.³

6.4.10 One year on from implementation, a Department for Work and Pensions spokesperson said that

Just a year ago, the taxpayer was being forced to spend over £1m a day for spare rooms in social housing – whilst hundreds of thousands of families were living in cramped, overcrowded accommodation.⁴

³ Submission to the Task Group by Medway Citizens Advice Bureau 11 June 2014
6.4.11 Since its introduction, a number of bodies have published research into the size-related restrictions. This has included:

- A Joseph Rowntree Foundation publication on the impact for social sector tenants¹.

Included within the findings were (whilst practice varied):

- Councils were making full use of Discretionary Housing Payments (DHPs) to help tenants adjust to the change. There was concern about whether current DHP provisions were appropriate for disabled tenants living in adapted homes.
- Most affected households had stayed put and of these, around half had some rent arrears as a result of the Size Criteria.
- In the first six months, 6% of affected households moved to avoid the Size Criteria. However a shortage of smaller homes prevented households moving in many areas.

The Joseph Rowntree Foundation identify a number of possible reforms, including: clearer provision for households with disabled members, redefined space standards, and requiring landlords to offer alternative accommodation before applying the Size Criteria.

- Ipsos MORI published a case study report looking at how tenants had prepared for, and reacted to changes including the Size Criteria.

The in-depth interviews suggest that the Welfare Reforms have impacted on tenants both financially and emotionally. Participants who had been affected by the Size Criteria had reportedly faced a number of issues: how to pay the part of the rent not covered by Housing Benefit, the disruption of moving to a smaller property and other consequences, such as no longer having a spare room for a child to stay in or accumulating debt following the costs of moving. However, there was evidence that after a period of adjustment, some tenants had adapted to their new situations.²

6.4.12 It is noted that whilst finalising this report the Department for Work and Pensions published Evaluation of Removal of the Spare Room Subsidy:

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Interim report. This Interim Report presents early findings from the evaluation of the removal of the spare room subsidy undertaken by Ipsos MORI and the Cambridge Centre for Housing and Planning Research. The research found that four out of five claimants affected by the removal of the spare room subsidy were reported by landlords to be paying some or all of their shortfall, although half of these had failed to pay in full. It also reported widespread concern about the impact of potential future evictions on local services, and on landlord finances as well as on the lives of vulnerable people. The document noted that few tenants had found work or taken in lodgers. Demand for downsizing had been greater than anticipated although, in many areas, this demand had thus far been difficult to meet. At the time of this research, it was reported that there had been very few evictions solely due to the removal of the subsidy.

6.4.13 The Department for Work and Pension report Use of Discretionary Payments 2013 shows that of the funding made available to councils administering the Housing Benefit, two thirds of Discretionary Housing Payments had been made in relation to the Size Criteria. In Medway (as shown in the table at 6.14.4) the Size Criteria accounts for 305 Discretionary Housing Payments in 2014. The use of Discretionary Housing Payments is explored in more detail in section 6.14.

6.4.14 A significant issue in relation to the size-related restrictions and referenced above, as well as being noted in the 2012 Impact Assessment, is the availability of properties to enable tenants to move to accommodation of an appropriate size, even if tenants wished to move and landlords were able to facilitate this movement.

6.4.15 Whist the supply and allocation of social housing is covered in section 6.17, it is of note that the National Housing Federation carried out a survey to quantify the number of tenants in arrears. It found that a quarter of households affected had fallen behind in their rent for the first time ever. Data provided by 38 housing associations in England showed 11,000 of 44,000 households were in arrears. One of the explanations for the arrears was that there were not enough one or two bedroom homes. The National Housing Federation estimated that although 180,000 households were under-occupying two bedroom social homes, only 85,000 one-bed social homes were available in 2011-12.

3 National Housing Federation More than half of families hit by bedroom tax pushed into debt http://www.housing.org.uk/media/press-releases/more-than-half-of-families-hit-by-bedroom-tax-pushed-into-debt/ 2013
6.4.16 This issue is further explored in a recent review by the House of Commons Work and Pensions Committee. This report pointed to the lack of sufficient smaller social housing stock to which affected tenants can move, which is likely to be causing financial hardship to a significant number of households. The Committee have recommended that the Government carries out a detailed assessment of the available social housing stock in each local authority area and where there is insufficient smaller housing stock and that those who are willing to move cannot do so, should be allowed more time to find ways of adjusting before the reduction in benefit is applied. Where a household is under-occupying but there is no suitable, reasonable alternative available, the Size Criteria reduction in benefit should not be applied. The Committee also expressed concerns that the number of bed-spaces per bedroom is not taken into account when assessing whether people are considered to be “under-occupying”. They also recommend the Government produce, by March 2015, a full cost-effectiveness analysis of the Size Criteria policy, taking into account the funding for Discretionary Housing Payments and the additional costs incurred by local authorities and social housing providers as a result, to assess the overall impact of the policy on the public purse.

6.4.17 In their submission to the Task Group, the Council’s Housing Management (HRA Services) service identified that based on the 212 HRA tenants affected by the Size Criteria, arrears as at 31 March 2013 were £31,610 and as at 31 March 2014 arrears totalled £35,792. An increase of £4,182. Thirty five of the under occupying tenants had reduced existing arrears as well as paying the reduction in Housing Benefit as a result of Size Criteria.

6.4.18 In respect of changes to the Council’s housing stock (with 292 under occupied residencies as at November 2012 reducing to 212 households as at 31 March 2014), the Task Group was advised that the reduction was attributable to:
- three Mutual Exchange events to enable and encourage tenants to find an appropriate sized property - the most recent event had adopted a more holistic approach providing advice in areas of employability skills, work faced training, dealing with debt and looking for work;
- Assisting tenants with Discretionary Housing Payment claims to cover the Size Criteria shortfall;
- Regularly checking all benefit entitlement and maximising income for our tenants;
- Assisting with the Homechoice process.

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2 HRA Housing Management Welfare Reform Briefing Note 2014
3 Presentation to the Task Group by the council’s Housing Management (HRA Services) service 11 June 2014
6.4.19 During the evidence sessions, it was also noted that the Council and the other Housing Associations submitting evidence (The Hyde Housing Group and mhs homes) had undertaken a number of measures to mitigate the impact of the Size Criteria. This had included providing welfare advice, financial inclusion and employment and skills support to tenants. This is explored in more detail in section 6.13.

6.5 **Reforms to the Council Tax Benefit System**

6.5.1 The Welfare Reform Act 2012 allowed for the abolition of Council Tax Benefit in 2013 and the provisions for the localisation of Council Tax support were included in the Local Government Finance Act 2012. The rationale for localising assistance with Council Tax payments was set out in the 2011 consultation paper, *Localising Support for Council Tax in England*.

6.5.2 Research by the Joseph Rowntree Foundation has shown that overall levels of Council Tax Support will be lower in 2014/2015 than 2013/2014. 45 Councils continue to provide the levels of support available under Council Tax Benefit and 244 Councils now require all households to pay at least some Council Tax regardless of income. The research also found that the level of arrears and bailiff referrals linked to the non-payment of Council Tax had increased following the introduction of Council Tax Support while the collection rate fell.

6.5.3 The Oxfam 2014 Research report *Multiple Cuts for the Poorest Families* reports that from April 2014 2.34 million families were paying more Council Tax as a result of the change to Council Tax Scheme. This included 1.4 million of the poorest families who prior to April 2013 were exempt from paying any Council Tax.

6.5.4 The Task Group were advised that, following consultation, Medway Council approved the Council Tax Reduction (CTR) Scheme in January 2013 and in 2014, following further consultation with CTR recipients, further changes were made to allow the annual upgrade of premiums; this was to maintain the balance between the Council Tax Reduction Scheme and the allowances to which claimants are entitled.

6.5.5 In Medway, the Council Tax Reduction Scheme required any working age resident who makes a claim for assistance to pay a 25% minimum contribution towards their Council Tax (excepting those in receipt of a war pension). This currently affects some 15,000 residents.

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1 Gov.uk Localising Council Tax support  

2 Joseph Rowntree Foundation *How have Low-Income Families been affected by changes to Council Tax Support?* April 2014  

3 Oxfam 2014 Research report *Multiple Cuts for the Poorest Families*  
6.5.6 Medway Citizens Advice Bureau had identified that it was difficult for long-term claimants (including those with chronic health problems) to understand why they had to pay towards their Council Tax liability. They also highlighted the difference between rates applied in Medway when compared to neighbouring authorities.

6.5.7 Nationally (and in relation to 2013/2014 schemes):

- the National Audit Office published in 2013 an evaluation of the value for money of the Department for Communities and Local Government’s (DCLG) introduction of Council Tax support by assessing whether it achieved its policy objectives whilst managing the risks to implementation. Amongst its findings it advised that it was unclear as to whether all of the longer term objectives outlined by the DCLG would be met, particularly the protection of vulnerable groups from increases in Council Tax.

- The Committee of Public Accounts has also conducted an inquiry into the localisation of Council Tax support and they were critical of the degree to which authorities had met the DCLG’s objectives and of the Department’s knowledge of the impact on vulnerable groups.

6.5.8 In order to meet the Council’s obligations as to equalities under the Equality Act 2010 a Diversity Impact Assessment was undertaken on the Council’s Local Council Tax Support Scheme. This assessment identified a number of potential adverse impacts together with some mitigating factors, which were incorporated into the scheme. For example, the Council undertook consultation with stakeholders (such as RAD, RNIB, learning and Physical Disability services) representing disability groups and all surveys contained questions relating to disability to enable any trends amongst groups to be established. A number of responses were received from disabled claimants who felt they should be protected along the same lines as pensioners. In response the Council decided to ensure that the scheme provided for certain elements of a disabled person’s income to be disregarded and for certain premia to be applied. It was therefore possible for additional disregarded income to be obtained without affecting benefit levels.

6.5.9 The Task Group were advised that with 11,000 first time payers it could have been expected that a significant number of these customers would fall into arrears and that this would require additional recovery action.

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leading to more reminders, summonses, liability orders and, ultimately, requests for attachment to earnings/benefits.

6.5.10 The Task Group were informed that after 5 years of gradual improvements in collection rates there had been a reduction in 2014, with in-year collection rates (by 31 March) amounting to 94.9%. It was noted that collection rates in 2014 were predicted at 97.6%, which represented a one percent reduction on the previously stated target for earlier years of 98.6%.¹

6.5.11 It is noted that the Local Government Finance Act 2012 required the Government to review all Council Tax Support Schemes within three years of the Act taking effect.

6.6 **Introduction of the Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA)**

6.6.1 The Department for Work and Pensions administers and awards claims for Personal Independence Payment, with private sector contractors assessing claimants’ needs. Atos Healthcare and Capita Health and Wellbeing (Capita) conduct face-to-face consultations or paper-based assessments, against criteria set by the Department.

6.6.2 When introduced it was expected that around 600,000 fewer people would receive PIP than would have got DLA and expenditure would be £2.5 billion a year lower.²

6.6.3 In relation to the impact brought about by the introduction of the Personal Independence Payment, the Task Group heard evidence of the difficulties facing disabled claimants while waiting for their Personal Independence Payment to be assessed and granted. Concern was raised that the decision-making process was resulting in significant delays, with a growing backlog of claims. This in turn created uncertainty, stress and financial costs for claimants, and put additional financial and other pressures on disability organisations, and on other public services, that support claimants.³ This was supported by:

- Statistics provided by the Department for Work and Pensions, which show that in February 2014, 229,700 new claims had been submitted up to the end of December 2013 but only 43,800 decisions had been made.⁴

¹ Presentation to the Task Group by the Revenues and Benefits Service 28 May 2014
The National Audit Office found that “poor early operational performance” has lead to “long uncertain delays” for PIP claimants.¹

A report was published by the House of Commons Committee of Public Accounts, stating that the Department for Work and Pensions had rushed the introduction of PIP and did not pilot the benefit process. This report referred to claimants having had to wait over six months for their claim to be decided. Noting that by October 2013, the Department for Work and Pensions had only made 16% of the decisions it had expected to have made by that time.²

The Task Group were informed of the following case study of a Citizens Advice Bureau client:

Client wife suffers from severe mental health issues and receiving ongoing care from Mental Health Team
Client is claiming income support (joint) and Mortgage Support Interest
Client is unable to go back to work as he is caring for his wife full time
Client applied for Personal Independence Payment in December 2013. ATOS have not assessed his wife yet even though it has been 26 weeks since he applied
Client is a homeowner and cannot afford to pay his mortgage, the Mortgage Support Interest is not covering all of his payments leaving a shortfall of around £200 a month
Client says ATOS have confirmed that they have received his claim form but they have a backlog and will contact him shortly but no phone call from ATOS yet
At the possession hearing the Duty Adviser from Medway Citizens Advice Bureau was called into the proceedings as it was felt grossly unfair the way the client had been treated by ATOS which could result in the repossession of the home and consequent effect on the health and wellbeing of the client and wife

6.6.4 In their submission to the Task Group the Council’s Housing Management (HRA Services) service identified that whilst the introduction of Personal Independence Payment had had a limited impact in Medway, they assisted with a pre-assessment of cases to ensure client expectations were managed and where appropriate provided support and assistance through the claim process.

¹ National Audit Office Personal Independence Payment: early progress
6.7 **Medway Local Welfare Provision Scheme**

6.7.1 As part of the Welfare Reform Act 2012, the Discretionary Social Fund scheme administered by the Department for Work and Pensions was abolished and responsibility for part of this discretionary scheme transferred to local authorities to develop Local Welfare Provision Schemes.

6.7.2 It is noted that the previous crisis loans and community care grants were seen as poorly targeted and failing to help those in need.¹

6.7.3 In Medway, West Kent Extra was awarded the contract for the delivery of the Local Welfare Provision Scheme. This service supports vulnerable people who are in a crisis due to a disaster or other emergency, need support to regain independence after a period of institutional care, need support to regain a more settled way of life or, are at risk of losing their independence or ending up in institutional care.

6.7.4 This provision operates as a grant and not as a loan scheme and ensures that money is spent on the items needed and claimants in a crisis situation are provided with a solution which is not in a monetary form but satisfies the need such as food, clothing or household goods.

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The Task Group were informed of the following case study of a Local Welfare Provision Scheme client:

Claimant was a widow living alone. She was disabled and in receipt of high rate DLA & Income Support.

The roof was leaking and her health and safety was at risk due to the internal ceiling falling down.

The insurance would only fix the internal damage and not the external cause of the leak. She did not have sufficient funds to pay for the repair and were already repaying a budgeting loan.

Local Welfare Provision was able to instruct a builder for the works to be undertaken.

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6.7.5 The Task Group were advised that in the first year of operation 996 completed applications had been received. Of these, 393 (39%) were successful and 603 (61%) were refused.²

6.7.6 Of the 393 successful applications, 185 were for crisis support and 208 were for resettlement or community awards. The reasons for the crisis awards were linked to shortages of money as benefits claims were

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² Presentation to the Task Group by the Client Financial Services Manager (Medway Council) 9 June 2014
processed or re-evaluated and the applicant had not been notified of the change until a revised payment was made, meaning they had not adjusted their spending or had time to apply for an alternative benefit.

6.7.7 The reasons for successful community and resettlement applications were varied and included resettlement after family break up, domestic abuse or leaving prison, health changes and homelessness.

6.7.8 The Task Group were assured that where an applicant failed to meet the qualifying criteria but was deemed to be vulnerable they were referred to alternative agencies for support and assistance, i.e. The Medway Food Bank, Caring Hands in the Community or other similar organisation. This had led to a large number of referrals specifically for food bank vouchers.

6.7.9 Concern was raised during the evidence sessions that local authorities can decide on rights and procedures, which can lead to differences between councils. Equally, the Task Group considered how it enabled authorities to use the funding devolved to it to define a purpose for a locally operated welfare crisis offer.

6.7.10 In relation to the future of the Local Welfare Provision Scheme is was noted that as part of the Local Government Finance Settlement in December 2013 it was announced that there was no further funding for this service being made available by Central Government after March 2015. It would therefore be a matter for the Council to decide whether to take this forward.

6.8 Employment Support Allowance

6.8.1 Employment Support Allowance (ESA) replaced Incapacity Benefits in 2008, and all new claimers who are unable to apply for Job Seekers Allowance due to health or disability reasons will be put on ESA.

6.8.2 For decisions made from 28 October 2013 appeals against decisions that claimants are not entitled to employment and support allowance (ESA) because they do not have ‘limited capability for work’ can only be made once the Department for Work and Pensions have reconsidered their decision. This is called a ‘mandatory reconsideration’ (MR) and is a compulsory step before making an appeal. The process now is as follows:

- Initial application
- Mandatory reconsideration
- Appeal.

6.8.3 Whilst hearing from the Revenues and Benefits Service, the Task Group was seriously concerned to hear that there were delays in undertaking the mandatory reconsideration\(^1\). The Citizens Advice Bureau had reported that up to 9 months waiting for decisions was not an unusual delay and further examples submitted revealed cases forwarded in April 2012 (heard in May

\(^1\) Presentation to the Task Group by the Revenues and Benefits Service 28 May 2014
2014) and from October 2012 (held in April 2014). Further delays of up to two years had been experienced by the Macmillan Service where further appeals have been submitted to the Tribunal Service.

The Task Group were informed of the following case study of a client who had sought help from the Local Welfare Provision Scheme:

A client had an operation to take away a third of their lung due to a disease. They received a medical questionnaire about their illness, which was completed and returned to ATOS. This was apparently not received so ESA was stopped. They completed and returned a new questionnaire but were told because it was late they would not be able to pay ESA until the decision maker reviewed the case. They were assisted through the LWP Scheme to obtain food and utilities for one week.

6.8.4 With no statutory time limit within which the Department for Work and Pensions must complete a mandatory reconsideration, claimants could face lengthy periods of non-entitlement. As there appeared to be no provision for payment of ESA until an actual appeal had been submitted, claimants faced the prospect of not being paid the benefit until the mandatory reconsideration had been completed; although they will still be able to claim other benefits, such as housing benefit whilst this took place.

6.8.5 It is noted that in July 2013 the Government announced that it was taking immediate action to address an “unacceptable reduction in the quality of written reports” produced by Atos, following internal audit. On 27 March 2014 the Government announced the early exit of Atos from the Work Capability Assessment contract\(^1\).

6.8.6 On hearing evidence the Task Group expressed their concerns as to whether the process was fit for purpose and the consequences for claimants. This is a position that will be exacerbated in the short term as the new contractor is not expected to be in place to deliver assessments until 2015.

6.9 **Universal Credit**

6.9.1 Universal Credit is intended to help claimants and their families to become more independent and is intended to simplify the benefits system by bringing together a range of working-age benefits into a single payment. It will replace: housing benefit; income support; jobseeker’s allowance; employment and support allowance; child tax credits and working tax credits.

6.9.2 This means that the introduction of Universal Credit will result in the end of Housing Benefit assessment and payments made by local authority staff

\(^1\) BBC *Atos was 'lightning rod' for anger over benefit changes* [http://www.bbc.co.uk/news/uk-politics-27767779](http://www.bbc.co.uk/news/uk-politics-27767779) 10 June 2014
to working age claimants and that where the majority of these claimants currently rely on the local authority to help to resolve issues around rent costs this will no longer be the case.

6.9.3 The 2012 Impact Assessment for Universal Credit highlighted that the current system lacked incentives to both the move into work and then to increase hours once in work. It also identifies that the policy would make it easier for claimants to understand their entitlements and easier to administer the system, thus leaving less scope for fraud. It will ensure that appropriate conditions of entitlement are applied to claimants. The effects of the policy will be to reduce the number of workless households by always ensuring that work pays.¹

6.9.4 In their submission to the Task Group, the Department for Work and Pensions explained that the implementation of Universal Credit was being delivered on a ‘test, learn and implement’ strategy, with a number of local authority pilots looking at various elements of Universal Credit claimant preparation.² These pilots were being conducted using single unemployed customers and over time the complexity of the pilots would be enhanced, by incorporating couples and families.

6.9.5 The Department for Work and Pensions have published Preparing for UC Implementation - Key Questions and Answers for Local Authorities³ which reports the key outcomes from the pilots. In summary these relate to:

- **Partnerships**
  
  the need to map partner provision (identifying gaps and duplication) and the integration of services.

- **Financial**
  
  Customers prefer one-to-one interaction to discuss their debt issues and only get in contact when they reach or are about to reach crisis point.

- **Triage**
  
  A flexible approach was required to identify residents that need on-going support and frontline staff need the necessary knowledge, skills, understanding and tools for meaningful and effective triage.

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¹ Department for Work and Pensions Impact Assessment Universal Credit

² Department for Work and Pensions Local Authority Led Pilots Preparing for Universal Credit Implementation – Key Questions and Answers for Local Authorities

³ Department for Work and Pensions Local Authority Led Pilots Preparing for Universal Credit Implementation – Key Questions and Answers for Local Authorities
Digital
Promoting a “self sufficiency” strategy takes time and mediated support. This requires carefully worded communications to customers, outlining the benefits and advantages of online services, supported by initial help from staff where necessary, with help to move claimants to digital channels.

The Potential Impact

6.9.6 It was noted that it was not expected that Universal Credit would be introduced in Medway until 2017. Due to the delayed implementation, the Task Group was therefore unable to assess the actual impact of Universal Credit in Medway.

6.9.7 The projected impact however, is set out in Department for Work and Pension’s Impact Assessment\(^1\) and supporting guidance. The Government believes that for most people the introduction of Universal Credit will pose no difficulties\(^2\).

6.9.8 The 2012 Impact Assessment provided the Government's assessment, at that time, of the broad impacts of Universal Credit. This included

- An estimated 3.1 million households will have higher entitlement as a result of Universal Credit, with around 75% of these households in the bottom two quintiles of the income distribution. The average gain for this group is estimated to be £168 per month. Around 1.9 million households see an increase in entitlement of more than £100 per month.
- A package of transitional protection will ensure that there will be no cash losses for any households that are actively moved to Universal Credit from legacy benefits or tax credits where their circumstances remain the same.
- In the longer-term approximately 2.8 million households will have notionally lower entitlement than they otherwise would have done as a result of Universal Credit, although the majority of these will have a reduction of less than £100 per month. The average reduction in entitlement for this group is estimated to be £137 per month.
- The average impact of Universal Credit across all households is estimated to be an increase in entitlement of £16 per month.
- The greater simplicity of Universal Credit will lead to a substantial increase in the take-up of currently unclaimed benefits, with most of the impact being at the lower end of the income distribution. After accounting for imperfect take-up in the current system and improved take-up under Universal Credit, the entitlement gain for the bottom two income deciles are £25 and £22 per month respectively.

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\(^1\) Department for Work and Pensions Universal Credit Impact Assessment

\(^2\) Department for Work and Pensions Universal Credit Local Support Services Framework
The number of households who lose between 70 per cent and all of their earnings through taxation and benefit withdrawal on moving into ten hours of work will fall by around 1.1 million under Universal Credit.

Universal Credit improves the incentives to increase hours of work for many; as a result of the single withdrawal rate around 1.5 million individuals will see a reduction in their marginal deduction rate and there will now be virtually no households with MDRs above 80 per cent.

6.9.9 The Task Group were advised that as claimants earn more money, financial support would be withdrawn at a slower rate than was the case under the current system. This would be based on real time information from the HM Revenue & Customs and was designed to remove the “cliff edges” that can face claimants.

6.9.10 The Local Government Association report *The local impacts of welfare reform – An assessment of Cumulative impacts and mitigations* states that, overall, Universal Credit will result in a modest increase in average household incomes. This is both because more households are anticipated to take up benefits, and overall the system will be marginally more generous overall than currently. It also states that within this overall average, the impacts are likely to vary significantly for different groups – with disabled people in particular likely to see lower awards under Universal Credit than under the current system, those working short hours generally seeing increased entitlement, and those working longer hours seeing little change.

6.9.11 In the submission to the Task Group the Department for Work and Pensions explained that for most, Universal Credit will require recipients:

- to accept a ‘Claimant Commitment’, setting out what is expected in return for receiving benefit (which is already being rolled out for job seekers across the country);
- receive a single payment to the household at the end of the month, in arrears; and,
- make and maintain their claim online.

6.9.12 These were considered by the Task Group to be significant changes to previous practice, which may lead to difficulties for some claimants in making and maintaining their claim.

6.9.13 It was noted that the Department for Work and Pensions had identified a number of claimant categories that are likely to need additional services, for example those with mental health issues, learning disabilities, drug and alcohol addition and homeless claimants.

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1 Presentation by Department for Work and Pensions to the Task Group 9 June 2014
Local Support Services Framework

6.9.14 The Task Group were advised that a fundamental element of Universal Credit was the Local Support Services Framework (LSSF). Lord Freud had said that the LSSF was “almost as important as Universal Credit itself”. This framework was intended to support the transition to Universal Credit by providing additional support to those claimants requiring additional help.

6.9.15 *Universal Credit Local Support Services Framework*, published jointly by the Local Government Association and Department for Work and Pensions in February 2013, sets out a very broad framework for how this support might be delivered locally through partnership working (between Department for Work and Pensions, local authorities, and contracted providers, including voluntary organisations) and that different arrangements for partnership working, financial management and the effective delivery of front line services were being trialled.

6.9.16 It was noted that the ultimate aim under the framework would be the creation of a “single claimant journey” from self dependency to self sufficiency and work readiness, as far as possible, behind which all service providers should be aligned.

6.9.17 To achieve this it is expected that local delivery partnerships will wish to include a number of existing services that are aware of local claimant behaviour, so that an appropriate response (whether by signposting or supporting digital engagement or by providing a more intensive case work approach to customer need in terms of budgeting, debt advice or tenancy sustainment). Section 6.13 summarises some of the evidence submitted to the Task Group as to existing partnerships.

6.9.18 The Government published an updated LSSF and plan for trialling different approaches in December 2013. A final version of the LSSF is expected later the year.

Direct Payments

6.9.19 Currently, in the social sector, Housing Benefit is paid to landlords. The default position under Universal Credit will be that all the benefit will be

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paid directly to one bank account in each claimant household on a monthly basis. This policy is intended to “encourage people to manage their own budget in the same way as other households”1 by more closely resembling the way in which people in paid work receive their income.

6.9.20 To help ensure that vulnerable people do not accrue unmanageable levels of rent arrears the Government has made an exception from direct payments for “vulnerable claimants”, whereby alternative payment arrangements can be put in place. These alternative payment arrangements include more frequent payments; splitting payments between household members; or paying support for housing costs directly to the landlord.2

6.9.21 Within the House of Commons Work and Pensions Committee report Support for housing costs in the reformed welfare system3 it is noted that following the results from six Direct Payment Demonstration Projects the Government believed that the “evidence from the projects indicated that most people will be able to cope with managing a monthly budget and paying their rent.”4 It noted that in December 2013 successful rent collection varied from 89% to 97% across the different areas (down from 91% to 97% in May 2013). The average rent collection rate was 94%, which remained unchanged from May 2013. In May 2013, 6,168 tenants were being paid by direct payment. This fell to 4,719 by December 2013 owing to payments being switched back to landlords.5

6.9.22 The potential for rent arrears was raised by several witnesses during the evidence sessions. With concerns raised about tenants’ capacity to manage direct payments of housing costs; as families, particularly vulnerable tenants, will not be used to receiving their benefit monthly, nor being previously responsible for paying their rent directly to their landlords – using the housing element of Universal Credit to cover other bills instead of prioritising rent payments.

6.9.23 It was noted that one of the conclusions from the longitudinal research study undertaken by the Hyde Group6 was that families say they fear misusing their benefits if they are paid monthly and directly to them.

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1Department for Work and Pensions Universal Credit: welfare that works
2Work and Pensions Committee Support for housing costs in the reformed welfare system
3Work and Pensions Committee Support for housing costs in the reformed welfare system
4Department for Work and Pensions
http://data.parliament.uk/writtenevidence/WrittenEvidence.svc/EvidenceHtml/2255
5Work and Pensions Committee Support for housing costs in the reformed welfare system
6The Hyde Group Welfare Reform one year on
6.9.24 These concerns mirrored the findings from a national survey commissioned by the National Housing Federation that found that more than nine in ten associations believed that direct payments were likely to generate increased difficulties in collecting rent, with increased resources for money advice and arrears management.\footnote{As reported in the Housing of Commons Library report \textit{Paying the Housing Element of Universal Credit direct to tenants in social rented housing} \url{http://www.parliament.uk/business/publications/research/briefing-papers/SN06291/paying-the-housing-element-of-universal-credit-direct-to-tenants-in-social-rented-housing} 2014}

6.9.25 The Task Group recognised that financial products such as budgeting and “jam jar” accounts could help tenants manage their Universal Credit more effectively, but highlighted to the Department for Work and Pensions that issues such as the availability of bank accounts needed to be addressed.

6.9.26 Once Universal Credit is rolled out, the payment mechanism will become a matter for the Department for Work and Pensions to operate. The Task Group noted a further issue that would need to be considered, which was highlighted within a ‘direct payments’ pilot that had been undertaken in Medway in 2013. A new payment mechanism was tested, where prepaid cards were issued to tenants receiving Housing Benefit payments. The cards allowed tenants to set up automatic payments from their card to the value of their rent that was due, preventing rent arrears and providing tenants and landlords with a record of the rent payment. Whilst the pilot had been considered a success it had been very resource intensive from the Council’s perspective, with a large number of manual interventions required.

6.9.27 In addition to the higher level of support that would need to be provided to tenants, with budgeting and paying their rent arrears, other concerns highlighted related to the importance of a secure income stream for future provision of new affordable housing and, in the case of the Council’s Housing Management (HRA Services) service, the additional costs to the Housing Revenue Account in terms of transaction costs (approximately £35,000); as currently the payments from Housing Benefit come directly to Housing into the rent accounts with no transaction costs incurred (at present, 61.5\% of our rent was received directly from Housing Benefit).
6.10 **The Cumulative Impact**

6.10.1 A study commissioned by Surrey County Council\(^1\) identified more diverse and complex coping strategies employed by families already on low income. These strategies are shown in the table below.

<table>
<thead>
<tr>
<th>Money management</th>
<th>Food shopping</th>
<th>Spending behaviour</th>
<th>Transport</th>
<th>Housing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend/borrow good week/ bad week</td>
<td>Plan food shops according to good week/ bad week</td>
<td>Buy fewer gifts</td>
<td>Drive less</td>
<td>Borrow from close family to pay rent</td>
</tr>
<tr>
<td>Borrow from friends and family</td>
<td>Cut back on fresh food</td>
<td>Seek second hand items</td>
<td>Walk more/ save on public transport</td>
<td></td>
</tr>
<tr>
<td>Increased payday loan amounts</td>
<td>Cut back on food</td>
<td>Make few/nil large capital purchases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrow from door-to-door lenders</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spend on store cards and credit cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stretch loans over longer periods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prioritise direct debits over cash payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6.10.2 The study found that the reforms would prompt families to continue to do “more of the same” moving from episodic coping strategies, for example, to permanent coping strategies. It also highlighted that an extended use of these strategies over time would pose significant risks to families' security, physical and mental health and positive outcomes for children.

6.10.3 The Task Group considered that the Welfare Reforms should not be taken in isolation. Tenants affected by such measures as the Social Sector Size Criteria may have also been affected by the abolishment of Council Tax Benefit or the Benefit Cap.

6.10.4 The Centre for Economic and Social Inclusion, on behalf of the Local Government Association, 2013 report *The local impacts of welfare reform* estimates that

Overall, allowing for overlaps between the impact of the Benefit Cap and the Local Housing Allowance measure, we estimate that 1.71

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\(^1\) ESRO *Preparing for the impacts of welfare reform*

million households – or around one in ten of all working age households – will be impacted by one or more of these Housing Benefit reforms, with an average loss of £1,215 per year (or £23 per week).¹

6.10.5 The Task Group recognised that some work had been done nationally to understand the cumulative impacts of all of the Government’s reforms, and claimants’ and local areas’ ability to deal with them:

- Research undertaken by the New Policy Institute, on behalf of Oxfam, has looked at the cumulative impact of housing benefit changes and the localisation of Council Tax Support:

  Taking the cuts to housing benefit and Council Tax together, we estimate that 1.75 million of the poorest families now have to spend more of their basic cash benefit on rent or Council Tax. Of these 490,000 families have to spend it on both.²

- The Centre for Economic and Social Inclusion, on behalf of the Local Government Association has also published a report providing an assessment of cumulative impacts and mitigations.

  We estimate that the income of households claiming benefit will be on average lower by £1,615 a year – or £31 a week – in 2015/16 as a result of Welfare Reform. This excludes the impact of Universal Credit. This is equivalent to around £1 in every £7 of household income for these households.³

6.10.6 Whilst noting as part of the evidence base the various Impact Assessments undertaken by the Department for Communities and Local Government, Department for Work and Pensions and the Council which looked at specific reforms, the Task Group considered the need for a systematic review of the cumulative impact of the Welfare Reforms in Medway, especially on groups with protected characteristics. This would enable the Council and partners to identify any action necessary locally. This should help evaluate the interaction between elements of the welfare agenda, particularly as they affect vulnerable groups.

Trends and Issues

Having presented the evidence on specific Welfare Reforms, the second part of this section focuses more specifically on a number of issues and trends that were reported to the Task Group. These will be important factors to consider in mitigating against any adverse impact of those reforms already implemented and in ensuring Medway’s readiness for Universal Credit.

6.11 Employment

6.11.1 The main Welfare Reform expected to influence work incentives (Universal Credit) has not yet been introduced in Medway and so it is not possible at this stage to assess the impact on employment.

6.11.2 The latest figures available on the rate of unemployment and the numbers claiming Job Seekers Allowance nationally do show a reduction but it is not clear what role, if any, Welfare Reform played in this.

6.11.3 A more direct link may be observed in the figures released by the Department for Work and Pensions on those people affected by the Benefit Cap, who have subsequently found work and become exempt from the cap even if still claiming benefits (nationally it appears about 40%).

6.11.4 Improved work incentives and work focus are at the core of the Government’s Welfare Reforms and the availability of work focussed support at a local level is seen as key.

6.11.5 It is of note that Employ Medway provides such employment advice and support. The Council’s 2013/2014 Year End Performance Report shows that Employ Medway has exceeded its annual target by quarter 3, with a similar profile achieved in quarter 4. This has lead to a yearly total of 602 persons that were unemployed and registering for their welfare to work services supported. This is a 50% over achievement against target (400).

6.11.6 Furthermore, quarter 4 saw 68 long term unemployed customers sustain employment beyond 6 months through the aid of Employ Medway, a total to date of 685 since quarter 1 in 2011/2012. In 2013/2014 they exceeded their target of 216 by achieving 293 sustained job outcomes of 6 months in employment. This is a 26% increase on 2012/2013 (233).

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6.12 **Public Health Implications**

6.12.1 The written submission from the Council’s Public Health Department identified a number of potential public health impacts - as it relates to employment, income and health inequalities.

### Employment and health impacts

6.12.2 It was reported that there were well-documented positive consequences on the health and wellbeing of an individual in employment that stem from an increase in wealth, socialisation, and positive mental health and an avoidance of the stressors of being unemployed. Indeed, increasing the numbers of people in work is a critical strategy in reducing health inequalities\(^1\). It was noted that this did not hold true for insecure or poor quality employment.

6.12.3 The Task Group were referred to recent analyses of employment statistics in the UK which suggests “that 4 out of 5 new jobs since 2010 are within low-paid industries which pay wages that are insufficient for healthy living”\(^2\).

### Income and health impacts

6.12.4 Members were informed that low income introduced the potential for insufficient resources to lead a healthy life. At a very basic level, it reduced the ability of families to obtain goods, services, and fuel for themselves. In addition to this the Task Group were referred to Wilkinson and Pickett\(^3\) who identify three types of psychosocial risk factors for ill-health associated with low income: low social status, weak social affiliations, and stress in early life (pre and postnatally).

6.12.5 Poor mental health must be singled out as both a cause and a consequence of deprivation. Children and adults from the lowest deprivation quintile of household income are three times as likely to have common mental health disorders as those in the highest quintile and nine times as likely to have psychotic disorders\(^4\).

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Impact on Health Inequalities

6.12.6 The figure on the following page shows the set of indicators that Public Health England has determined will assist local organisations in their work to improve health outcomes and reduce health inequalities. Those indicators shown in red are areas where Medway is performing at significantly lower than the national average.

6.12.7 The Task Group were advised that it was not clear what the overall impact of the reforms would be. For example, a decrease in the amount of families buying fresh food will negatively impact on levels of obesity. A reduced amount of disposable income may decrease levels of smoking or increase levels of smoking illegal tobacco. Increased levels of poverty or long-term unemployment may increase levels of teenage pregnancy or a rise in employment levels may decrease teenage pregnancy. The Task Group were advised that the evidence suggested however that there would be a negative effect on health inequalities\(^1\).

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\(^1\) The Institute for Fiscal Studies *Child and working age poverty from 2010 to 2020* [http://www.ifs.org.uk/publications/5711](http://www.ifs.org.uk/publications/5711) 2011
<table>
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<tr>
<th>Domain</th>
<th>Indicator</th>
<th>Local No. Per Year</th>
<th>Local Value</th>
<th>Eng Avg</th>
<th>Eng Worst</th>
<th>England Range</th>
<th>Eng Best</th>
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<td>1 Deprivation</td>
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<td>14.6</td>
<td>20.3</td>
<td>83.7</td>
<td>0.6</td>
<td>6.2</td>
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<tr>
<td>2 Proportion of children in poverty</td>
<td>2 Proportion of children in poverty</td>
<td>11395</td>
<td>21.8</td>
<td>21.1</td>
<td>45.6</td>
<td>0.6</td>
<td>6.2</td>
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<tr>
<td>3 Statutory homelessness</td>
<td>3 Statutory homelessness</td>
<td>169</td>
<td>1.6</td>
<td>2.3</td>
<td>9.7</td>
<td>0.6</td>
<td>6.2</td>
</tr>
<tr>
<td>4 GCSE achieved (SA^C inc. Eng &amp; Maths)</td>
<td>4 GCSE achieved (SA^C inc. Eng &amp; Maths)</td>
<td>1038</td>
<td>61.2</td>
<td>59.0</td>
<td>31.8</td>
<td>0.6</td>
<td>6.2</td>
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<tr>
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<td>13.6</td>
<td>32.7</td>
<td>0.6</td>
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<tr>
<td>6 Long term unemployment</td>
<td>6 Long term unemployment</td>
<td>2032</td>
<td>11.5</td>
<td>9.5</td>
<td>31.3</td>
<td>1.2</td>
<td>6.2</td>
</tr>
<tr>
<td>7 Smoking in pregnancy ‡</td>
<td>7 Smoking in pregnancy ‡</td>
<td>567</td>
<td>17.7</td>
<td>13.3</td>
<td>30.6</td>
<td>2.9</td>
<td>6.2</td>
</tr>
<tr>
<td>8 Starting breast feeding ‡</td>
<td>8 Starting breast feeding ‡</td>
<td>2556</td>
<td>68.9</td>
<td>74.8</td>
<td>41.8</td>
<td>96.0</td>
<td>6.2</td>
</tr>
<tr>
<td>9 Obese Children (Year 6) ‡</td>
<td>9 Obese Children (Year 6) ‡</td>
<td>554</td>
<td>20.5</td>
<td>19.2</td>
<td>28.5</td>
<td>10.3</td>
<td>6.2</td>
</tr>
<tr>
<td>10 Alcohol-specific hospital stays (under 18)</td>
<td>10 Alcohol-specific hospital stays (under 18)</td>
<td>29</td>
<td>46.5</td>
<td>81.6</td>
<td>154.9</td>
<td>12.5</td>
<td>6.2</td>
</tr>
<tr>
<td>11 Teenage pregnancy (under 18) ‡</td>
<td>11 Teenage pregnancy (under 18) ‡</td>
<td>224</td>
<td>41.0</td>
<td>84.0</td>
<td>58.5</td>
<td>11.7</td>
<td>6.2</td>
</tr>
<tr>
<td>12 Adults smoking</td>
<td>12 Adults smoking</td>
<td>n/a</td>
<td>23.6</td>
<td>20.0</td>
<td>29.4</td>
<td>8.2</td>
<td>6.2</td>
</tr>
<tr>
<td>13 Increasing and higher risk drinking</td>
<td>13 Increasing and higher risk drinking</td>
<td>n/a</td>
<td>22.5</td>
<td>22.3</td>
<td>25.1</td>
<td>15.7</td>
<td>6.2</td>
</tr>
<tr>
<td>14 Healthy eating adults</td>
<td>14 Healthy eating adults</td>
<td>n/a</td>
<td>23.9</td>
<td>28.7</td>
<td>19.3</td>
<td>47.8</td>
<td>6.2</td>
</tr>
<tr>
<td>15 Physically active adults</td>
<td>15 Physically active adults</td>
<td>n/a</td>
<td>53.4</td>
<td>55.0</td>
<td>43.8</td>
<td>68.5</td>
<td>6.2</td>
</tr>
<tr>
<td>16 Obese adults ‡</td>
<td>16 Obese adults ‡</td>
<td>n/a</td>
<td>30.0</td>
<td>24.2</td>
<td>30.7</td>
<td>13.9</td>
<td>6.2</td>
</tr>
<tr>
<td>17 Incidence of malignant melanoma</td>
<td>17 Incidence of malignant melanoma</td>
<td>34</td>
<td>13.0</td>
<td>14.5</td>
<td>28.8</td>
<td>3.2</td>
<td>6.2</td>
</tr>
<tr>
<td>18 Hospital stays for self-harm</td>
<td>18 Hospital stays for self-harm</td>
<td>475</td>
<td>180.6</td>
<td>207.9</td>
<td>54.24</td>
<td>51.2</td>
<td>6.2</td>
</tr>
<tr>
<td>19 Hospital stays for alcohol related harm ‡</td>
<td>19 Hospital stays for alcohol related harm ‡</td>
<td>4092</td>
<td>17.15</td>
<td>18.95</td>
<td>32.76</td>
<td>91.0</td>
<td>6.2</td>
</tr>
<tr>
<td>20 Drug misuse</td>
<td>20 Drug misuse</td>
<td>1467</td>
<td>8.3</td>
<td>8.8</td>
<td>26.3</td>
<td>0.6</td>
<td>6.2</td>
</tr>
<tr>
<td>21 People diagnosed with diabetes</td>
<td>21 People diagnosed with diabetes</td>
<td>1434</td>
<td>6.6</td>
<td>5.6</td>
<td>8.4</td>
<td>3.4</td>
<td>6.2</td>
</tr>
<tr>
<td>22 New cases of tuberculosis</td>
<td>22 New cases of tuberculosis</td>
<td>22</td>
<td>8.7</td>
<td>15.4</td>
<td>137.9</td>
<td>0.6</td>
<td>6.2</td>
</tr>
<tr>
<td>23 Acute sexually transmitted infections</td>
<td>23 Acute sexually transmitted infections</td>
<td>1053</td>
<td>73.7</td>
<td>90.4</td>
<td>32.10</td>
<td>162</td>
<td>6.2</td>
</tr>
<tr>
<td>24 Hip fracture in 65s and over</td>
<td>24 Hip fracture in 65s and over</td>
<td>216</td>
<td>462</td>
<td>457</td>
<td>621</td>
<td>327</td>
<td>6.2</td>
</tr>
<tr>
<td>25 Excess winter deaths ‡</td>
<td>25 Excess winter deaths ‡</td>
<td>110</td>
<td>16.0</td>
<td>16.1</td>
<td>35.3</td>
<td>-0.4</td>
<td>6.2</td>
</tr>
<tr>
<td>26 Life expectancy – male</td>
<td>26 Life expectancy – male</td>
<td>n/a</td>
<td>78.2</td>
<td>76.9</td>
<td>73.8</td>
<td>83.0</td>
<td>6.2</td>
</tr>
<tr>
<td>27 Life expectancy – female</td>
<td>27 Life expectancy – female</td>
<td>n/a</td>
<td>82.1</td>
<td>82.9</td>
<td>79.3</td>
<td>88.4</td>
<td>6.2</td>
</tr>
<tr>
<td>28 Infant deaths</td>
<td>28 Infant deaths</td>
<td>12</td>
<td>3.5</td>
<td>3.6</td>
<td>8.0</td>
<td>1.1</td>
<td>6.2</td>
</tr>
<tr>
<td>29 Smoking related deaths</td>
<td>29 Smoking related deaths</td>
<td>377</td>
<td>234</td>
<td>201</td>
<td>359</td>
<td>122</td>
<td>6.2</td>
</tr>
<tr>
<td>30 Early deaths: heart disease and stroke</td>
<td>30 Early deaths: heart disease and stroke</td>
<td>176</td>
<td>84.8</td>
<td>60.9</td>
<td>113.3</td>
<td>29.2</td>
<td>6.2</td>
</tr>
<tr>
<td>31 Early deaths: cancer</td>
<td>31 Early deaths: cancer</td>
<td>329</td>
<td>122.7</td>
<td>108.1</td>
<td>153.2</td>
<td>77.7</td>
<td>6.2</td>
</tr>
<tr>
<td>32 Road injuries and deaths</td>
<td>32 Road injuries and deaths</td>
<td>65</td>
<td>24.9</td>
<td>41.9</td>
<td>125.1</td>
<td>15.1</td>
<td>6.2</td>
</tr>
</tbody>
</table>

‡ For comparison with PHOF Indicators, please go to the following link: www.healthprofiles.info/PHOF
6.13 Mitigating the Impact - Existing services for supporting claimants locally

6.13.1 As explained in section 6.9 the Universal Credit Local Support Services Framework seeks to create a “single claimant journey”, behind which all service providers’ work should be aligned.¹

6.13.2 It is noted that short term advances are also still available through job centres for people awaiting benefit payments (although it was reported that awareness of them needed to be raised²).

6.13.3 During the evidence sessions the Task Group heard of a number of examples of how the Council, Department for Work and Pensions, Social Landlords and Voluntary and Community Organisations were already delivering early intervention and practical support to claimants affected by the Welfare Reforms. This included:

- The Benefits Reform Advice Programme

  This programme responded to the recommendations of the 2012 Medway Council Fair Access to Credit Member Task Group³. It provided a guidance and signposting service for all Medway residents who were at risk of entering into financial difficulty as a result of the changes to benefit through Welfare Reforms.

  Telephone and face-to-face support guided clients throughout the process; many of whom had contacted the programme after exhausting other avenues or finding themselves with financial issues following a change in personal circumstances and enquiring about their entitlement to benefits. The programme was able to refer clients to other organisations for more in-depth support. This included Turn 2 Us, StepChange, Christians Against Poverty UK and Medway Citizens Advice Bureau.

² BBC Food Banks see ‘shocking’ rise in number of users http://www.bbc.co.uk/news/business-27032642 16 April 2014
It was noted that, to date, the project had supported 200 local residents and the following table provides a breakdown by month of the issues raised by clients:

<table>
<thead>
<tr>
<th>Months</th>
<th>Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>5</td>
</tr>
<tr>
<td>November</td>
<td>10</td>
</tr>
<tr>
<td>December</td>
<td>15</td>
</tr>
<tr>
<td>January</td>
<td>10</td>
</tr>
<tr>
<td>February</td>
<td>5</td>
</tr>
<tr>
<td>March</td>
<td>5</td>
</tr>
<tr>
<td>April</td>
<td>0</td>
</tr>
<tr>
<td>May</td>
<td>5</td>
</tr>
<tr>
<td>June</td>
<td>5</td>
</tr>
</tbody>
</table>

It was noted that by far the biggest benefits issue for people was currently linked to housing and issues around Housing Benefit and Discretionary Housing Payment. Less prominent issues included Council Tax, Disability Living Allowance and Pension Credits.

- The Community Engagement Team

The Community Engagement Team is a Department for Work and Pensions led initiative, made up of key partners in Medway. The aim is to give individuals and families facing multiple disadvantages in their lives, the support and tools they needed to turn their lives around by tackling the root causes of problems and so promote real and sustainable changes in both their environment and their lives.

A “Streetweek” involved door-knocking on a pre-selected street, engaging in conversations with residents, asking them to complete a questionnaire and then identifying the best support for them through the partnership.

The Task Group was advised that over the past year the partnership had been very proactive in raising its profile in the local community and forging links with new organisations and charities. It had delivered a number of “streetweeks” within the Chatham Central and Luton & Wayfield wards, which were the main engagement channel with residents.
Members were advised that Medway Citizens Advice Bureau had seen an increase in client numbers of 27%. It was noted that Medway Citizens Advice Bureau was positively working with Medway’s ‘hard to hear’ communities to access their service in different ways. It is noted that Positive Futures, a collaboration between Medway Citizens Advice Bureau and a number of partner organisations had also been established with the aim of providing support for the hard to be heard groups.

Medway Action for Families

Medway Action for Families (MAfF) is the local delivery model of the national Troubled Families Programme. The three-year MAfF programme began in April 2012 and was designed to support multi-agency working, providing a co-ordinated and integrated programme of intervention. It was explained that the MAfF programme created an opportunity for systemic change in how the local authority and its partners worked together with the families most costly to support and challenge.

It was noted that Medway had a total number of 560 families that need to be worked with and supported in turning their lives around, saving high costs to the local authority and its partners. To date, Medway and its partners had influenced positive change in 183 families, which was over 100% of year one families.

The scheme had now been extend to 2020 but with revised arrangements which provided flexibility for the Council to determine local criteria. It was anticipated that for the 2015-2020 scheme the Council could be required to identify and turn around a further 1,800 families.

Members were advised that MAfF had been seen as a model of good practice in both its strategic vision and operational implementation by both the Department for Communities and Local Government (DCLG) and MAfF Strategic Group.

Medway Council – Housing Management (HRA Services)

It was noted that the Council’s Housing Management (HRA Services) service had commenced a number of initiatives to manage the impact of the Welfare Reforms. This had included:

- the establishment of a HRA Welfare Reform Team to offer advice and assistance to tenants affected by Welfare Reform;
- Six Welfare Reform Road Shows across Medway that engaged with approximately 300 Medway residents;
- Three Mutual Exchange Events –attended by approximately 240 Medway social housing tenants, representatives from eight social landlords and representatives from thirteen Third Party agencies;
• Members of the Council’s Corporate Welfare Reform Group, lead on the Kent Medway Welfare Reform Symposium (a forum where social housing providers in Medway and surrounding areas can participate in discussion regarding the impact of the Welfare Reform Act 2012) and members of the South East Financial Capability Forum;

• Providers of bi-weekly drop in service at Gillingham Library and lead on the development of employability options in Medway;

• The introduction of the Cred E card through credit union to provide “Jam Jar” type bank accounts and working in partnership with Medway Credit Union to promote savings;

• Identifying individual tenants affected, who were contacted personally by telephone, in writing and face-to-face and were offered advice and support by the Welfare Reform Team.

To ensure the Welfare Reform Team were able to effectively support tenants, in sustaining their tenancy, a HRA Welfare Reform Support Framework had been established (set out at Appendix 1 to this section). This framework provides support and onward referrals to third party support organisations in the areas of Debt, Employability, Benefits Advice and Budgeting.

  o The Council’s Revenues and Benefits Services

It was noted that the Council’s Revenue and Benefits Service had been proactive in its preparatory work prior to the introduction of the Welfare Reforms. In relation to the Social Sector Size Criteria this had included letters sent before the implementation to check property size and tenancy details. Sessions with Social Landlords regarding the implementation and to advise on Discretionary Housing Payment and tenancy options.

  o The Hyde Group

The Hyde Group advised that in order to support their residents they had invested over £425,000 in developing a Welfare Reform Team. This team had targeted over 1,300 residents who had been affected by the Benefit Cap and Size Criteria.

A triage system identified need at first point of contact and provided a holistic package of support to include benefit advice, employment and training support and budgeting.

It was noted that they had made contact with 57% of those who are affected through home visits and telephone calls, resulting in 10% of these residents downsizing. Their Welfare Reform Team had worked hard to build awareness amongst their resident base of Discretionary Housing Payments and support applications with a 95% success rate (a total £189,000 towards rental income that would have otherwise have been lost).
In addition, in response to a growing need for their residents to be on-line, Hyde had launched a three year digital inclusion strategy aiming to half the number of Hyde residents without access to the internet. They had invested in equipping community centres with Wi-Fi and laptops whilst also providing training.

- **MHS Homes**

In response to a census survey of their residents MHS Homes advised that a 4-year strategy had been devised to address three areas: to get on line, to have a basic bank account and to help get into work.

- **Medway Food Bank**

Medway Food Bank centres had trained advisers who would ‘signpost’ advocacy, debt counselling, health agencies, housing support, legal advice and family support.

**6.13.4** The Task Group noted the work already being undertaken and that partners, as part of their evidence submissions, had reported good productive relationships with the Council. To achieve the outcomes of Universal Credit the local delivery partnership will wish to build on these existing services, maximising the knowledge and skills of a whole host of both internal and external partnerships to deliver a seamless single journey.

**6.13.5** During the evidence sessions however it became clear that, in some cases, there was some confusion as to how the Welfare Reforms and discretionary relief were being applied in Medway. Furthermore, there was a potential gap in the awareness of the various schemes and/or partnerships already in operation designed to mitigate against any adverse impacts. A Stakeholder event was therefore suggested to facilitate the initial mapping of services and examining both existing provision and gaps.

**6.13.6** This event should extend across services provided by the Council, local social landlords and commercial organisations (such as the banks, Credit Unions, utility firms and private sector landlords). Importantly this work should include CVS Medway, whose client group consisted of 350 voluntary and community organisations in Medway.

**6.13.7** It would then be important to document and maintain a booklet for all residents that would signpost the schemes/organisations.

**6.14 Mitigating the Impact - Discretionary Relief**

**Discretionary Housing Payments**

**6.14.1** The regulations covering Discretionary Housing Payments are the Discretionary Financial Assistance Regulations 2001 (as amended).
6.14.2 A claimant who may be eligible for Housing Benefit may still experience a shortfall between the rent due and the Housing Benefit payable. This can be because the property is deemed to be too large, the rent charged is higher than the Local Housing Allowance rate or as a consequence of the introduction of the Benefit Cap. In these circumstances, they may apply for a Discretionary Housing Payment.

6.14.3 The Task Group was advised that the Discretionary Housing Payment budget had seen significant and incremental increases in the past few years, rising from £56,000 to £109,000 in 2011, to £271,000 in 2012, £563,000 in 2013 and £599,000 in 2014. It is noted that the Autumn Statement announced that the Government would increase Discretionary Housing Payments by £40 million in both 2014/2015 and 2015/2016:

This will ensure the pot of DHPs available to support those affected by under-occupancy deductions will not be reduced for the next 2 years, giving councils discretion to make longer term awards.

6.14.4 The Task Group were advised that in 2014, £358,975 Discretionary Housing Payments had been awarded. This represented an increase of 63% in applications. The following table illustrates the number of applications for Discretionary Housing Payments applications in 2014 and how these payments had been used to mitigate the impact of Welfare Reforms

<table>
<thead>
<tr>
<th>Impact of Welfare Reform</th>
<th>Number of awards</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Cap</td>
<td>19</td>
<td>36,941.90</td>
</tr>
<tr>
<td>Size Criteria</td>
<td>305</td>
<td>149,065.50</td>
</tr>
<tr>
<td>LHA restriction</td>
<td>143</td>
<td>93,923.63</td>
</tr>
<tr>
<td>Combination of reforms</td>
<td>20</td>
<td>15,519.96</td>
</tr>
<tr>
<td>No impact</td>
<td>100</td>
<td>63,524.11</td>
</tr>
<tr>
<td>Total as at 31 March 2014</td>
<td>587</td>
<td>358,975.10</td>
</tr>
</tbody>
</table>

6.14.5 A graphic illustrating the distribution of Discretionary Housing Payments in 2013/14 across Medway is set out at the end of section 4.

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1 Submission to the Task Group from Revenues and Benefits Service 28 May 2014
2 HM Treasury Autumn Statement 2013
3 Submission to the Task Group from Revenues and Benefits Service 28 May 2014
6.14.6 The Department for Work and Pensions provide a report on the *Use of Discretionary Housing Payments*¹, which also provides an analysis of the expected purpose of the award:

<table>
<thead>
<tr>
<th>Expected outcome</th>
<th>Number of awards</th>
<th>Percentage of total awards</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help secure a move to alternative accommodation</td>
<td>5,185</td>
<td>4%</td>
</tr>
<tr>
<td>Help with short-term rental costs until the claimant is able to move to alternative accommodation</td>
<td>51,253</td>
<td>36%</td>
</tr>
<tr>
<td>Help with short-term rental costs whilst the claimant seeks employment</td>
<td>11,655</td>
<td>8%</td>
</tr>
<tr>
<td>Help with on-going rental costs for disabled person in adapted accommodation</td>
<td>7,231</td>
<td>5%</td>
</tr>
<tr>
<td>Help with on-going rental costs for foster carer</td>
<td>1,020</td>
<td>1%</td>
</tr>
<tr>
<td>Help with short-term rental costs for any other reason</td>
<td>67,090</td>
<td>47%</td>
</tr>
<tr>
<td>Total</td>
<td>143,434</td>
<td>100%</td>
</tr>
</tbody>
</table>

6.14.7 The Task Group were advised that the Council Discretionary Housing Payment policy was reviewed at the beginning of the year and the guidance had been revised to provide improved signposting to debt and housing advice agencies, along with Public Health.

6.14.8 During the evidence sessions it was noted that Medway Citizens Advice Bureau acknowledged that Medway Council had been very pro-active in informing local landlords and agencies about the Discretionary Housing Payment scheme, which was being run sympathetically to those in need. It was cited as a success for Medway residents.

6.14.9 It was also noted that the House of Commons Work and Pensions Committee had called on the Government to review Discretionary Housing Payment provision to ensure that those who cannot adjust to the reforms are provided with sufficient long-term support, which is

¹ Department for Work and Pensions *Use of Discretionary Housing Payments – Analysis of mid-year returns from local authorities*
structured in a way that ensures they do not suffer hardship. The Committee had also suggested that Government give local authorities more specific guidance on allocating these payments, including on granting long-term awards for specified categories of claimants.¹

Council Tax Discretionary Fund

6.14.10 The Task Group were advised that a small fund had been established for where the 25% Council Tax change was going to have a particular adverse impact on claimants. It was a restricted fund for cases where additional help with current Council Tax would have a significant effect in alleviating hardship in the transition from long-term benefit dependence into work, examples being:

- Circumstances unusual/exceptional to the taxpayer;
- Costs that are beyond their control and do not arise through the actions or failures of others;
- Extreme and temporary situations which make it difficult to meet the Council Tax liability that is due;
- Imminent recovery action that will have a major detrimental effect on the resident’s capacity to support or maintain their family.²

¹ Work and Pensions Committee Support for housing costs in the reformed welfare system http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72003.htm 2014
² Submission to the Task Group from Revenues and Benefits Service 28 May 2014
6.14.11 It was noted that in Medway during 2013/2014, 563 claims had been received, with 76 (13.5%) awarded. In total £8,673.88 had been awarded during 2013/2014 and the following explains the mapping of Discretionary Payments (both awarded and rejected) to geographical location.

6.14.12 Of the 487 applications refused it was noted that these related to the following reasons:

![Refusals Diagram]
# 6.15 Impact on Vulnerable Claimants

6.15.1 The reform changes as they relate to people with disabilities has focussed on the replacement of the Disability Living Allowance with the Personal Independence Payment. The evidence presented to the Task Group centred on the assessment of needs included within the new Benefit, which aimed to make sure financial support was targeted at those who face the greatest challenges to living independently.\(^1\) However, people challenging the decision to qualify for the new Employment Support Allowance (when reassessed) were found to be experiencing long delays in the processing of appeals.

6.15.2 The Work and Pensions Committee 2014 report *Support for housing costs in the reformed welfare system* identified that reforms to the support provided for housing costs\(^2\) (including the Social Sector Size Criteria and the household Benefit Cap) were causing financial hardship to vulnerable people who were not the intended targets of the reforms and are unlikely to be able to change their circumstances in response:

- Whilst households with a claimant, partner or child receiving Disability Living Allowance are exempt from the Benefit Cap, it was noted that the Benefit Cap was having an adverse impact in some cases. This would typically occur where a person is the carer for an adult who was not part of the carer’s household and for whom they receive Carers Allowance. The Department for Work and Pensions estimated that fewer than 5,000 carers are affected by the Cap. The Committee have called on the Government to take steps to exempt all those on Carers Allowance resident in the same house as the person cared for, and all households in temporary accommodation, from the Cap.

- The Size Criteria is also seen as affecting many people with disabilities who have adapted homes or who need a spare room to hold medical equipment or to accommodate a carer. The Work and Pensions Committee have recommended that disabled people living in a home that has been significantly adapted for them should be exempt from the Size Criteria. It was recommended that the Government exempt from the Size criteria households which contain a person who is in receipt of the higher level mobility or care component of Disability Living Allowance and the equivalent in Personal Independence Payment.

# 6.16 Digital Inclusion

6.16.1 An important aspect of the delivery mechanism for Universal Credit is ‘digital by default’. This policy began in November 2012 when the Government released its digital strategy, which included the aim of making

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\(^1\) Department for Work and Pensions *DWP: Our Reform Story*

\(^2\) Work and Pensions Committee *Support for housing costs in the reformed welfare system*
Government services digital by default and thereby saving between £1.7 and £1.8 billion each year.  

6.16.2 An example of a successful channel shift was provided during the course of the evidence sessions, when the Task Group were advised of a project Medway Council had undertaken with Govtech. This Council Tax initiative aimed for 80% of Direct Debit forms and 60% of Single Person Discount forms to be processed without any intervention from staff processing. The results showed a clear shift to digital engagement, with a 232.2% increase (770 to 2559) over the course of the project for online forms compared to a reduction of 18.3% in post (17,404 to 14,214) and emails had moved from 3558 to 3715 (up 4.4%).

6.16.3 Such illustrations of channel shift are relevant to Universal Credit, which will require claimants (in most cases) to make and maintain their claim online.

6.16.4 The Government have identified that nearly 80% of benefit claimants already use the internet and that telephone and other support services will be available if needed. The Department for Work and Pensions 2013 Universal Credit Pathfinder Evaluation also found that 90% of Universal Credit claims were made online, with 73% of these saying they managed to complete their application the first time.

6.16.5 Furthermore, the Department for Work and Pensions have announced that it is making 6,000 additional computers available in Job Centres across the country, making it possible for claimants to look for and apply for jobs online and make online claims, as well as working on additional ways in which Universal Credit can be accessed.

6.16.6 The Task Group was given a presentation on the current position of digital access in Medway. It was highlighted that the Effective Service Delivery Unit had found:

Medway Council is among the highest-ranking local authorities in England for digital inclusion, with only 3% of neighbourhoods (at LSOA level) classified as ‘digitally excluded’.

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1 Cabinet Office Government Digital Strategy: December 2013

2 Presentation to the Task Group by the Revenues and Benefits Service 16 June 2014

3 Department for Work and Pensions DWP: Our Reform Story

4 Department for Work and Pensions Universal Credit pathfinder evaluation: interim results from the Universal Credit claimant survey, wave 1

5 ESD website
6.16.7 Members were also advised that levels of internet access across Medway were above the national average: in 2012 80% of UK households had internet access at home, whereas in Medway the figure varies from 86% to 91%. This position improved in late 2013:
- 93% of Medway residents have internet access at home
- 72% have smartphones – including in more deprived areas.¹

6.16.8 Demonstrating the importance of both computer access and literacy however, the Citizens Advice Bureau in one of the Universal Credit pilot areas, Tameside, suggested that almost 78% of individuals claiming Universal Credit online were unable to do so without assistance.²

The Task Group were informed of the following case study of a Citizens Advice Bureau client:

Client is single in sheltered accommodation and on income related JSA. Earlier in the year was sanctioned by DWP for 12 weeks for not doing enough to look for work. Was on a Hardship Payment on £43 per week.

The client said he did try but most applications were online and had no computer and access only available at a library when open. He had no idea how to operate a computer and staff too busy to help.

He got into arrears on only £43 a week with Council Tax (£17 a month – formerly would be nil). He was also in arrears with energy bills and risked being sanctioned again.

6.16.9 Members were informed of a number of proposed outline workstreams being developed in Medway, such as making sure all Medway’s communities can benefit from digital advances. It was also noted that within 12 months there would be free Wi-Fi access to Medway Council website for all residents, the broadband programme continued to evolve, IT skills were being developed through Medway Adult and Community Learning Service and IT access was provided in libraries and community hubs and children’s centres.

6.16.10 To aid digital access it was reported that Medway was:
- developing a Customer Access Strategy for all services (noting that not all services will be suitable);
- undertaking customer research to establish barriers and enablers for digital access;
- undertaking a behaviour change project on channel shift for high volume environmental services;

¹ Presentation to the Task Group by Assistant Director Communications Performance and Partnerships 18 June 2014
² Citizens Advice Bureau Citizens Advice Bureau in first Universal Credit pilot area warns of ‘big problems down the line’ as many struggle with online forms http://www.citizensadvice.org.uk/index/pressoffice/press_index/press_office-20131010.htm 2013
learning from national best practice;
- developing the assisted digital offer – through the relocation of Riverside One and the evolution of community hubs;
- learning from welfare benefits online experience nationally and locally to tailor support;
- linking with community networks.¹

6.16.11 It was also noted that other groups were undertaking a number of digital inclusion initiatives, which were pertinent to the implementation of Universal Credit. This included the launch of a three year digital inclusion strategy by the Hyde Group, which aimed to half the number of Hyde residents without access to the internet. It was reported that to date they had invested £130,000 in equipping out community centres with Wi-Fi and laptops whilst also providing training to over 200 residents since October 2013.²

6.17 Housing and Homelessness

6.17.1 A particular focus of the evidence received by the Task Group was the local impact of the reforms on the household’s ability to remain in or to afford housing.

6.17.2 The Citizens Advice Bureau has reported a 26% rise in the number of people in social housing who asked for its help last year because they were at risk of losing their homes after falling behind on their rent. The Citizens Advice Bureau blamed the increase on squeezed real wages, welfare cuts and an affordable housing shortage.³

6.17.3 Whilst the evidence presented is set out below, it was noted that a forthcoming Task Group Review would look specifically at Housing in Medway; in terms of demand, supply and affordability.⁴

6.17.4 The Task Group were initially advised that the wider provision of housing, its management and the housing market itself were undergoing wide-ranging changes and developments.⁵ This had been brought about and driven by multiple factors, one of which was the Welfare Reforms. It was explained that whilst changes may be intended to free up social housing for those in identified need, there were wider issues that impact on the overall implementation of the policy. Other contributing factors included:

¹ Presentation to the Task Group by Assistant Director Communications Performance and Partnerships 18 June 2014
³ Financial Times Citizens Advice Bureau reports surge in rent arrears http://www.ft.com/cms/s/0/3d1696e6-b283-11e3-b891-00144feabcd0.html March 24, 2014
⁵ Submission to the Task Group by Head of Strategic Housing 19 June 2014
The economic climate;
Changes in financing models and requirements;
Changing demographics and populations;
Changes in the way care and health needs were assessed and met
Revisions to the social housing model both in terms of tenures and funding regime;
Changes in the private rented sector.

Private Rented Sector Housing

6.17.5 In the submission to the Task Group on 19 June 2014 the Housing Strategy Manager at Medway Council explained that the housing market in Medway was lively with the average property price increasing by more than 5% over the last year and the number of house sales had also increased by 32%.

6.17.6 Over this same period, rent levels had also increased, although at varying rates. Whilst levels for smaller units had increased little, for a 3-bed house they had risen by 14% and for a 2 bed flat this had increased by more than 20%.

6.17.7 Over the longer-term although property values and rental levels had varied, there had been a significant increase in the size of the privately rented sector. In 2001 there were 9,350 households who rented privately, whilst by 2011 this had increased to 18,150 households who were renting privately. This represented a 7% growth in the number of homes in the sector for each year, and had been a trend that seems to have continued.

Source: UK Census of Population 2001 and 2011

1 Submission to the Task Group by Head of Strategic Housing 19 June 2014
6.17.8 The National Landlords Association advised how the country was becoming a nation of renters, with an increasingly diverse group of tenants, and that investment decisions in the private sector were based on return, viability and sustainability of the return.1

6.17.9 The National Landlords Association referenced the business plan required for investors, which was based on positive cash flow to sustain borrowing and sustainable profits to encourage reinvestment. In this context (and with landlords increasingly able to pick and choose their tenants) the question was whether benefit tenants represented a challenge to this business model; due to mortgage and insurance restrictions on this client group, delays in payment streams from Housing Benefit and the low level of Housing Benefit compared to market rents (with an active working population willing and able to pay market rents). The Task Group were advised that some landlords had withdrawn from offering their properties to those on Housing Benefit and in other cases they ask for increased deposits, guarantors, management fees or rent in advance. All of which dramatically reduced the availability of affordable private rented housing for many households.2

6.17.10 The House of Commons Work and Pensions Committee report Support for Housing Costs in the Reformed Welfare System3 found that reforms to Local Housing Allowance (LHA) had led to a growing discrepancy between the average area rents and the amount of LHA that households could claim. As a result, there was evidence that private sector landlords were becoming increasingly reluctant to rent to LHA recipients and evictions and non-renewal of tenancies were increasing, leading to an increased risk of homelessness among Housing Benefit recipients. Private sector properties which remain affordable to LHA recipients were increasingly of poor quality. The Committee have called on the Government to monitor the private sector rental market and that, if it finds evidence of a rise in homelessness and evictions and a decline in new letting to tenants in receipt of Housing Benefit, it should consider increasing LHA rates by more than 1% annually in the more pressured areas.

6.17.11 In relation to tenant mobility, the Task Group were advised that households could relocate to other more affordable areas. A recent report from London Councils, Tracking Welfare Reform: Meeting the Financial Challenge4 (September 2013), warns that 4,600 households in private accommodation in London will be unable to pay their rent due to the Benefit Cap which, on average, is cutting their benefits by £105 per week.

1 Submission to the Task Group by National Landlords Association 18 June 2014
2 Submission to the Task Group by National Landlords Association 18 June 2014
3 Work and Pensions Committee Support for housing costs in the reformed welfare system http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/720/72003.htm 2014
6.17.12 The Task Group were advised that, in reality, Medway had some of the lowest rental levels in the southeast and therefore for households in Medway seeking cheaper accommodation they would need to relocate further north of London. However, other households were moving to Medway from more expensive areas as comparatively Medway offered some of the most affordable accommodation in the southeast. This in turn was placing more pressure on supply.

Homelessness

6.17.13 The Work and Pensions Committee 2014 report *Support for housing costs in the reformed welfare system* found evidence that Housing Benefit reforms were contributing to increased levels of homelessness with corresponding implications for households and for local authorities.¹

6.17.14 The Task Group were advised that, reflecting both national and regional trends, there remained a year on year increase in the number of homelessness applications being made. For 2013/2014 the number of applications made was 911, an increase of 110% (433) on 2011/2012 and 49% (613) on 2012/2013. Of the 911 applications in 2013/2014 it was noted that 837 decisions were made within that year and of these, 357 were found to be eligible, unintentionally homeless and in priority need, and therefore the Local Authority had a duty to provide suitable accommodation for these households. For all other applicants and also for every other household who approached for advice the Authority had a duty to provide advice and assistance to deal with issues and where possible to prevent homelessness.²

6.17.15 The Task Group were also advised of the primary reason for these households becoming homeless (as included in statutory returns) and affordability of the accommodation was not one of the main reasons for why households were found to be unintentionally homeless. It was considered that a combination of the Welfare Reforms and other factors had had an impact on the level of homelessness, with other influencing factors being:

- Insufficient larger private rented sector properties available that are affordable to households on low income or benefits;
- Some landlords being keen to move on households on Housing Benefit and tenancies are drawing to an end;
- Some landlords were not taking households on benefit;
- Increasing agency and management costs;
- Increasing requirement for guarantees;
- Limited engagement by some households who are affected by the Benefit Cap and other benefit issues.³

¹ Work and Pensions Committee *Support for housing costs in the reformed welfare system* http://www.publications.parliament.uk/pa/cm201314/cmworpen/720/72003.htm 2014
² Submission to the Task Group by Head of Strategic Housing 19 June 2014
³ Submission to the Task Group by Head of Strategic Housing 19 June 2014
Supply and Allocation of Affordable Housing

6.17.16 The Task Group were advised that overall the number of households approaching the Council wishing to secure social housing had increased, as this offered increased security, a better standard of accommodation at lower rents.¹

6.17.17 The Task Group were advised that Medway had one of the lowest levels of social housing in the country, at just under 14% compared to our family of similar authorities who have more than 21%. This meant that the overall supply of affordable housing did not meet demand, and therefore when changes are introduced that affect the level of provision (such as the Social Sector Size Criteria) the impact would be disproportionate.

6.17.18 Specifically households with a need for 5 or more bedroom properties were particularly affected in Medway. It was reported that there were 717 households currently registered with Homechoice who had a need for 5 or more bedrooms, but over the last 3 years just two 5 bedroomed properties had been let through the Homechoice system. Whilst the Council had been working with social landlords to increase the supply of such units limitations on social rent now meant that these units were generally uneconomic to develop due to the Housing Benefit levels.²

6.17.19 It was also noted that although changes to the Council’s Allocations Policy had helped manage demand and allowed the Council to provide applicants with an honest assessment of their likelihood of being rehoused, there was still an increase in households who the Council would accept as being unable to secure suitable and affordable housing within the private sector.

6.17.20 Social housing providers emphasised that it was not straightforward to downsize tenants, mainly because of the lack of smaller properties. Challenges include the fact that social housing waiting lists are not completely open, as it has been a long-standing national policy to let homes largely on the basis of housing need. Also the rate of properties becoming vacant was much slower than in the private rented sector; with the median length of a social sector tenancy being seven years, whereas in the private sector it is between one and two years. There are also higher levels of disability and other special needs in social housing because it is allocated according to need; and in many cases the home is purpose built or specifically adapted.

¹ Submission to the Task Group by Head of Strategic Housing 19 June 2014
² Submission to the Task Group by Head of Strategic Housing 19 June 2014
6.17.21 The 2013/2014 Year End Performance report\(^1\) had indicated that, in common with the national and regional trend, the number of affordable homes delivered were lower than in previous years. This was seen largely due to the ending of the previous National Affordable Housing Programme and the delayed introduction of the new national programme. Also a number of schemes originally planned for completion in the last year were either completed early and fell into the counting period for the 4th quarter 2012/2013 or had slipped into the next year.

6.17.22 During the evidence sessions, it was also noted that the Council and the other Housing Associations submitting evidence (The Hyde Group and mhs homes) had undertaken a number of measures to mitigate the impact of the Size Criteria. This had included providing welfare advice, financial inclusion and employment and skills support to tenants (see section 6.13). This is further evidenced in the interactions listed at Appendix 1. However, it was noted that it would be very difficult, given the diversity of the private sector (which will include ‘one landlord/one tenant relationships) for the private sector to provide the same infrastructure support.

6.18 Debt

6.18.1 The Task Group noted that nationally there was some evidence of an increasing number of people falling into rent arrears and other kinds of debt:

6.18.2 StepChange, a national charity that provides free, independent and impartial advice and support for anyone experiencing problems with personal debt gave evidence to the Task Group. The Task Group were further advised that, on that day, the Charity Helpline would nationally speak to 1,271 people needing debt advice, with a further 7,275 visiting their website. That, whilst 24 clients would finish their debt management plans and become debt free, 202 new debt management plans would be set up. Their welfare benefits team would also help find an average weekly income up of £105.\(^2\)

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\(^1\) Medway Council 2013/2014 Year End Performance Monitoring

\(^2\) Submission to the Task Group by StepChange 2 June 2014
6.18.3 In the context of this review the following illustration from StepChange illustrated the range of factors that were driving debt problems.

Unemployment and reductions in income are the biggest drivers of debt problems. People often find it difficult to recover after a financial shock.

All figures based on StepChange Debt Charity clients 2013 – sample size: 180,666

6.18.4 Members were referred to the following diagram, which highlighted the changing position on arrears on priority bills since 2009 nationally. The significant increase in Council Tax arrears in 2013 was highlighted; which, it was assumed, would be in part due to Welfare Reform.

1 Submission to the Task Group by StepChange 2 June 2014
6.18.5 The Task Group were also advised that priority debts were a major indicator of problems and that the Charity was working with registered social landlords and local authorities to increase awareness of this; in so far that if people had rent arrears they were likely to have other debts that were contributing to why they may have not paid their rent.

6.18.6 In relation to Medway, the StepChange website provided an opportunity to assess not only the number of clients seeking advice but it also provided details as to the level of unsecured debt:

- The number of Medway residents approaching StepChange had steadily increased, with 621 seeking assistance in 2005 rising to 1,802 in 2013;
- The level of unsecured debt of clients from Medway had conversely steadily reduced over the same period (£29,956 in 2005 reducing to £14,914 in 2013);
- The surplus deficit of Medway clients had reduced from £138 in 2005 to minus £16 in 2013;
- The number of Debt Management Plans set up by StepChange for Medway Clients had increased from 324 in 2005 to 489 in 2013.

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1 Submission to the Task Group by StepChange 2 June 2014
6.18.7 Members were mindful of the need for further work to improve communication channels for potential vulnerable claimants and the potential need for ‘personal intervention’ in the Council’s debt recovery process. They also considered the need to review the Council’s corporate debt policy, considering the feasibility of encouraging the “warm transfer” of clients from the Council to organisations such as StepChange, the Citizens Advice Bureau and Christians Against Poverty and stressing the availability of advice agencies at the later stages of the debt recovery process.

6.18.8 The Task Group were given numerous examples of money management support available to Medway residents. This included the financial capability training provided by Medway Citizens Advice Bureau. Further information is set out in section 6.13.

6.19 Food Bank usage

6.19.1 The Task Group heard from Medway Food Bank, which operated as part of the Trussell Trust’s national network of 423 food banks in providing an emergency service for families/individuals in crisis.

6.19.2 It was noted that the food bank was one of the largest in the country (reflecting its area of operation) and operated from a warehouse and seven food bank centres across the Medway Towns; with an eighth centre due to open on the Peninsula by the end of the summer 2014. The food bank was supported by a network of around 40 churches and over 100 other front-line organisations (Government and Council services, third-sector agencies, schools and health service providers), who assessed need and issued food bank vouchers (there is no self-referral).

6.19.3 Members were advised that the number of people using food banks had increased significantly, reflecting national trends. Nationally the Trussell Trust had provided 913,138 people with three days’ emergency food in 2013/2014 compared to 346,992 in 2012/2013.¹ In relation to the 2013/2014 year, it was noted that the Medway Food Bank had provided three days’ emergency food to 2,051 households, which had fed 4,027 people (1,351 of them children).²

6.19.4 In their submission to the Task Group Medway Citizens Advice Bureau advised that the number of vouchers they had issued had increased by 61% over the last 12 months. They also advised that in addition to issuing vouchers they vigorously investigated need and dealt with long-term problems, with individuals followed up with casework.³

¹ The Trussell Trust [http://www.trusselltrust.org/stats] 2014
² Presentation to the Task Group by Medway Foodbank 9 June 2014
³ Presentation to the Task Group by Medway Citizens Advice Bureau 11 June 2014
6.19.5 During the course of the evidence sessions the Task Group were advised that the figures were only an indication of a much wider problem, as they did not include the growth in other food banks and informal emergency food aid interventions provided by churches, charities, housing associations and community groups.

6.19.6 In terms of this review the Task Group noted the conflicting views as to the relationship between the use of food banks and Welfare Reform. The Department for Work and Pensions have said that “there is no robust evidence that welfare reforms or benefit administration are linked to increased use of food banks”\(^1\) The Trussell Trust refer to a number of contributing factors for increased demand: static incomes, rising living costs, low pay, underemployment and problems with welfare, especially sanctioning, are significant drivers of the increased demand. Just under half of referrals to food banks in 2013/2014 were reported to be a result of benefit delays or changes.\(^2\) Other views expressed related to the increasing awareness of the existence of food banks as a contributing factor. It remained clear however that the demand was increasing nationally and locally.

\(^1\) BBC *Food Banks see ‘shocking’ rise in number of users* http://www.bbc.co.uk/news/business-27032642 16 April 2014
\(^2\) Submission to the Task Group by Medway Foodbank 9 June 2014
The following framework provides support and onward referrals to third party support organisations in the areas of Debt, Employability, Benefits Advice and Budgeting. Each subject area has multiple options in order to accommodate the most appropriate level of support required by the service user.

At the first point of contact the Welfare Reform Team will attempt to triage the customers needs and identify the most pressing issues.

**Benefit Advice** - Benefits or Tax Credits often form the foundation of our tenants income enabling them to meet the cost of living. The Welfare Reform Team have a valuable knowledge of the welfare system and use this knowledge to support tenants.

**Advocacy** - Although the Welfare Reform Team encourage tenants to act independently we understand that some tenants require additional support and do act on the behalf of our tenants to complete claims or address problems with their benefits.

**Financial Assessment, Medway Council** - The Welfare Reform Team operate an effective liaison with their colleagues in the Financial Assessment Team (responsible for the assessment of HB & CTR) and hold regular meetings to ensure we are supporting tenants in the most efficient way.

**Under Occupancy** - The Welfare Reform Team regularly monitor the effect the under occupancy regulations have had on our tenants and offer support and advice of the options available in dealing with the reductions in Housing Benefit.

**Job Centre Plus** - The Welfare Reform Team have worked with Chatham JCP to deliver the "Under 1 roof" event in Medway aimed at offering advice and training in the areas of Employability, Financial Inclusion, Housing and Mutual Exchange.
Debt - The Welfare Reform Team will offer basic advice as to priority and non-priority debts, depending on the level and severity of debt, referrals can be made to the following:

- **Stepchange**: A national debt advice charity offering advice and advocacy in dealing with debt offering a full range of remedies. Advice is offered via the telephone or on their website.

- **Money Advice Plus**: A debt advice charity based in Eastbourne with whom we are trialling a more intense service similar to that of Stepchange however MAP will contact the tenant in question and will coach them through the process. This is wholly a telephone based service.

- **Illegal Money Lending Team, Trading Standards**: We are in direct contact with the Illegal Money Lending Team and have undertaken training focusing on awareness. Where we suspect there has been a case of Loansharking we are able to refer details directly and obtain support for the tenant of Trading Standards should they wish to give evidence against the Loanshark.

Employability - Finding work when unemployed or up-skilling to a better paid job or one with better prospects is one key way to increase financial wellbeing.

- **Work and Skills Club**: The Welfare Reform Team and the Policy and Business Development Officer to deliver the work and skills workshop at Twydall Library starting in July 2014. Initially this will be a trial with consideration given to a more permanent function going forward.

- **Medway Adult Community Learning Service**: The HRA already offer courses run by MACLS and we continue to signpost to and publicise this provision to our tenants to increase their employability.

- **Apprenticeships & Traineeships**: As part of the new HRA repairs contract 3 apprenticeships and 2 traineeships will be offered by Mears per annum, these will be offered in accordance with the Council's "Employ Medway" scheme.
Budgeting Advice - To prevent tenants falling (further) into debt it is imperative that they manage their money effectively.

Money Advice Service - Onward referrals are made to MAS for further money saving / management advice.

Banking Options - Late payment and overdraft fees are charged by all High Street banks at varying rates, however they can all cause financial hardship. We advise tenants to shop around for the best banking option available to them and also to consider the use of the CredEcard facility accessible through Medway Credit Union.

The Welfare Reform Team offer basic budgeting advice to tenants including money saving tips and more effective ways of managing their money.

Money Saving Expert - Tenants who have access to the internet are encouraged to use the Money Saving Expert website regularly for tips and updates as to the best deals available.
7. CONCLUSIONS AND RECOMMENDATIONS

7.1 The Task Group has considered the implementation and impact of the Welfare Reforms on people of working age in Medway. To do this it has considered a number of key lines of inquiry - focussing upon communication, the methods employed to mitigate against any adverse impact of the reforms and existing services and policies.

7.2 It is to be initially noted that a number of the reforms were only implemented in 2013 and the most significant reform, Universal Credit, is expected to be implemented in Medway in 2017. The full impact on claimants will only be known following the expiry of both the phased implementation and transitional protection.

7.3 The Task Group was encouraged during the evidence sessions by positive commentary about the work undertaken by the Council to inform and assist residents and to coordinate a response to the impact of Welfare Reform across directorates and agencies.

The Impact of the Welfare Reforms

7.4 The evidence submitted has shown that some of the Council’s early concerns with the reforms have not materialized. For example, as at 31 March 2014 the reforms have impacted upon a smaller number of Medway residents than originally anticipated - with 127 impacted by the Benefit Cap and 1,138 households experiencing reductions in income due to size-related restrictions to Housing Benefit (with the latter further reducing to 632 at 31 May 2014, mainly as a result of mhs properties being deemed exempt). Furthermore, council tenant arrears at 31 March 2014 were £254,525 of which only 14% was attributable to the application of Size Criteria and when compared to the position at 31 March 2013 there had actually been a reduction in total arrears of £24,684.

7.5 At the same time it has been demonstrated that, for the small number of households affected, they have seen a significant reduction in their household incomes. There is further evidence of increased levels of homelessness applications, increased use of the Medway Food Bank and increased usage of debt and money advice services. The Task Group has however noted that there is some difficulty in quantifying the exact impact of the Welfare Reforms on these issues, as people’s lives will be dependent on a number of factors - such as the economy, the cost of living and the market.

7.6 As part of the evidence base the Task Group noted the various Impact Assessments undertaken by the Department for Communities and Local Government, Department for Work and Pensions and the Council which looked at specific reforms. The Task Group has also seen how the reform changes, such as the replacement of the Disability Living Allowance with the Personal Independence Payment, have impacted
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on people with disabilities. The Task Group recommends that a systematic review of the cumulative impact of the Welfare Reforms in Medway be undertaken, especially on groups with protected characteristics. This would enable the Council and partners to identify any action necessary locally. This should help evaluate the interaction between elements of the welfare agenda, particularly as they affect vulnerable groups. The Task Group has therefore made a specific recommendation that a Diversity Impact Assessment be undertaken.

Mitigating the Impact

7.7 During the evidence sessions, the Task Group has noted the work the Council is already undertaking to inform and assist residents. This had been positively highlighted by partners during the evidence sessions.

7.8 Furthermore, the Task Group heard examples of how the Department for Work and Pensions, Social Landlords and Voluntary and Community Organisations were delivering early intervention and practical support to claimants. The success of multiagency schemes (such as the Troubled Families programme and Street Weeks initiative) that involved personal intervention were particularly noted.

7.9 Other mitigations included applications for Discretionary Housing Payments and Discretionary Council Tax payments, which as the evidence had shown were being used to mitigate against the impact of reforms.

7.10 The impact of the Benefit Reforms will vary by household characteristics and the Task Group has recognised the importance of effective communication channels with vulnerable groups in relation to both advice and support. The Task Group has therefore recommended that the Officer Welfare Reform Group (established in 2013 to provide a co-ordinated Council-wide response to the Government’s Welfare Reform agenda) should continue as the principal co-ordinating vehicle. The Task Group also recommends the Officer Group should review relevant Council systems, with a view to highlighting vulnerable claimants, especially where there may be safeguarding issues, and the potential need for ‘personal intervention’ in the debt recovery process.

7.11 The importance of encouraging the “warm transfer” of clients to advice agency organisations, such as StepChange, the Citizens Advice Bureau and Christians Against Poverty and stressing the availability of advice at the later stages of the debt recovery process.

7.12 In relation to specific elements of the Welfare Reform story the Task Group has found that the current level of service offered to Personal Independence Payment and Employment and Support Allowance claimants during the decision making process was unacceptable, with significant delays and a growing backlog of claims by the external
provider (ATOS) impacting negatively on claimants. It is recommended that representations be made to Government concerning this.

7.13 A letter would also be sent requesting that the Government continue to provide an identifiable local welfare provision grant to local government from 2015/2016 onwards.

Universal Credit

7.14 Looking forward to 2017, Universal Credit will require significant cultural and behavioural change from claimants. Whereas currently Housing Benefit is payable to the claimant or to the landlord in respect of their housing costs, the claimant will instead receive a total payment to cover their living and housing costs from the Department for Work and Pensions. This will be paid directly to their bank account, monthly rather than weekly or fortnightly.

7.15 The Task Group acknowledged the ‘test, learn and implement’ strategy being employed by the Government in the implementation of Universal Credit.

7.16 To achieve the outcomes of Universal Credit the local delivery partnership will wish to build on existing services, maximising the knowledge and skills of a whole host of both internal and external partnerships. The Task Group would encourage Department for Work and Pensions to continue to consider when payments to landlords may be appropriate.

7.17 The Task Group has reflected on the concerns raised in the evidence sessions as to direct payments. These concerns related to the high level of switch backs in the demonstration projects, the pilots which had required resource intensive interventions and the level of support that housing providers and other support organisations would need to give to tenants to help them in budgeting and paying their rent. The Task Group would encourage the Department for Work and Pensions to continue to consider when payments to landlords may be appropriate.

7.18 It was also noted that Universal Credit will require claimants (in most cases) to make and maintain their claim online. Whilst digital access was not necessarily seen as an issue in Medway, rather an opportunity, there remained a large number of residents who continued to rely on letters or only engage in person. This highlighted that there were barriers (such as trust) to overcome and the Task Group has recommended that the Welfare Reform Officers Working Group reflect on digital access, use and support across Medway and play a role in the developing digital inclusion workstreams.
The Council’s Changing Role

7.19 The introduction of Universal Credit will result in the end of Housing Benefit assessment and payments made by local authority staff, which means that where the majority of claimants currently rely on the local authority to help to resolve issues around rent costs this will no longer be the case.

7.20 The role of the Council is therefore changing and yet, it will continue to play a key role in the delivery of the benefits system. A role that will increasingly involve identifying, leading and facilitating partnerships to support Medway’s residents.

7.21 The Task Group’s recommendations seek to support the Council and its partners to deliver a co-ordinated service. A co-ordinated service that can target discretionary funds and advice and progress individual claimants with complex needs towards independence, self sufficiency and work readiness. This is what the Department for Work and Pensions refer to as the ‘single client journey’.

7.22 It has however become clear that a coordination or increased awareness of advice concerning the Welfare Reforms (and the various schemes or partnerships already in operation) was needed. A Stakeholder event has therefore been suggested, which would facilitate the initial mapping of services and examine both existing provision and gaps. It would then be important to document and maintain a guide for all residents that would signpost the various levels of support and advice.

7.23 Recognising the growing role of councils, particularly in being the ‘natural intermediaries with claimants’1, in the rollout of Universal Credit it is proposed that membership of the Officer Working Group be considered by the Council’s Corporate Management Team to ensure it can respond to the fundamental changes being made by the Welfare Reforms. This should include the potential inclusion of additional outside agencies.

Future Reporting

7.24 Whilst the Task Group was pleased to hear the good work already being delivered, especially that which focussed on good information reaching those affected, integral to the findings of this review is the continuation of the Welfare Reform Officer Working Group. The Task Group asked for the submission of reports to the Business Support Overview and Scrutiny Committee every six months until the

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1 Local Government Chronicle Growing universal credit role for councils http://www.lgcplus.com/topics/benefits/growing-universal-credit-role-for-councils/5047372.article 2012
introduction of Universal Credit unless other significant developments arise which should be reported more immediately. This will enable the impact to be monitored carefully and remedial action to be taken where necessary.

Recommendations

7.25 That the Welfare Reform Officers Working Group continues to lead the Medway response to Welfare Reform and to work to develop communication between the Council and other agencies, with the objective of providing the customer with the single journey through a coordinated response. This should include:
(a) a Stakeholder event explaining the Welfare Reforms and the schemes in operation in Medway. This event should enable organisations to showcase their response to the reforms;
(b) the development of a booklet (in print and online) for all affected residents, signposting the various organisations providing support.
(c) A briefing for all Members on the Welfare Reforms.

7.26 That the Welfare Reform Officers Working Group undertakes further work to improve communication channels for potentially vulnerable claimants of discretionary payments, who may find themselves excluded. This should incorporate:
(a) any positive learning from existing cross agency partnerships, such as Street Weeks and Troubled Families;
(b) a review of Council systems, with a view to highlighting vulnerable claimants, especially where there may be safeguarding issues, and the potential need for ‘personal intervention’ in the debt recovery process;
(c) undertaking a Diversity Impact Assessment to understand the cumulative impact of the Welfare Reforms including the impact on groups with protected characteristics and to identify the necessary actions to take forward.

7.27 That the Welfare Reform Officers Working Group review the Council’s corporate debt policy, considering the feasibility of encouraging the “Warm Transfer” of clients to organisations such as StepChange, the Citizens Advice Bureau and Christians Against Poverty and stressing the availability of advice agencies at the later stages of the debt recovery process.

7.28 That the Welfare Reform Officers Working Group continue until after the introduction of Universal Credit and that the Corporate Management Team reviews its membership, with a view to ensuring appropriate representation at the relevant time and enhancing its collaborative work with partners.

7.29 That the Welfare Reform Officers Working Group ensures that it continues to track and respond to the emerging requirements of
Universal Credit and Welfare Reforms, reporting on progress to the Business Support Overview and Scrutiny Committee every 6 months.

7.30 That the Council write to the Secretary of State for Work and Pensions and Secretary of State for Communities and Local Government, copying in the Chairman of the Local Government Association, highlighting the:

(a) recognised delays and impact of the assessment phases of Employment and Support Allowance and Personal Independence Payment processes;
(b) concerns expressed during the evidence sessions as to direct payments;
(c) benefits of a localised Local Welfare Assistance Fund and stressing the need for Central Government to make alternative funding provision for this to continue.

7.31 That the Welfare Reform Officers Working Group reflects on digital access, use and support across Medway. This should give particular focus on:

(a) assisting in the development of a Corporate Customer Access Strategy and the development of an assisted digital offer;
(b) linking in with community networks and considering the potential role of Digital Ambassadors (led by partners and the wider community);
(c) learning from research and pilot projects that are being undertaken both locally and nationally to establish barriers and enablers to digital access and use;
(d) the evolution of community hubs and considering the potential for privacy for claimants at Council access points.