

# The local impacts of welfare reform

A review of the impacts of welfare changes on  
people, communities and services

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## EXECUTIVE SUMMARY

The government's welfare reform agenda is intended to reduce benefit dependency for households, and to make the system more affordable for government. The reforms are therefore predicated on those affected being able to respond positively to reforms – by increasing their income through work; and/ or by reducing their outgoings, in particular through housing choices. For those less able to respond, the government's reforms are intended to provide a safety net that protects the poorest.

This report seeks to understand whether the reforms are delivering their intended outcomes – reducing dependency, while protecting the poorest. It sets out the evidence on the impacts of welfare reform on households, individuals, communities and services across England; and to understand how those affected are responding to reforms. A separate report has also been published by Policy in Practice which presents new, detailed analysis of the financial impacts of welfare changes introduced since 2010 (Policy in Practice, 2017).

### IMPACTS ON PLACES

The impacts of welfare reform have varied between places. While all areas have been impacted by welfare changes, impacts in the northern half of the country have been particularly driven by low incomes and weaker labour markets – with more households reliant on benefits and so seeing their incomes reduced; while in the southern half impacts are particularly driven by high housing costs for those on benefits – leading to significant reductions for those claiming Housing Benefit. In addition, three types of area have been hardest hit:

1. Older industrial areas particularly in the North East and North West, Birmingham and the Black Country – where there is high worklessness, low wages and generally weak labour markets;
2. Less prosperous seaside towns – for example Blackpool, Torbay, and Great Yarmouth, again where there is high worklessness and low wages, along with often higher proportions of private renters; and
3. Inner London boroughs – where rents are exceptionally high and in many places there is also very high worklessness and large numbers of low income households.

We find a weak positive correlation between local employment rates and Housing Benefit costs – suggesting that benefit reductions are larger in areas with stronger labour markets that provide more opportunities to mitigate those impacts. However, at the same time more than half of local areas with the largest numbers of households affected by the benefit cap have employment rates below 70% -

meaning many households with large losses live in areas with weaker employment prospects.

## **IMPACTS ON HOUSEHOLDS AND INDIVIDUALS**

Certain groups are disproportionately affected by welfare reforms – in particular, disabled people and those with health conditions; households with dependent children, particularly lone parents and those with large families; those with the highest rental costs; and many disadvantaged young people. This is in part a consequence of greater cumulative financial losses, but also because some structural barriers disproportionately affect some groups more than others – constraining the ability to respond to the reforms in positive ways.

However, the extent to which large cash losses lead to crises in households appear to be influenced both by their resilience and by their access to support to mitigate impacts. Key factors making it harder for households to respond positively include: lacking supportive social networks; language barriers; pre-existing debt; caring responsibilities; or health barriers including poor mental health or drug/ alcohol dependency. Often, specific events can push people into crisis – like family changes, job loss or unexpected bills. In other cases, an accumulation of small impacts can, over time, lead to crisis.

Reforms are being felt in a number of ways. There is extensive evidence of households ‘going without’ – cutting back on essentials including food, heating and clothing – as well as cutting back on what might be considered non-essentials like socialising, leisure and family activities. A number of studies find growing arrears – often in rents, water and other utilities – in turn leading to indebtedness. This further undermines households’ abilities to deal with emergencies.

These cutbacks appear to be leading to negative impacts on wellbeing, causing stress and anxiety and in some cases contributing to or exacerbating ill health (and in particular, mental health). Behavioural research also suggests that these negative impacts may in turn undermine households’ ability to respond positively, by reducing their sense of agency and resilience.

Among family and communities, there is evidence that welfare reforms have put increased strain on relationships. Parents have often tried to shield children from negative impacts, but this can further increase the pressure on parents and some research nonetheless finds increased stress and anxiety among children – particularly relating to housing. On the other hand, there is some evidence of communities coming together to help to provide peer support for community and extended family members enduring hardship.

Finally, welfare reform is happening in a wider context of rising costs and lower incomes, leading to an ‘affordability gap’ for low income households that may be

interacting with and exacerbating the impacts of reform. This is seen for example in homelessness acceptances, which have increased markedly in recent years.

## **RESPONDING TO REFORM – HOUSEHOLDS AND INDIVIDUALS**

The evidence on both housing and employment responses is mixed, and is complicated in particular by a range of other factors influencing households' circumstances and outcomes. On housing, reforms appear to have led to only modest changes in housing choices over most of the last seven years. However, there is some evidence of changes in more recent years. In particular since the Local Housing Allowance was frozen in 2011, LHA caseloads have risen overall but have fallen sharply in central London. It appears that this may reflect migration from Inner to Outer London, with double the rate of increase in HB claimants in the suburbs compared to the rest of the country.

Changes are starker when looking at employment – with the number of working households in the private rented sector and claiming LHA in Outer London doubling since the start of reforms; while the number of LHA claimants out of work has fallen across London and by more than 40% in Inner London. Workless households appear to be being priced out of private housing in large parts of London, with research also suggesting that landlords are increasingly reluctant to rent to HB claimants, particularly in London.

Elsewhere, housing impacts appear to be muted – with some evidence of downsizing and of negotiating lower rents, but with a range of barriers to moving home. Most importantly, most families want to remain close to their networks, communities and their children's schools. Housing shortages, emotional attachment, the cost of moving and rent arrears are all highlighted as important factors inhibiting people from moving home, as are the costs of adapting accommodation for some disabled people. For many, maintaining housing stability has been the number one priority in responding to reform.

On employment, welfare reforms do appear overall to have led to small positive impacts. The benefit cap has led to those affected being more likely to move into work – with around one in five finding work, rising to 30 per cent of those with the largest losses. The additional impacts on employment (over and above what would have happened without reform) are estimated to be around 5 percentage points – equivalent to 2,500 more people in work after the first year.

Evidence from other reforms is generally limited. Typically, around a fifth to a quarter of those affected by different reforms report increased attempts to find work, and given the fact that employment is at record levels it is plausible that welfare reform has contributed to these increases. However, research also finds a range of constraints on moving into work – including caring responsibilities, poor basic skills, limited work experience, language barriers and ill health. This is further exacerbated

by structural barriers – with weak labour markets in many of the areas hardest hit by reforms. There is a clear opportunity to do more to join up policy and support within and between government departments and programmes, and in particular between employment, housing and welfare.

Those affected have accessed a range of services for support, with Discretionary Housing Payments playing a key role. Historically, local welfare schemes (the replacement for the Social Fund) have also provided support for those facing crises, but recent funding cuts have led to the closure of many schemes.

## **RESPONDING TO REFORM – PLACES AND COMMUNITIES**

Councils have taken a range of measures to respond to reforms – including targeted information campaigns; direct financial assistance (usually via DHPs); one-to-one support with housing and employment; support to move to cheaper accommodation; and signposting to/ joint working with other partners.

Many councils have created cross-organisational partnerships to co-ordinate responses and join up provision, including with Jobcentre Plus and on some occasions with health and other services. Delivery of support has included innovative new approaches of one-to-one support, particularly for those with the largest losses or needing the most housing (and to a lesser extent employment) support. In many cases this appears to have shown impressive results. However, there are significant challenges in this – in particular due to the sheer scale of the reforms and their impacts in many areas; and the fact that welfare changes have happened alongside the gradual rollout of Universal Credit. Budget reductions and increasing pressure on council services have further exacerbated these challenges.

Social landlords have also increased the range of advice and support offered to residents, in particular so as to reduce the risks of rental arrears. However, landlords also increasingly need to take enforcement action against residents, and potentially change their allocations and lettings policies so as to reduce the risk of future residents running up debt.

A range of other organisations and provision have also been affected by, and responded to, reforms – including schools, health services, advice services and the wider voluntary sector. Again, funding reductions and increased demand have increased the pressure on these services.

Community networks have also played an important role in supporting those affected by reforms. However, there is evidence that reforms have negatively impacted on some individuals' abilities to access those networks, and in particular disabled people and those living in more geographically isolated areas. More recent research has also found evidence of some increased segregation within cities, and even stigmatisation of those on low incomes.

## CONCLUSIONS

Welfare reforms introduced since 2010 have had a significant impact on households, communities and services. Reforms appear to have led to small positive impacts on employment and on housing choices, but this evidence is mixed and often tentative. Councils, central government, local voluntary and community organisations and the wider public sector can all play a central role in supporting residents and addressing needs, but this will mean ensuring that areas and partners are able to respond effectively to local challenges and needs.

In particular, this means:

- **Responding to employment challenges** – ensuring that service design, delivery and partnerships can meet local employment, skills and welfare needs. The LGA is currently consulting on proposals for a more integrated, devolved and responsive employment and skills system through its ‘Work Local’ project<sup>1</sup>;
- **Meeting housing needs** – enabling councils and their partners to develop affordable housing, to reduce rent arrears and prevent homelessness, and to reduce temporary accommodation by supporting homeless households; and
- **Adequately funding the safety net** – both to ensure that local capacity and capability is available to help those affected by reform; and that the social security system can support those in greatest need.

**We make four suggestions for how policy and practice could be improved:**

**1. Local councils and Jobcentre Plus, working with key local partners, should ensure that there is appropriate governance and partnerships in place to monitor reform impacts and co-ordinate and oversee responses.**

The ‘Universal Support delivered locally’ trials show the benefits of building effective partnerships that are led by councils and Jobcentre Plus and that involve a range of local partners – including housing, health and advice services. Almost all councils have now signed up to the new arrangements for Universal Support, but the partnership approach in the trials has lost some momentum. We call for joint Jobcentre Plus and council oversight of local partnerships to identify, engage and support residents, which should comprise local partnership boards, joint local planning, shared and agreed outcomes, clear processes for joint working, and as far as possible co-location of support.

**2. Local areas should work together to review their approaches to identifying, engaging, targeting and supporting residents affected by reforms.**

We consider that there are four key priorities for action, set out below.

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<sup>1</sup> See: [www.local.gov.uk/worklocal](http://www.local.gov.uk/worklocal)

**Figure 1 – Priority areas for supporting residents**



Source: Colechin et al (2015)

The nature of this support will vary in different places, and this report sets out a range of examples of good practices. However, it should include:

- Improved data sharing at individual and aggregate level to plan and respond to needs and map reform impacts. This is increasingly problematic under Universal Credit, and local and national government need to work together urgently to agree what data can be shared and how.
- Working with local partners to co-ordinate engagement and build on good practice (including through social landlords, the voluntary and community sector, faith groups and health and care services); underpinned by common assessment, triage and referral processes that go beyond just digital and financial capability.
- Investing in developing capability and capacity among services to identify and engage residents in need.
- Co-ordinating and targeting support across services, in particular by looking to use and influence local commissioning and reviewing the decision to bring Troubled Families within DWP.
- Testing and delivering more integrated caseworker-led models – with a specific focus on income, employment and housing support.

- Encouraging local areas and Jobcentre Plus to set up ‘employment action teams’, resourced through re-purposed Troubled Families support; Flexible Support Fund; or local European Social Fund.
- Working with Health and Wellbeing Boards and Clinical Commissioning Groups to identify opportunities to align health support alongside welfare support.

**3. Central government should reform Discretionary Housing Payments so as to allow seed-funding of the above approaches, as part of a recognised and adequately resourced local safety net.**

DHP rules are complex and often get in the way of funding local partners to deliver advice and support to those affected by reforms. It should be feasible within existing – or ideally, increased – DHP budgets to allow for investment in the delivery of the sort of support set out above. Following the effective removal of funding for local welfare support, this would be a necessary but not sufficient step towards developing a properly funded, local, safety net for those enduring significant hardship.

If this can be done in a rigorous and properly evaluated way, then it should also be feasible for this funding to become self-sustaining through future social or public investment.

**4. Central government should review its approach to the subsidising of private rents, and to work incentives within Universal Credit.**

Reductions in Local Housing Allowance have led to significant challenges for many residents in the private rented sector; while reductions to financial support for working families under Universal Credit will both reduce incomes and weaken the financial incentive to work. These two issues risk undermining the objectives of the welfare reform programme and should be reviewed as a priority.

# 1. INTRODUCTION

The Learning and Work Institute, with Policy in Practice, were commissioned by the Local Government Association to review the local impacts of welfare reform and how these impacts have been responded to.

This report summarises the evidence on the local impacts of reform on households, individuals, communities and services across England; and how those affected are responding to reforms. It draws on an extensive review of published evidence on the impacts of welfare changes – comprising around 70 published sources from academics, independent researchers, local government and other public bodies. This has been supplemented by a number of roundtables and interviews with officers in local government and experts in welfare reform.

We are very grateful to those who have contributed their time to support with this research, including a number of councils – Brighton and Hove, Croydon, Devon, Gateshead, Hackney, Melton, Newcastle, Southwark, St Helens, Surrey, Sutton, Tower Hamlets and Westminster.

Alongside this report, a separate report has also been published by Policy in Practice which presents new, detailed analysis of the financial impacts of welfare changes introduced since 2010 (Policy in Practice, 2017).

## DEFINING WELFARE REFORM

Since 2010, the Coalition and Conservative Governments have embarked on a far-reaching programme of changes to the United Kingdom's welfare system. These represent the most fundamental changes to the system in a generation, intended both to reduce dependency on social security and to contribute to the Government's deficit reduction strategy. As the Conservative Government put it in its 2015 Budget, *"The welfare bill is too high, and the welfare system traps too many people in benefit dependency."* That Budget set out three key objectives for reform, to:

- Make welfare "more affordable and fair to the taxpayers who pay for it";
- Continue "to support the most vulnerable"; and
- "Reward work and back aspiration" – through welfare, tax and wage reforms.

The Conservative's 2017 general election manifesto reiterated these broad principles. While ruling out further radical welfare reform, it stated that: *"We will continue to run the welfare system in accordance with our belief that work is the best*

*route out of poverty, that work should always pay, and that the system should be fair both to the people in need of support and those who pay for it.”<sup>2</sup>*

The government’s reforms are therefore predicated on those affected being able to respond positively – by increasing their income through work; and/ or by reducing their outgoings, in particular through housing choices – and for those less able to respond, the system should continue to provide a safety net.

This report seeks to understand whether the reforms are delivering their intended outcomes – reducing dependency, while protecting the poorest. It focuses specifically on changes to financial welfare benefits – so *how much* is paid, *to whom* and *how* it is paid.

The new analysis for this project, published in Policy in Practice (2017), shows that even allowing for changes in personal taxes and the introduction of the National Living Wage, seven million low-income households will see their incomes lower by on average **£31 per week by 2020 in cash terms**, as a consequence of cumulative welfare changes – equivalent to a reduction in welfare spending of more than **£11 billion per year**. However, the impacts increase significantly when the impacts of inflation (prices and rents) are taken into account – with the freeze in benefits leaving households a further **£33 per week worse off** on average between **2017 and 2020 alone**.

## **The Coalition’s welfare reforms**

The most significant changes to the welfare system – in terms of how much is paid, to whom and how – were announced in the early years of the 2010 Coalition government. Many of these changes were implemented in the latter half of that Parliamentary term, with their cumulative impacts growing year on year. The breadth and scale of reforms means that in practice, nearly every adult household that claims benefit has seen their benefits changed or reduced. These reforms are summarised below.

### **Changes to benefit rates**

- **Lower annual uprating of benefits and tax credits.** From April 2013, all main benefits were increased by a maximum of 1% per year instead of the (usually higher) Consumer Prices Index. By increasing benefits by less than inflation, the ‘real’ value of most benefits fell, leading to increases in the gap between household income and living costs.
- **Reductions in Housing Benefit (HB) for renters in the private sector.** A number of changes took effect from 2011, including:

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<sup>2</sup> *Forward, Together: Our Plan for a Stronger Britain and a Prosperous Future – The Conservative and Unionist Party Manifesto 2017*

- Restricting the maximum 'Local Housing Allowance' to the thirtieth percentile of average local rents (instead of the median rent);
- Introducing HB 'caps' for different household sizes;
- Restricting HB to a (lower) 'Shared Room Rate' for most claimants aged under 35; and
- Removing the link between rent rises and benefit rates in calculating annual increases in HB.

As many of these changes have held down benefit rates while rents have risen, the financial impacts on households ratchet up year-on-year.

- **Changes to tax credits.** These also began in 2011 and predominantly affected low income working households – including reductions in the basic, 30-hour and childcare elements of tax credits; offsetting increases in the child element; and changes to working hours requirements, thresholds, disregards and withdrawal rates (which have all reduced the financial incentives for claimants to work).
- **The introduction of 'size criteria'** for most HB recipients in social housing, which from April 2013 have reduced awards by 14% where tenants are deemed to have one spare bedroom and 25% where they have two spare bedrooms. This is also known as the 'bedroom tax' or 'spare room subsidy'.
- **The introduction of a cap on total benefit receipt** for most households where no adult is in work, of £26,000 a year for families or £18,200 a year for childless single people (which has since been further reduced – see page 14 below).

### **Changes to benefit entitlements**

Many of the above reforms served to remove eligibility for claimants who previously had small awards, particularly low-income working households that had entitlements to HB and/ or tax credits. However, a number of reforms were intended specifically to introduce more stringent entitlements to benefits for claimants. In particular, this comprised:

- **The replacement of Disability Living Allowance (DLA)** with a new benefit called the **Personal Independence Payment (PIP)**. This was intended primarily to reduce eligibility for the new benefit by targeting resources at those with more significant or acute needs. Rollout of PIP was significantly delayed, but all existing claimants of DLA are now being reassessed for entitlement to the new benefit.

- **The reassessment of existing claimants of ‘incapacity benefits’<sup>3</sup> under the new Employment and Support Allowance regime.** This was part of a set of reforms introduced by the previous Labour government but which took place during the Coalition Government. Around one in five claimants of incapacity benefits were found fit for work as part of this process, leading to lower benefits and increased requirements to look for work.
- **The restriction of contributory Employment and Support Allowance (ESA) to one year** for claimants in the ‘Work Related Activity Group’ (those deemed as being capable of preparing for work). This change took effect in 2013 and affects households with an income too high to qualify for means-tested ESA (e.g. where the household has savings or another member in work).

### **Changes to the administration of benefits**

Finally, there were four significant reforms to the design and delivery of the benefits system. Each of these have also led to changes in benefit levels and entitlements.

- **The introduction of Universal Credit (UC)**, which is replacing the main means-tested benefits for those on low incomes in and out of work (HB, Jobseeker’s Allowance, Income Support, Employment and Support Allowance, tax credits) into a single payment. It also transfers responsibility for administering HB from local to central government, and introduces significant changes to how benefits are accessed and paid – with claims predominantly made and managed online, and payments made monthly in arrears as a single payment to the head of the household. UC has been significantly delayed, but is now being rolled out in earnest.

As Policy in Practice (2017) sets out, UC will also lead to significant changes (and often reductions) in entitlement for households.

- **Localisation of Council Tax Support** (and abolition of Council Tax Benefit), which took effect in April 2013. As well as replacing the national system with new local schemes, this reform also included a built-in funding cut of around 20%. As a consequence, many councils now require out-of-work benefit claimants to pay part of their Council Tax liability.
- **Changes to the sanctions regime.** Alongside a general trend for increased conditionality, major changes in the design and severity of benefit sanctions were introduced in October 2012. This led to significant increases in the rate at which sanctions have been applied for claimants, both of Jobseeker’s Allowance (JSA) and of ESA.

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<sup>3</sup> Defined as Contributory Incapacity Benefit, means-tested Income Support with Disability Premium, means-tested Severe Disablement Allowance

- **The removal of the Independent Living Fund**, which provided discretionary support for disabled people to help with meeting the costs of additional care needs. In July 2015, responsibility for funding this support was transferred from central to local government.

## The Conservative Government's reforms

Following the general election, a further raft of welfare reforms were announced by the Conservative Government in their 2015 Budget and Spending Review. While some elements of these were subsequently reversed, the key remaining changes were as follows.

- **Freezing the annual uprating of benefits and tax credits.** From April 2016, all main benefits will be frozen in cash terms for the next four years. This again means that the 'real' value of these benefits will fall, leading to further increases in the gap between household income and living costs.
- **Changes to UC for those in work.** There were significant cuts to the amount of UC that can be kept without penalty for those in work (known as 'work allowances'), which were subsequently offset to a small extent by reductions in the rate at which UC is withdrawn as earnings increase (falling from a reduction of 65p for every £1 of earnings, to 63p).
- **Cuts to tax credits and UC for larger families**, with the removal of entitlements for additional financial support for third and subsequent children within claimant households. These changes took effect for new claimants from April 2017, with an exemption for claimants who can document that subsequent children were conceived following non-consensual sex.
- **A reduction in the cap on total household benefit receipt**, to £23,000 in London for families or £15,410 for childless single people; and to £20,000 outside of London for families or £13,400 for childless single people.
- **The removal of the Work Related Activity Component** in ESA, for new claimants from April 2017 – reducing benefit entitlement by £29 per week for claimants of ESA in the Work Related Activity Group, bringing it into line with JSA.
- **Capping social sector HB rates to a maximum of the equivalent amount that can be claimed by those entitled to the Local Housing Allowance** (i.e. in the private rented sector). This will reduce rates for some claimants in the social sector, and could have particularly significant impacts on the supply of and funding for adapted accommodation in the social sector.

- **Introduction of a new ‘Youth Obligation’ for claimants aged 18-21.** This is being rolled out alongside UC and will lead to claimants not normally being entitled to housing support, and normally being required to participate in education, employment or a work placement.

## THE IMPACTS OF WELFARE REFORMS

Taken together, these reforms have significant impacts both on the amount of benefit that people receive, and the ways in which they apply for and receive it. Policy in Practice (2017) sets out in detail the financial impacts of welfare reform. This analysis also includes the impacts of off-setting changes, particularly the significant raising of personal tax allowances for those in work, and the introduction of a National Living Wage, of £7.50 per hour for those aged over 25. Policy in Practice (2017) finds that only a small proportion of those affected by welfare changes will also benefit from these mitigation measures. It shows that welfare reform impacts are particularly significant for the following groups – who are often affected by multiple reforms and may fall into more than one of these categories:

- **Tenants in the private rented sector**, who have among the largest real losses in income, driven in particular by the de-linking of LHA rates from the growth in private rents.
- **Low income working households**, who are particularly impacted by cuts to tax credits under the Coalition and UC under the Conservatives. These reductions in financial support also lead to an inevitable and inescapable reduction in the financial returns from employment.
- **Households with disabled members** – who are impacted by a range of reforms to disability and health-related benefits, and are also more likely to be affected by a range of other reforms.
- **Larger families** – who see multiple losses from tax credits changes, HB reductions and increasingly the overall benefit cap.
- **Those who are multiply disadvantaged** – with over two-thirds of those facing the greatest losses having more than one disadvantage that includes having disabled members, being a lone parent household, having caring responsibilities and/ or having young children.

The above analysis focuses on the scale of financial losses for different groups. However, a range of studies have set out that the impacts of welfare reforms can be driven by other things too. In particular, **household circumstances** matter as well as households’ characteristics – with research finding that a range of factors can lead to very different impacts on households with otherwise similar financial losses. In addition, studies have found a range of impacts on different services, leading in

turn to impacts on what households can access and therefore the subsequent impacts of reforms.

## **THIS REPORT**

This report seeks to complement the analysis of financial losses by also assessing how impacts have been felt by different households, communities and services. It has done this through a rapid review of research evidence on welfare reform; as well as interviews and workshops with councils and key stakeholders, and analysis of council level data.

### **The rapid evidence review**

Both grey literature and academic papers were considered in scope for this review. A search was conducted for relevant government-published reports as well as reports produced by academic and independent research centres, think tanks, and voluntary sector organisations. Web of Science searches were also conducted to identify relevant journal articles. Backward reference searching was carried out from identified reports and papers. Only documents produced since 2010 were considered.

Around 100 documents were reviewed. Documents that only focused on the devolved nations, that just reported benefit income loss figures, or that solely provided speculative commentary on the impact of welfare reform were excluded. In total, 68 of the documents reviewed were deemed relevant.

Findings relevant to the key objectives of this project were extracted from the documents. Attention was paid to the methodologies used to generate the findings. The findings included in this report include those generated from primary qualitative research (e.g. from in-depth interviews and focus groups), primary quantitative research (e.g. from closed-question online and telephone surveys), and statistical analysis (e.g. of behavioural outcomes). As different reforms have come into effect at different times, these may have varying immediate and longer-term effects which may be felt differently by different groups and/or localities. This report provides details of the data from which findings have been drawn from wherever this may be relevant.

The majority of the research published to date that has looked at how welfare reform has been experienced has focused on specific groups (e.g. disabled people or private renting families), areas (whether regions, e.g. the North East, or council areas, e.g. Brighton and Hove), or specific reforms (e.g. the overall benefit cap or sanctions reforms). Bringing together these findings into a single report should enable development of a more holistic and comprehensive understanding of how people and services have been impacted by the welfare reforms since 2010.



## 2. IMPACTS ON PLACES

### SUMMARY

This chapter sets out how welfare reform impacts vary for different places. These differences are driven by a range of factors – including differences in demographics, employment and housing markets.

While all areas have been impacted by welfare reform, impacts in the northern half of the country have broadly been driven by low incomes and weak labour markets – with more households reliant on benefit and so seeing their incomes reduced; while in the southern half impacts have been driven by high housing costs for those on benefits – leading to significant reductions for those claiming Housing Benefit (HB). In addition, three types of area have been hardest hit:

1. Older industrial areas particularly in the North East and North West, Birmingham and the Black Country – where there is high worklessness, low wages and generally weak labour markets;
2. Less prosperous seaside towns – for example Blackpool, Torbay, and Great Yarmouth, again where there is high worklessness and low wages, along with often higher proportions of private renters; and
3. Inner London boroughs – where rents are exceptionally high and in many places where there is also very high worklessness and large numbers of low income households.

We find a weak positive correlation between local employment rates and HB costs – suggesting that benefit reductions are larger in areas with stronger labour markets and so more opportunities to mitigate those impacts. However, at the same time more than half of local areas with the largest numbers of households affected by the benefit cap have employment rates below 70% - meaning many households with large losses live in areas with weaker employment prospects.

Overall then, impacts and outcomes are driven by: the scale of losses; external factors (including access to affordable housing and to employment); and household resilience (which in turn can be impacted by geographical factors, like rurality).

Community networks appear to have played an important role in supporting those affected by reforms. However, there is evidence that reforms have negatively impacted on some individuals' abilities to access those networks, particularly disabled people and those living in more geographically isolated areas. More recent research has also found evidence of some increased segregation within cities, and even stigmatisation of those on low incomes.

## IMPACTS ON PLACES

Much of the research exploring impacts in different areas has focused on calculating the financial impact of reforms. Analysis by Beatty and Fothergill (2013; 2016) and by Wilson et al (2013) found that different welfare reforms are having different impacts in different areas. These impacts can comprise larger than average numbers of households affected by reforms, larger than average reductions in income for those households, or in some cases a combination of the two – large losses for large numbers of households. Impacts can also be exacerbated where households are less able to respond to or cope with reforms.

Wilson et al (2013) found significant differences reflecting differing socio-economic factors and housing markets. So, in the northern half of the country, negative impacts were driven in particular by low incomes, with larger numbers of households both in and out of work on benefits and so seeing their incomes reduce as a consequence of reform. Meanwhile in the southern half of the country, impacts were more likely to be a consequence of changes to HB – with housing costs generally being higher and therefore more low-income residents claiming HB and seeing that reduced as a consequence of reform.

Both Beatty and Fothergill (2013; 2016) and Wilson et al (2013) concluded that three types of area had been ‘hardest hit’. These comprised:

1. **Older industrial areas.** Substantial parts of North East and North West England and Birmingham and the Black Country could be considered to fall into this category. These areas are particularly affected by reforms due to having high levels of unemployment and low-wage earning households.
2. **Less prosperous seaside towns.** Examples include Blackpool, Torbay, and Great Yarmouth. Like the older industrial areas, these towns are particularly affected by reforms due to having high levels of unemployment and low-wage earning households. These towns typically also have higher proportions of private-renting households.
3. **Some inner London boroughs.** Examples include boroughs traditionally considered ‘deprived’ such as Hackney but also other boroughs such as Brent. London boroughs are particularly affected by reform due to their very high housing costs.

Whilst such analysis usefully highlights areas facing the most intense financial impact of the reforms overall, it also serves to illustrate how the drivers and the consequences of welfare reforms could vary significantly between areas – regardless of whether they are among the ‘hardest hit’. This of course has significant implications for the support and interventions that councils provide, and is illustrated in the case studies below.

***Case Study: The impact of high rental costs in southern England outside of London***

Beatty and Fothergill's (2013; 2016) analysis concludes that much of southern England 'escapes lightly' from welfare reform. However, this in part reflects their methodology, which places a greater emphasis on areas with more households affected by reforms. Looking at impacts on a per-affected household basis, losses are at least as great as, and often greater than those, in the areas identified as 'hardest hit'.

Research in Surrey (Surrey WRCG, 2016a) and Brighton and Hove (Colechin et al, 2015) are two examples that highlight how residents affected by reforms in relatively more prosperous areas in southern England are substantially financially affected, by the benefit cap in particular, due to the areas having very high house rental costs.

***Case Study: Labour market and house size structural barriers in the North East***

Research suggests that different areas have different structural factors that make it easier or harder for residents to respond to welfare changes by moving home or increasing income. In many parts of the north, labour market challenges are particularly significant. The relative weakness of the labour market in the North East, for example, was found to severely constrain people's ability to move from unemployment into work – or to increase their hours or wages if already in work – as a response to reforms (Edwards et al, 2013).

The North East is also significantly affected by the HB size criteria due to there being a shortage of one-bedroomed properties, thus constraining people's ability to move to a smaller home as a response to reforms (Edwards et al, 2013; Moffatt et al, 2015). It is estimated that there are over 20,000 more households in the North East needing one-bedroomed properties to avoid the size criteria reform, than there are one-bedroomed social housing properties coming available in a year (Edwards et al, 2013).

### ***Case Study: Affordable private-rented sector housing as a structural barrier in London***

In London, high house rental costs are exacerbating the negative impacts of reform. LHA changes have resulted in an average reduction in HB for those in private-rented accommodation that is more than double that in Great Britain as a whole (Beatty et al, 2014a). For those who are affected and live in inner London boroughs, LHA changes coupled with the overall benefit cap is reducing the likelihood that their current home, or other private-rented sector properties in the same area, will be affordable.

Some individuals have moved in response; with the typical pattern seen to date being for people to move just out from their current borough to a neighbouring borough, rather than to more distant boroughs (Beatty et al, 2014a).

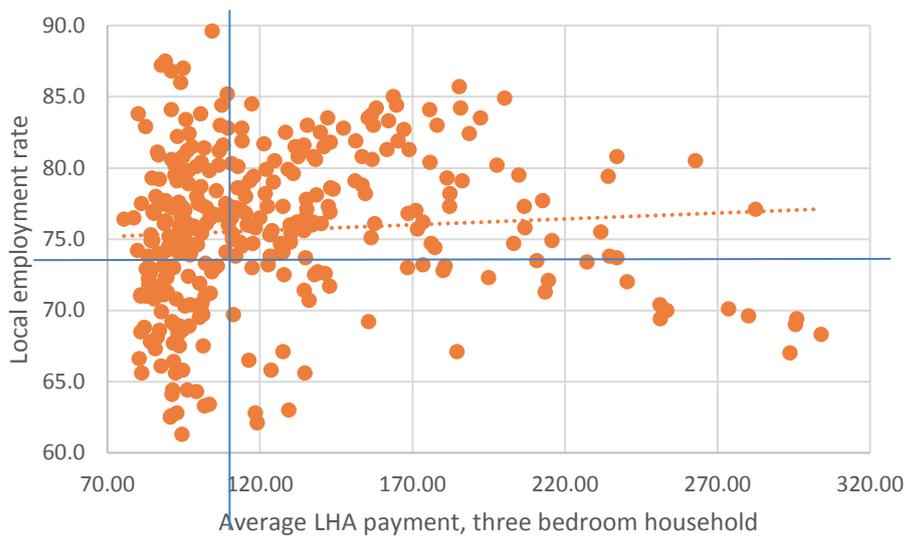
However, the availability of private-rented properties for those affected is reducing (Fitzpatrick et al, 2017). A survey, looking at the impact of reforms to Local Housing Allowances and conducted with private landlords in late 2012/ early 2013, found that a significantly greater proportion of those with property in London were seeking to reduce lets to LHA tenants and were planning to stop letting to LHA tenants altogether in the future (Beatty et al, 2014b). Reducing housing options for those affected by the reforms constrains people's ability to proactively consider moving as a response to the reforms.

A higher proportion of landlords with property in London (over a quarter) also reported having taken non-renewal, cessation and/ or eviction activity against tenants in response to the impact of the LHA reforms (Beatty et al, 2014b). Alongside this, homelessness acceptances in London have risen dramatically. In 2015/16 they were 103 per cent higher than (more than double) the 2009/10 figures (Fitzpatrick et al, 2017). In contrast, in Northern England homelessness acceptances are now slightly lower than the 2009/10 national low point.

A number of the examples above set out the specific challenges that employment and housing markets can present. In other words, the extent to which households can respond to reform will be affected by the availability of employment and of housing. Looking specifically at the impacts of HB reductions in the private rented sector, we have looked to explore the extent to which areas with high private rents also have stronger labour markets. If they do, then it should follow that residents will be relatively more able to mitigate housing losses by finding or increasing employment.

Figure 2.1 below maps for all councils their employment rates against the average LHA payment for a three-bedroom home). The trend line does show a weak positive correlation – suggesting that HB reductions are likely to be larger in areas with stronger labour markets. This in turn means that it is likely that those affected would have more opportunities to mitigate those impacts.

**Figure 2.1 – Council employment rates and average 3-bed LHA payment**



Source: Annual Population Survey; Stat X-Plore; Learning & Work analysis

However, it is important to note that the relationship above is relatively weak. In particular, one in seven authorities have LHA payments that are above average and employment rates below average – in particular a large number of London boroughs, a range of coastal towns and cities (including Brighton and Hove, Eastbourne, Gravesham, Havant, Poole, Portsmouth, Southampton) and towns in the home counties (Canterbury, Luton, St Albans, Stevenage).

In addition, looking at the latest data on households affected by the benefit cap, this finds that of the 33 council areas with the largest numbers of households affected by the cap<sup>4</sup>, 18 are areas with employment rates below 70% (significantly below the national employment rate of nearly 75%). These are set out in Table 2.1 below. This shows that many households with large losses live in areas with weaker employment prospects.

<sup>4</sup> We have defined this as local areas in the top decile in terms of numbers of households impacted

**Table 2.1 – Local areas with high numbers of benefit capped households and employment rates below 70%**

<b>Council</b>	<b>Number of capped households (Feb 2017)</b>	<b>Employment rate (Jan-Dec 2016)</b>
Birmingham	2858	63.4
Brent	1135	69.4
Hackney	997	69.0
Bradford	816	67.3
Tower Hamlets	698	69.4
Walsall	641	66.4
Sandwell	639	61.3
Westminster	607	68.3
Nottingham UA	602	62.6
Liverpool	591	64.3
Leicester UA	562	62.8
Wolverhampton	550	64.1
Coventry	507	68.9
Barking and Dagenham	454	67.1
Camden	439	69.6
Kensington and Chelsea	424	67.0
Luton UA	424	67.1
Kirklees	412	69.9

## **IMPACT ON COMMUNITIES**

Community networks have played an important role for many of those impacted by reforms, providing financial and emotional support. Research by Real Life Reform (2015) found that support networks are being tested by reforms but are generally remaining intact. However, people often felt embarrassed to rely on others and were concerned about placing a burden on them (Moffatt et al, 2015; Real Life Reform, 2015). In addition, some were finding that reduced income was leading to increasing isolation from their networks (Moffatt et al, 2015, Wood and Grant, 2010).

Concern has also been expressed by the CRPD Committee (2016) about the impact of welfare reforms on the ability for disabled people to be included in the community and live independently. Though the UK Government (2016) disagreed with this conclusion, Inclusion London (2016) reported some similar findings to the CRPD Committee. Lane (2014) also found Employment and Support Allowance sanctions to be linked to increasing social isolation and exclusion.

*“It has made me despair basically, it has made me even more withdrawn from society”*

(Sanctioned disabled person in Tower Hamlets, interviewed by Lane, 2014, p.43)

As well as issues with individuals becoming more isolated from their communities, some research also suggests that reforms may have contributed to impacts on community cohesion. Power et al (2014) found concern from housing association staff in relation to the increasing polarisation of their tenants, and concerns from tenants about a rise in anti-social behaviour. Winter et al (2016) found that Manchester residents affected by the reforms felt that they are experiencing increasing segregation and stigmatisation. Some of those interviewed by Roberts and Price (2014) reported turning to shoplifting in a desperate attempt to obtain some of the essentials such as food that they were now struggling to pay for.

### 3. THE IMPACTS ON HOUSEHOLDS AND INDIVIDUALS

#### SUMMARY

This chapter sets out the evidence on the impacts of welfare reform on households and individuals. Welfare reforms have been a key contributing factor to an 'affordability gap' between household incomes and their outgoings, particularly on housing. The chapter begins by outlining the evidence on impacts for households with different characteristics, then describes how their circumstances can then influence how these impacts are felt.

Certain groups are disproportionately affected by welfare reforms – in particular, disabled people and those with health conditions; households with dependent children, particularly lone parents and those with large families; those with the highest rental costs; and many disadvantaged young people. These groups often both face larger reductions in their income and are less able than other groups to mitigate those impacts through housing and employment choices.

The extent to which large cash losses lead to crisis is influenced by households' resilience and by their access to housing and employment opportunities. Key factors making it harder for households to respond include: lacking supportive social networks; language barriers; pre-existing debt; caring responsibilities; health barriers including poor mental health; or living in an area with a weak labour market and/ or high rents. Often, specific events can push people into crisis – like family changes, job loss or unexpected bills. In other cases, crises can follow an accumulation of small impacts.

Reforms are being felt in a number of ways. Many households have been able to cope with and even respond positively to welfare reforms (with responses set out in more detail in Chapter 4). However, there is also evidence of households 'going without' – cutting back on essentials including food, heating and clothing – as well as on what might be considered non-essentials like socialising, leisure and family activities. A number of studies find growing arrears – often in rents and utilities. This further undermines the ability to deal with emergencies.

Where families have had to cut back, this appears to have led to negative impacts on wellbeing, causing stress and anxiety and in some cases contributing to or exacerbating ill health (and in particular, mental health). Behavioural research also suggests that these negative impacts may in turn undermine households' ability to respond positively, by reducing their sense of agency and resilience and in turn creating a vicious circle.

Among family and communities, welfare reforms have put increased strain on relationships. Parents have often tried to shield children from negative impacts, but this can further increase the pressure on parents, and some research nonetheless finds increased stress and anxiety among children, particularly relating to housing. On the other hand, there is some evidence of communities coming together to help to provide peer support for community and extended family members in hardship.

Finally, there is evidence that homelessness acceptances have increased – particularly in recent years.

## **IMPACTS ON PARTICULAR GROUPS**

Research on the impacts of welfare reform makes clear that certain groups of people are disproportionately affected by reform. This is in part a consequence of a number of reforms simultaneously affecting some groups more than others, making the cumulative financial loss greater, but also because some structural barriers disproportionately affect some groups more than others – constraining the ability to respond to the reforms in positive ways.

### **Disabled people and those with significant long-term health conditions**

Disabled people and those with significant long-term health conditions are the group most commonly highlighted as particularly adversely affected by the reforms. This was both in relation to the cumulative effect of reforms as a whole (Beatty and Fothergill, 2014; CRPD Committee, 2016; Davies and Wilson, 2014; Duffy, 2013; 2014, EHRC, 2014; 2015; 2017; Kennedy et al, 2016; Lane, 2014; Liverpool City Council, 2017; Power et al, 2014; Taylor-Robinson et al, 2014; UN Economic and Social Council, 2016) and also in relation to particular reforms including:

- Closure of the Independent Living Fund, which Inclusion London (2016) found had a negative impact on disabled people's independence, their choice and control over their lives, and their health and wellbeing;
- The 12 month time limit for receipt of contributory Employment and Support Allowance, which Kennedy et al (2016) found could increase poverty for those with long-term conditions;
- Work Capability Assessments, with Colechin et al (2015) finding that disabled people and those with health conditions who were assessed as having the capacity to work but had significant disability and/ or health related work barriers often experienced great anxiety, with their condition(s) sometimes being exacerbated as a result. Surrey WRCG (2016a) likewise identified disabled people judged to have the capacity to work as a group expected to be particularly impacted; and

- The Housing Benefit (HB) size criteria, which Wilcox (2014) found to have a particular impact on those whose disability or health issues made it inappropriate for a couple or a child to share a bedroom, and those who currently lived in homes that had been adapted to meet the requirements of a disabled resident. Whilst Discretionary Housing Payments should in theory be available in such cases, Wilcox (2014) found that local practice is uneven.

Disabled people and those with health conditions are found not only to be impacted simultaneously by a number of the welfare reforms, but also to often face significant employment barriers. Caring responsibilities for the disabled family member can also act as a barrier for others in the household.

### **Households with dependent children, including lone parents**

Parents with dependent children are identified as a group particularly affected by welfare reform (Beatty and Fothergill, 2014; Liverpool City Council, 2017). Some research found that the number of dependent children had an effect, with Beatty and Fothergill (2016) and Power et al (2014) suggesting those with three or more children were particularly adversely impacted.

Davies and Wilson (2014) found lone parents with dependent children faced larger impacts than households with dependent children as a whole. Power et al (2014) likewise identified lone parents specifically as a group particularly impacted, as did Surrey WRCG (2016a) – especially lone parents with two or more children and living in private accommodation (due to the gap between the LHA and local rents). In research in Tower Hamlets in London, Lane (2014) also found lone parents to be particularly affected, especially those with three or more children, out of work and with barriers such as limited work experience/ skills or limited English.

As well as being impacted by a number of reforms, for lone parents their caring responsibilities could make it harder to find suitable employment, resulting in them feeling ‘stuck’ and unable to respond to reforms by moving into work or increasing their hours (Colechin et al, 2015).

### **Other vulnerable groups**

Other groups highlighted in research as particularly affected by reforms were:

- Low income households of working age (De Agostini et al, 2014; Liverpool City Council, 2017);
- Working-age tenants in the social rented sector, who are significantly affected by the post-2015 reforms (Beatty and Fothergill, 2016; Liverpool City Council, 2017), especially those with ‘spare’ bedrooms (Power et al, 2014);

- Those living in the private-rented sector in areas with high rental costs, such as London (Lane, 2014) and Oxford (Davies and Wilson, 2014);
- Single homeless people, who now have greater competition for one-bedroomed homes due to the HB size criteria leading more households to downsize (Clarke et al, 2015);
- Single people aged under 35, whose access to the private rented sector has been reduced by 40 per cent as a result of the Shared Accommodation Rate limits (Fitzpatrick et al, 2017; Reeve et al, 2016)
- LGBT people aged under 35, who may experience difficulty finding shared accommodation in which they feel safe and accepted rather than discriminated against (Mitchell et al, 2013); and
- Young people who have been sanctioned (Colechin et al, 2015).

## IMPACTS BY ABILITY TO RESPOND

A number of studies found variation in the ability of households to respond to reforms. Whilst this could be partly explained by the extent to which those individuals were affected by the reforms – i.e. by the financial loss – this was not the only factor. The ability to manage and cope with the impact of reforms was also affected by individuals' resilience. So, both internal (individual) and external (environmental) factors are important in shaping the likelihood that an individual will be able to respond successfully to reductions in income or changes to entitlement caused by welfare reform.

In the past, provision including Social Fund, local welfare assistance schemes and local welfare support have enabled partners to support those less able to respond to changes in income. However, within significant reductions in funding of these forms of support, it is increasingly important for councils and partners to be able to identify and then support those with greatest need.

In qualitative research with residents in East London, Roberts and Price (2014) found two distinct groups based on their response to the reforms. One group demonstrated good resilience and an ability to respond to changes, while a second group were more likely to be overwhelmed and less able to cope. Those in the resilient group were found to have fewer or less complex barriers. Key barriers for those in the less resilient group included **lacking a supportive social network, language barriers, and health barriers.**

Similarly, in qualitative research with residents in Oxford in 2014, factors found to affect people's resilience to cope with the reforms were **social networks, language and literacy, and drug or alcohol dependency** (Davies and Wilson, 2014).

In both of the above reports, strong social networks were found to be a protective factor, increasing resilience. Social networks could comprise family, friends and/or neighbours and provided not only financial but also advisory and emotional support. This is an important finding given that one of the ways in which impacts were anticipated to be reduced was through moving home, which could in turn have the negative consequence on social networks.

Work by Keohane and Shorthouse (2012) has identified households' budgeting approach as an important indicator of resilience (in this case, in preparing for Universal Credit (UC)). They found three broad types of budgeting approach:

- **'Ad hoc budgeters'** – who had no savings, were reactive, had short-term horizons, and a lack of engagement.
- **'Tacticians'** – who used the benefit system for rationing and apportioning, budgeted and paid for things in cash, deliberately tested the tolerance of providers for arrears, and had on-line oversight of their budget.
- **'Planners'** – who often budgeted monthly, were financially engaged, used budget calendars, Direct Debits and more considered use of credit, were more likely to save, and used online banking.

Keohane and Shorthouse (2012) also identified characteristics associated with the ability to adapt to welfare reforms, set out in Figure 3.1 below. This reiterates the potential benefits from supporting people to develop more resilient budgeting approaches, as well as the vulnerability of those affected by multiple welfare reforms.

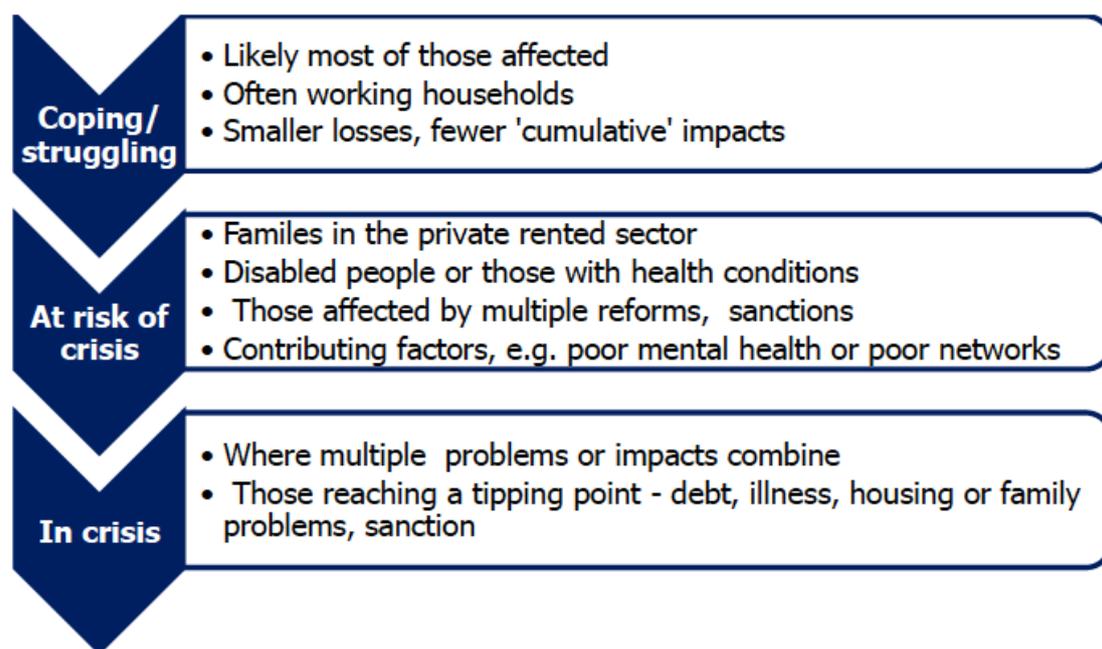
**Figure 3.1 – Characteristics associated with ability to adapt**



Source: Keohane and Shorthouse (2012, p.118)

Colechin et al (2015) have also identified characteristics associated with the extent to which households are able to cope with welfare reforms. Drawing on primary research with residents affected by welfare reform in Brighton and Hove, they found that households could be grouped by those coping/ struggling, those at risk of crisis, and those in crisis.

**Figure 3.2 – Segmentation by ability to respond to welfare reforms**



Source: Colechin et al (2015, p.70)

Colechin et al (2015) argue for the need to identify risks earlier and to assess needs in a more systematic way. Chapter 5 describes how this sort of analysis has been used by councils and places to respond to reform, including in Brighton & Hove, while Chapter 6 sets out ways in which this can be taken forward locally.

## HOW REFORMS ARE FELT

Across the research studies reviewed, impacts of reforms could be seen across three key domains: financial; health and wellbeing; and family and community. Each of these is taken in turn below. It is important to note that the impacts of welfare reform are a complex picture, with reforms interacting with a range of other factors that can contribute both to a widening affordability gap (particularly, the strength of local housing and employment markets) and impact on health and wellbeing.

### Financial

As the reforms lead to reductions in the amount of benefit income that individuals and households receive, it is unsurprising that the financial impacts of reforms emerged as a strong theme in the studies reviewed.

## **Impact on ability to afford food, heating and other essentials**

Many studies highlight the impact of reform on some households' ability to afford food and heating, with those affected cutting back as a result (Bragg et al, 2015; Clarke et al, 2015; Colechin et al, 2015; CRPD Committee, 2016; Davies and Wilson, 2014; Hands off our Homes, 2013; Lane, 2014; Moffatt et al, 2015; Real Life Reform, 2015; Roberts and Price, 2014; Slay and Penny, 2013; Winter et al, 2016). Some of those affected found ways to cut their food bills or were turning down heating (Clarke, 2014). However, many had cut spending on these essentials in ways that were likely to be unsustainable and/ or detrimental (Clarke, 2014; Davies and Wilson, 2014, Patrick, 2014; Power et al, 2014).

*"You can't afford to heat the house, you can't afford to feed yourself, which is hard especially with my illness...sometimes I don't eat for days."*

(Individual affected by the reforms in Oxford, interviewed by Davies and Wilson, 2014, p.45)

Some described being unable to afford essential clothing, such as warm winter coats, shoes, and school uniforms for their children (Bragg et al, 2015; Hands off our Homes, 2013; Lane, 2014).

*"He was freezing and he was too scared to say to me," Mum I need a coat' because he didn't want to put added pressure on me."*

(Mother of four in Manchester, interviewed by Bragg et al, 2015, p.78).

Fitzpatrick et al (2016) found that welfare changes, especially benefit sanctions, were linked to destitution – which they defined as lacking two or more of the essentials (shelter, food, heating, lighting, appropriate clothing/ footwear, basic toiletries) over the past month due to not being able to afford them. The increasing need to rely on food banks was also found by some (CRPD Committee, 2016; Power et al, 2014; Slay and Penny, 2013; Surrey WRCCG, 2016b).

## **Impact on other reductions in spending**

Examples of non-essentials that people had cut back on included socialising, leisure costs, travel, trips out, children's activities and pocket money, and mobile phones (Clarke, 2014; Clarke et al, 2015; Winter et al, 2016). People also described selling items of value including cars, furniture and jewellery (Clarke, 2014; Power et al, 2014) and not replacing items such as washing machines when they broke (Clarke, 2014; Roberts et al, 2014).

Having to cut back on children's activities, including educational activities, could also have a detrimental impact on children (Winter et al, 2016). Likewise, some people

with pre-existing health conditions reported having had to stop participating in leisure activities such as swimming (Real Life Reform, 2015).

### **Impact on arrears, debt and borrowing**

Studies have found that most tenants affected by reforms to HB, including the LHA changes (Beatty et al, 2014b) and the benefit cap (DWP, 2014), have managed to stay up to date with their rent payments.

However, Clarke et al (2015) found a rise in arrears amongst social housing tenants affected by the HB size criteria; while a number of studies found that reforms appeared to have impacted for some groups on rent arrears and on utility bills (Clarke, 2014; Colechin et al, 2015; Davies and Wilson, 2014; Lane, 2014; Slay and Penny, 2014; Wilcox, 2014). More recently, there is growing anecdotal evidence of rising housing arrears in areas rolling out UC full service.

Arrears and debt also affected people's ability to deal with financial emergencies (Colechin et al, 2015). Further borrowing was typically the only option for dealing with these, contributing to an increasing spiral of debt. Those with growing arrears and debt were often all too aware that this was not sustainable but were not sure what they could do to address it (Colechin et al, 2015); and as noted above, councils' ability to support people in these kinds of crisis is now very constrained.

In order to deal with debts, those with stronger networks of family and/ or friends were sometimes able to borrow informally from them (Colechin et al, 2015; Finlay and Hill, 2014; Power et al, 2014). In the 2012 survey research by Beatty et al (2014b), 31 per cent of respondents reported that they had borrowed money from family or friends. Some have looked to access Discretionary Housing Payment or crisis loans. Some borrowed from banks or credit unions (Power et al, 2014). Others, especially those with limited social networks and mental health conditions, appear to be more vulnerable to borrowing from payday or doorstep lenders (Cohechin et al, 2015; Power et al, 2014; Clarke, 2014).

### **Health and wellbeing**

It was common for people across research studies to report negative impacts on their health and wellbeing.

### **Stress and anxiety**

Many people felt that the financial impact of welfare reforms had caused great stress and anxiety, sometimes leading to depression (Clarke, 2014; Colechin et al, 2015; CRPD Committee, 2016; Davies and Wilson, 2014; Inclusion London, 2016; Mencap, 2015; Moffatt et al, 2015; Power et al, 2014; Real Life Reform, 2015; Roberts and Price, 2014; Slay and Penny, 2013; Winter et al, 2016). This stress and

anxiety could, in turn, impact negatively on health (Clarke, 2014; Real Life Reform, 2015).

*“When I was on this cap I was not sleeping and my blood pressure was very high – I took the tablets but it didn’t come down.”*

(Individual affected by the benefit cap, interviewed by Clarke, 2014, p.38)

For those with pre-existing health conditions, the stress and anxiety was felt to exacerbate these and make it more difficult for them to manage or recover (Clifton et al, 2013; Colechin et al, 2015; Davies and Wilson, 2014; Inclusion London, 2016; Kennedy et al, 2016; Lane, 2014; Winter et al, 2016).

### **Impact on self-esteem, confidence and resilience**

Research also finds that reforms can have negative impacts on esteem and confidence. This emerged most starkly in research examining how Work Capability Assessments are experienced by disabled people. The requirement to describe their circumstances and condition(s) in a problem-oriented way, focusing on what they cannot do rather than what they can do, could be disempowering and have a profound negative impact on their sense of agency (Clifton et al, 2013; Colechin et al, 2015; Copestake et al, 2014).

*“It makes you also focus on the negative things....because you’ve got to prove your illness. Prove your illness again and again and again. When, really, what you want to be spending that energy on is healing yourself and, you know, looking to see what ... sort of things you can manage to do. Whether that is volunteering or paid work or... You know, developing your confidence or whatever. And it’s... It’s actually really counter-productive.”*

(Disabled person, interviewed by Clifton et al, 2013, p.21)

A reduction in self-esteem was not solely felt by disabled people however. Young people emerge as another group particularly vulnerable to increasingly negative views of self. Benefit sanctions in particular appeared to lead to feelings of anger that at times were turned inwards (Colechin et al, 2015).

A number of qualitative research studies find that reforms could lead to a general sense of hopelessness and lack of control (Clifton et al, 2013; Davies and Wilson, 2014; Moffatt et al, 2015; Roberts et al, 2014; Slay and Penny, 2013), in turn reducing people’s ability to respond proactively. Drawing on behavioural science, Gandy et al (2016) suggest that the impact of cumulative welfare reforms drain mental processing capacity, which in turn can affect judgement and decisions.

## **Impact on mental and physical health**

Findings from statistical analyses support the qualitative findings outlined above. In another study, focused on one particular reform, Barr et al (2016) analysed the relationship between Work Capability Assessments and three independent mental health outcomes. Even after accounting for other factors known to influence mental health, their analysis found that every 100,000 Work Capability Assessments were associated with an additional 27,000 cases of self-reported mental health problems, and an additional 6 suicides. In total between 2010 and 2013, Barr et al (2016) found Work Capability Assessments to be related to an additional 279,000 cases of self-reported mental health problems and an additional 590 suicides in England.

## **Family and support networks**

Welfare reform has been found to have both negative and positive impacts at the family and community level. For example, while the stress caused by increased financial strain could cause tension in relationships, family and community networks appeared in some cases to strengthen due to 'rallying round' in response to reforms (Colechin et al, 2015).

## **Impact on children and family cohesion**

Many parents described how they were trying to protect their children from the impact of the reforms as best they could (Colechin et al, 2015; Real Life Reform, 2015). Parents sometimes reported that they were eating less in order to ensure their children could still eat regularly (Davies and Wilson, 2014; Lane 2014; Moffatt et al, 2015; Roberts and Price, 2014).

*"My children are like: 'Why are you not eating mam?' and I'm like: 'well I don't have enough food to give mammy food as well so mammy just has to wait until morning', and brush it off as well as I could... you don't want to tell a child; you don't want them to worry."*

(Parent affected by the benefit cap, interviewed by Clarke, 2014, p.32)

Parents interviewed by Winter et al (2016) generally felt that their children's wellbeing was affected by reforms in both direct and indirect ways. Some parents interviewed by Lane (2014) reported that their children were experiencing stress and anxiety as a consequence. This appeared to be the case particularly where housing situations had become unstable.

Interview research in North East England in 2013 – with staff from councils, housing associations and the voluntary sector (Edwards et al, 2013) – found that increased stress and tension caused by the financial impact of reforms could lead to increased levels of stress on family relationships, which in turn has the potential to add to the risk of relationship breakdown and even domestic violence. This concern also

emerged in interviews with staff from voluntary sector organisations and housing associations in Manchester (Bragg et al, 2015). Likewise, some parents themselves acknowledged how being stressed could lead them to “snap”, and to more arguments in the family (Winter et al, 2016).

### **Impact on homelessness**

Findings on the impacts of welfare reforms on housing stability are mixed. While DWP's (2014) review of the first year of the benefit cap concluded that this reform has resulted in little or no homelessness, a House of Commons (2016) report concluded that *“the impact of the welfare reforms of recent years have increased pressure on levels of homelessness”* (p.15). Drawing on evidence from private landlords, councils and homelessness service users, Reeve et al (2016) found that welfare reform appears to be making it more difficult for those who are homeless or at risk of homelessness to resolve their housing problems as private sector landlords are becoming less willing to rent to these groups.

These impacts may also be borne out in the statistics on homelessness acceptances – which were 18,000 higher in 2015-16 than in 2009-10, an increase of 44 per cent (Fitzpatrick et al, 2017). A significant number of those made homeless had previously been renting in the private-rented sector (Fitzpatrick et al, 2017).

Leng (2016) likewise points to welfare reform as one of the factors increasing levels of homelessness. Leng highlights that a combination of structural and individual factors contribute to homelessness. Welfare reform may be not only a direct structural driver, but also an indirect factor increasing the risk of other drivers, such as physical or mental health problems.

## 4. RESPONDING TO WELFARE REFORM – HOUSEHOLDS AND INDIVIDUALS

### SUMMARY

This chapter describes how households and individuals are responding to welfare reform – in terms of the choices that people make, the support they access and when and how they do so. It focuses mainly on housing and employment responses, as the main objectives of the reform programme.

The evidence on both housing and employment is mixed. On housing, reforms appear to have led to only modest changes in housing choices over most of the last seven years. However, there is some evidence of changes in more recent years. In particular for the Local Housing Allowance (LHA), caseloads have risen overall since 2010 but have fallen sharply in central London. It appears that this may reflect migration from Inner to Outer London, with double the rate of increase in HB claimants in the suburbs compared to the rest of the country.

Changes are more stark when looking at employment – with the number of working claimants in the private rented sector claiming LHA in Outer London doubling since the start of reforms; while the number of LHA claimants out of work has fallen across London and by more than 40% in Inner London. Workless households appear to be being priced out of private housing in large parts of London, with research also suggesting that landlords are increasingly reluctant to rent to HB claimants, particularly in London.

Elsewhere, housing impacts appear to be muted – with some evidence of downsizing and of negotiating lower rents, but with claimants facing a range of barriers to moving home. Most importantly, most families want to remain close to their networks, communities and their children's schools. Housing shortages, emotional attachment, the cost of moving and rent arrears are all highlighted as important factors inhibiting people from moving home, as are the costs of adapting accommodation for some disabled people. For many, maintaining housing stability has been the number one priority in responding to reform.

On employment, welfare reforms appear overall to have led to small positive impacts. The benefit cap has led to those affected being more likely to move into work – with around one in five finding work, rising to 30 per cent of those with the largest losses. The additional impacts on employment (over and above what would have happened without reform) are estimated to be around 5 percentage points – equivalent to 2,500 more people in work after the first year.

Evidence from other reforms is generally limited. Typically, around a fifth to a quarter of those affected by different reforms report increased attempts to find work,

and given the fact that employment is at record levels it is plausible that welfare reform has contributed to these increases. However, research also finds a range of constraints on moving into work – including caring responsibilities, poor basic skills, limited work experience, language barriers and ill health. This is further exacerbated by structural barriers – with weak labour markets in many of the areas hardest hit by reforms.

Those affected have accessed a range of services for support, with Discretionary Housing Payments playing a key role.

As Chapter 1 sets out, key objectives of welfare reform have been to make welfare more affordable and to encourage employment. Therefore, the success of welfare reform is in part predicated on individuals increasing their incomes and/ or reducing their outgoings where they are able to do so. The previous chapter has set out some of the ways in which individuals and households have reduced day-to-day expenditure, in particular by spending less on food and heating. This chapter looks in turn at the extent to which households have responded by reducing housing costs, or by increasing income from employment.

## HOUSING RESPONSES

There are two main proactive ways that households can seek to reduce their housing costs. The first, for those affected by LHA changes and the benefit cap, is to negotiate lower rent or move to a property with lower rent. The second, for those affected by the HB size criteria, is to downsize to a property with fewer bedrooms.

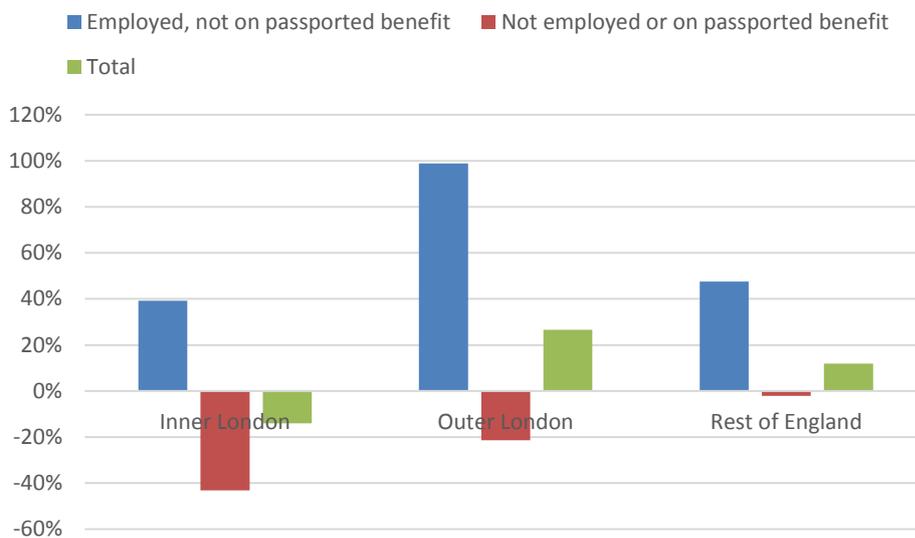
The quantitative evidence indicates that in the early years of the reform programme, the proportion of people moving in response to welfare reforms was relatively low. Analysis of the early impacts of the benefit cap found that it had not led to an increase in house moves (DWP, 2014); while survey data from the evaluation of the LHA reforms (Beatty et al, 2014b) found only a small number of private-rented sector moves in response to this element of the reforms by 2012.

How far people moved was generally limited (Beatty et al, 2014b; DWP, 2014). Beatty et al (2014b) found that most moves that did occur were in the same local area, with 80 per cent of moves being within five miles. At that time, households in the centre of London were found to be significantly less likely to have moved than those living elsewhere.

However, comparing changes in LHA caseloads over a longer period – from before the introduction of the reforms to the most recent data (November 2016) – suggests that there may have been more extensive housing responses in recent years. Comparing Inner and Outer London with the rest of England, Figure 4.1 below shows

that the number of LHA claimants has risen outside London (by 12 per cent), risen by 27 per cent in Outer London, but actually fallen – by 14 per cent – in Inner London. It also illustrates that the growth in LHA receipt has been driven by increases in working households – i.e. where employment income is not sufficient to enable them to pay their rent without financial support. Working households claiming LHA have doubled in Outer London, increased by 48 per cent outside London and increased by 39 per cent in Inner London. This offsets a dramatic fall in households claiming LHA while out of work in Inner London – down by 43 per cent in six years.

**Figure 4.1 – Changes in Local Housing Allowance claimant households by employment status, November 2010 to November 2016**



Source: Stat XPlore

This suggests that LHA housing has become increasingly unaffordable within Central London, and may have led to increased demands on the suburbs as residents have been priced out. These findings echo those of Policy in Practice (2017), which finds that impacts are exacerbated significantly through growing gaps between local rents and the Local Housing Allowance.

There is some evidence that housing reforms have led to negotiation of lower rents. In particular, the evaluation of the LHA reforms found that 20-25 per cent of affected tenants had tried to negotiate a lower rent, with nearly half of those successful in doing so. (Beatty et al, 2014b). Likewise, DWP (2014) found that some individuals and households affected by the benefit cap had successfully negotiated a lower rent with the landlords. However Clarke (2014) found that most of the interviewed tenants had asked their landlords for a rent reduction on the advice of their council, but that only a minority had been successful.

There is also some evidence that reforms have led to downsizing. The evaluation of LHA reforms found that the average number of bedrooms that claimants rented

reduced in the first year after the reform was introduced (Beatty et al, 2014b), while Clarke et al (2015) found that the HB size criteria reform has also led to more demand to downsize among social tenants. In 2013/14, 14,755 working-age tenants moved for under-occupation reasons from one social housing property to another, compared to 2,755 in 2009-10. Also examining the impact of the HB size criteria, Wilcox (2014) found that 6 per cent of affected households moved in the first six months in response to the reform, although the large majority of affected households had so far chosen to stay in their current home. In survey research with social housing tenants in South West England, Power et al (2014) found that only 1.5 per cent had moved as a result of the HB size criteria.

There have also been housing responses that have led to outcomes that could be considered to run contrary to the policy aims of the reforms. In case study interview research with 15 housing associations in late 2012/early 2013, Williams et al (2013) found that some housing associations had observed under-occupying social tenants moving to smaller properties in the private-rented sector, which could at times lead to an *increased* HB claim. This was considered to be a potentially growing trend, especially in Northern England where there is more limited social housing stock with one or two bedrooms.

### **The impact of housing responses**

Moving house could result in the reduction or removal of the financial impact of reform on an individual or family, but at times had other impacts too – some of which were negative.

In interviews with households that had moved to lower-cost private rented sector housing to avoid being impacted by the benefit cap, Clarke (2014) found that the new homes were typically felt to be adequate, but concerns were expressed about the impact of moving area and schools on children.

*“My daughter ... found it difficult to change the school. She had the friends there, because we live there more than three years and she was quite settled ... She says she misses being there and she doesn't like this school very much.”*

(Parent, interviewed by Clarke, 2014, p.27)

Likewise, Reeve et al (2016) highlighted a case in which an individual who could not find a property locally within his eligible LHA rate responded to the reforms by moving to another city with lower rental prices. Whilst this mitigated the financial impact of the reforms on him, he had to move away from the city in which his children lived.

Those who had moved to smaller social housing in response to the HB size criteria sometimes reported that the reduced space was leading to increased sibling and

family arguments, and limited space for children to do homework (Winter et al, 2016).

### **Barriers to housing responses**

In research in Haringey (Davies et al, 2013), residents affected by the benefit cap often did not view moving house as a viable response due to concerns about the disruption this would cause to **social networks** and to their **children's education**. Similar findings were reported by Colechin et al (2015) in their research with Brighton and Hove residents affected by welfare reform, and by Roberts and Price (2014) in their research in East London. In national research on the benefit cap, Clarke (2014) also found that many people were nervous about moving to a new area and concerned about the impact on their children if they had to move schools.

A large national survey with people affected by the HB size criteria found that schools were the most important barrier for families with children, with 48 per cent stating this (Clarke et al, 2015). Across all claimants, this survey found that social networks and liking their current area and home were other major reasons for not wanting to downsize. Survey research by DWP (2014) likewise found family and social networks and children were the main reasons people did not want to move longer distances. Similarly, Bragg et al (2015) in Manchester, and Moffatt et al (2015) in the North East found that many residents affected by the HB size criteria were reluctant to move as they did not want to lose access to their current social networks and amenities. For some, there was also concern that living in a smaller property could be detrimental to their children. This was raised in particular by parents with same-sex siblings quite different in age.

*"By the rules, my daughter is not 16 years old, and she can share one room with the little one [aged 2]... The little one is shouting in the night, crying in the day, and there is a big gap between them, an ages gap ... They cannot share one room. It is not possible for them, because my daughter studies very hard ... They live by themselves in rooms now, but I have to pay because by law, I have a spare room."*

(Parent affected by the HB size criteria, interviewed by Moffatt et al, 2015)

A further reason driving a reluctance to move was that many people felt attached to their current property, due to having **invested time and money** into making the property their home (Bragg et al, 2015; Moffatt et al, 2015) and/ or due to their home having **emotional significance** to them, often linked to them having lived in the property for many years (Davies and Wilson, 2014; Moffatt et al, 2015; Roberts and Price, 2014; Winter et al, 2016).

*"It's like part of me, this house. It's part of my family, my kids and my grandchildren ... I've lived here a long time."*

(54 year old female affected by the HB size criteria in North East England, interviewed by Moffatt et al, 2015)

A key barrier to downsizing responses in some areas, particularly in Northern England has been that much of the social housing is three-bedroomed, and there are limited **suitable smaller properties** for families to transfer to (Wilcox, 2014). A national survey of social landlords in autumn 2014 found that 16 per cent of people affected by the HB size criteria reform were currently registered for downsizing but were unable to move due to a shortage of smaller homes (Clarke et al, 2015). Wilcox (2014) put the figure at 22 per cent. Therefore, a noteworthy proportion of people who are actively trying to move as a response to the reforms are finding a lack of suitable alternative housing is preventing this.

**Housing shortages** were not just a barrier to house moves in Northern England however; Roberts et al (2014) also identified this as a barrier in their research in the East London borough of Newham. Lack of suitable and/ or affordable local alternative housing was identified as a key barrier in survey research (Finlay and Hill, 2014). Interviewees in Clarke's (2014) study highlighted issues with the limited availability of social housing, the limited number of private landlords who would consider letting to HB tenants, and general unaffordability of local rents. The extent to which each of these is an issue in any given area will vary.

Linked to this, the **response of private-rented sector landlords** appears to have exacerbated negative impacts of reform, rather than supported people to respond positively. A number of studies found that private landlords are less willing to let their properties to benefit claimants and/ or homeless people (Fitzpatrick et al, 2017) as a result of reforms, including removal of direct payment of HB to landlords (House of Commons, 2015), changes to the LHA (Beatty et al, 2014a, 2014b), and the four year freeze (Reeve et al, 2016). Beatty et al (2014b) report that 35 per cent of landlords were considering or planning to exit the market, although the proportion that actually do so was likely to be lower. There were also differences by area, with private landlords in high housing cost areas such as London most likely to respond by being less willing to let to such tenants, but private landlords in areas with high numbers of LHA tenants and/ or smaller gaps between the LHA rate and rent being more likely to reduce their rents to bring them in line with the LHA rate (Beatty et al, 2014a).

**Rent arrears** and **debts** were also highlighted as barriers to moving. Survey research with social housing providers by Ipsos MORI (2014) estimated that 59 per cent of tenants affected by the size criteria were in arrears, with these increasing over time. In other research, some social tenants who had accrued arrears since being affected by reforms reported that their councils would not allow them to move to another council property until they had paid off their arrears (Clarke, 2014; Roberts and Price, 2014).

At the same time, the general **costs and difficulties associated with moving home** were cited as a barrier by some (Davies and Wilson, 2014; Roberts et al, 2014; Moffatt et al, 2015). In the private-rented sector in particular, tenants have reported that the need to find money for a deposit and rent in advance is a significant barrier (Clarke, 2014).

Finally for disabled people and those with health conditions, an additional and often acute barrier was the challenge of finding another property that meets their **particular needs** – especially for those living in social housing and impacted by the size criteria (Clarke et al, 2015; Kane et al, 2013).

It is likely that a combination of these factors underpin why many affected individuals and households do not want to move. Beatty et al (2014b) concluded that maintaining **housing stability was a priority** for many, with cutting back on other expenditure seen as preferable to moving house if possible. This finding was also supported by Davies and Wilson (2014), Roberts and Price (2014), Roberts et al (2014) and Winter et al (2016). However, Wilcox (2014) has questioned how feasible this will be as a choice in the longer-term, in light of surveys finding that almost half of tenants affected by the HB size criteria are now in rent arrears as a result of this reform. Therefore while addressing issues around housing supply is important, it will not be enough on its own to mitigate the impacts of large losses due to HB reforms (Bragg et al, 2015).

## EMPLOYMENT RESPONSES

Research suggests that welfare reform has overall led to small but statistically significant positive impacts on employment. Most notably, DWP has published extensive analysis on the employment effects of the benefit cap. Analysis of capped and uncapped households between 2010 to 2013 found that just under one in five (19 per cent) of those capped in the first year moved into work within a year – which was 4.7 percentage points higher than for a comparable ‘uncapped’ group (DWP 2014). This is equivalent to around 2,500 more people entering work in the first year of the cap being in operation.

Importantly, the analysis also found that the greater the financial impact of the benefit cap the greater the likelihood of a move into employment. Over 30 per cent of those with losses of more than £200 a week moved into work, and nearly 25 per cent of those in London did so (nearly 10 percentage points higher than the figure for a comparison group).

Clarke (2014) found that looking for work was the main response to the benefit cap among those interviewed. Around half reported that they had already been looking hard for a job and were continuing to do so, with the other half reporting that they were looking harder and/ or were considering a wider range of job types than before, including lower-paid and lower-skilled jobs.

*“At that point when I knew that I start being affected, I start looking for other options, because I am IT engineer but since I could not find anything in my area of expertise I start looking for anything, you know, a school meal supervisor, PA, receptionist, anything ... I need the money, I need to survive.”*

(Job-seeking interviewee affected by the benefit cap, interviewed by Clarke, 2014, p.25)

There has been less research on employment impacts for other larger reforms, so it is harder to identify positive employment impacts. A number of studies find that some claimants have responded to welfare changes by looking for work. So in survey research with social housing tenants in South West England, Power et al (2014) found that 20 per cent were actively trying to find employment. Similarly, the evaluation of the size criteria found that 20 per cent of survey respondents had looked to increase earnings in response to the reform (Clarke et al, 2015). In their 2012 survey of private-rented sector tenants affected by the LHA reforms, Beatty et al (2014b) found that a quarter of affected individuals had responded by looking for work – with younger claimants particularly likely to respond in this way.

*“I just got fed up with the whole Benefit changes and everything so, yeah, it did push me, it did push me. Like it got to a point where I went to Yellow Pages and bought myself a stack of envelopes, like 200, and I wrote the addresses from the Yellow Pages on these envelopes and stuffed my CV in each one and sent them out.”*

(26 year old single man in Brent, interviewed by Beatty et al, 2014b)

However neither Beatty et al (2014b) nor Clarke et al (2015) specifically sought to measure the additional employment impacts of welfare reforms.

### **The impact of employment responses**

In interviews with 50 people affected by the benefit cap, Clarke (2014) found that those who had moved into employment typically found that their income returned to their pre-welfare reform levels. Many households also identified other beneficial impacts from being in work, in relation to wellbeing and family.

*“I think the outlook is better things are still a bit tight at times ... but I feel more optimistic about the future and ... I am out earning so it makes me feel better again about myself. It make me a happier person and a more enthusiastic person around the children so I think quality of life has definitely improved since going back to work definitely.”*

(Parent who had moved back into work, interviewed by Clarke, 2014, p.24)

Clarke (2014) found that, amongst her interviewees who had found work in response to the benefit cap, the majority had found part-time employment. For some, such as lone parents, this was deliberate. For others, the goal was to obtain full-time work but they had not yet managed to find this. Power et al (2014) and NAO (2016) found that, for those who found employment, it was usually in low-paid jobs.

### Barriers to employment responses

As noted, the motivation to find work was found in some studies to have increased as a result of reforms. However other studies found that motivation to find work was not improved by the reforms (Roberts et al, 2014). The research reviewed also found that many people faced significant barriers to employment, including:

- **Childcare responsibilities and availability/cost of childcare** (Clarke, 2014; Davies et al, 2013; Davies and Wilson, 2014; Finlay and Hill, 2014).
- **Health issues and disability** (Clarke, 2014; Colechin et al, 2015; Davies et al, 2013; Davies and Wilson, 2014; DWP, 2014).
- **Caring responsibilities**, for someone with a health issue and/or disability (DWP, 2014).
- **Limited education, qualifications and/ or basic skills** (Clarke, 2014; Davies et al, 2013; Lane 2014).
- **Limited or no work experience** (Colechin et al, 2015; Lane, 2014).
- **Limited English language skills** (Clarke, 2014; Davies et al, 2013; Lane, 2014).

As an example of how these barriers could be felt, Davies and Wilson (2014) interviewed a lone parent who had been in work, but found maintaining employment a challenge due to the requirements of caring for her three dependent children.

*"I'm a lone parent without help from anybody, and a problem for me is that every single time I find a job, one of my children is ill, or by the time I get to work I'm late, 15, 20 minutes, half an hour because of taking my three children to different schools. That is a problem for me, and I'm very stressed."*

(Lone parent in Oxford, interviewed by Davies and Wilson, 2014, p.59)

Some studies also identified groups of disabled people and people with serious health conditions who had multiple complex and sometimes insurmountable barriers to work. These individuals felt that employment was unrealistic for them and therefore felt powerless to mitigate the financial impact of the reforms upon them (Copestake et al, 2014; Roberts et al, 2014).

Lane's (2014) research found that some people were seeking employability support from Jobcentre Plus or the Work Programme to try to overcome some of their individual barriers, but that they had been unsatisfied with this on the whole.

As well as such individual barriers to employment, there are also structural barriers in many areas. Slay and Penny (2013) conducted research in Haringey and Birmingham and found that in these areas the issue was not that people were unwilling to take jobs that were available, but rather that there were **not enough jobs available at an appropriate level**. Chapter 2 above sets out how some areas have both large housing or benefit cap impacts, and relatively weak labour markets. This was also borne out in some research – for example stakeholders interviewed by Lane (2014) in Tower Hamlets reported high levels of competition for part-time low-skilled jobs; while for those already working part-time and keen to increase their number of working hours, some found their **employers unable to offer additional hours** (Clarke, 2014).

This suggests that whilst welfare reform might encourage some of those affected to seek or expand employment, their efforts may often be frustrated. Recent work by Learning and Work Institute and the Local Government Association has highlighted in particular the benefits of a more integrated, locally responsive and devolved employment and skills system – drawing on best practices from the UK and overseas<sup>5</sup>. This 'Work Local' approach would also bring significant potential benefits in how employment and wider support is delivered for those affected by welfare reforms.

## ACCESSING SUPPORT

In interview research in 2014 with households affected by reforms in Tower Hamlets, Lane (2014) found that the vast majority had sought help from advice agencies. Other research found some people were obtaining budgeting advice and support from voluntary sector organisations (Clarke, 2014).

In their 2012 survey of private-rented sector tenants affected by LHA reforms, Beatty et al (2014b) found that six per cent of affected households had applied for Discretionary Housing Payment (DHP) in response, with three per cent receiving this at the time of the survey. In a 2013 survey of those affected by the HB size criteria, Clarke et al (2015) found that 29 per cent had applied for DHP in response, though only 36 per cent of those applying were successful with their application.

In research in Oxford in 2014, Davies and Wilson (2014) found that claiming DHP was one of the ways residents coped with the reforms. Both the research by Davies and Wilson (2014) and research by Lane (2014) found that residents in receipt of DHP were typically not actively exploring other responses to offsetting the financial

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<sup>5</sup> See [www.local.gov.uk/worklocal](http://www.local.gov.uk/worklocal)

impact of the reforms longer-term, such as housing moves or employment responses.

*"DHP has shielded people and delayed them from looking at longer term solutions that are more sustainable."*

(Social landlord in Tower Hamlets, interviewed by Lane, 2014, p.54)

Stakeholders interviewed in East London likewise reported that they had seen increased demand for employment services and support to look for work (Roberts and Price, 2014).

## 5. RESPONDING TO REFORMS – PLACES

### SUMMARY

This Chapter describes how places are responding, including councils, government services and the voluntary and community sector.

Councils have taken a range of measures to respond to reforms – including targeted information campaigns; direct financial assistance (usually via DHPs); one-to-one support and signposting to/ joint working with other partners.

Many councils have created cross-organisational partnerships to co-ordinate responses and join up provision, including with Jobcentre Plus and on some occasions with health and other services. Delivery of support has included innovative new approaches of one-to-one support, particularly for those with the largest losses or needing the most housing (and to a lesser extent employment) support. In many cases this appears to have shown impressive results. However, there are significant challenges in this – in particular due to budget reductions and increasing pressure on services.

Social landlords have also increased the range of advice and support offered to residents, in particular so as to reduce the risks of rental arrears. However, it was also recognised that landlords will increasingly need to take enforcement action against residents, and potentially change their allocations and lettings policies so as to reduce the risk of future residents running up debt.

A range of other organisations and provision have also been affected by, and responded to, reforms – including schools, health services, advice services and the wider voluntary sector. Again, funding reductions and increased demand have increased the pressure on these services.

Organisations providing services to those affected by welfare reform have found themselves significantly impacted by the changes. This could be seen through increased need for advice and support services (Lane, 2014) and increased costs from, for example, rent arrears and tenancy transfers (Wilcox, 2014). Providers have responded in a number of different ways. Councils, housing associations, schools, and voluntary and community sector organisations can be seen to be changing their approaches in order to try to support individuals and households to mitigate, manage and respond to reforms.

### COUNCIL RESPONSES

Wilson et al (2013) found that councils are adopting a range of strategies to support people to manage and respond to the reforms. Whilst approaches have varied

according to the particular circumstances of the area, these strategies typically included:

1. Targeted information campaigns to raise awareness of the reforms and support sources available;
2. Financial assistance, particularly through DHPs;
3. Personal support with financial management and making choices; and
4. Signposting and joint work with other organisations.

### Targeted support

A number of councils have been analysing and mapping the cumulative impact of reforms on their local residents, and then using this information to prioritise and target additional support. This has often meant in particular trying to **engage earlier** with those likely to be affected by reforms. Importantly, a number of councils have sought to support local residents to increase their resilience to, and their skills to deal with, reform (Edwards et al, 2013).

Councils have in particular prioritised delivering **integrated housing and welfare support** – to help residents to deal effectively with arrears and debt, improve their financial capability, budget and improve their housing situation.

#### ***Case study: Preparing for the benefit cap in Reigate and Banstead***

Reigate and Banstead Borough Council in Surrey undertook preparatory work with households who would be affected by the reduced benefit cap, in advance of the reform being implemented. A Benefits Advisor visited each household to assess their circumstances and, for the adult(s) in the house, their capacity to work. They then provided advice on the best route out of hardship for the household.

The council reports having been successful in getting a significant proportion of residents exempt from the cap. They also supported households with other claims they were eligible for, including Personal Independence Payment and child maintenance payments. They made referrals to specialist support services for more complex cases, and developed relationships with local employers to help people back into work where appropriate.

The council felt that developing a relationship through face-to-face contact was a key factor in successfully engaging with, and effectively assisting, those affected. Likewise, it was reported that Brighton and Hove have similarly found the most effective intervention is face-to-face support.

A key priority has been delivering **more integrated and earlier employment support**. A number of council have made employment support a key pillar of supporting residents in a sustainable way – for example in Brighton & Hove, Derby, Greater Manchester, Lewisham, Melton and Nottingham among others. Some councils have offered additional support and services to prepare for or move into work. This has included partnership working with Jobcentre Plus and (less commonly) provision of direct job search support.

Research evidence suggests that this was generally felt to improve employment outcomes – with for example one council providing intensive one-to-one employment support to households affected by the benefit cap reporting that it had led to 35 per cent moving into employment (Clarke and Williams, 2014). However, impacts were felt to often be constrained by local labour markets (Bell and Treolar, 2012) and by pressures on funding. In addition, councils have often found it challenging to co-locate and integrate employment services with Jobcentre Plus – with recent decisions made on government estates contracts missing an opportunity to radically extend co-location of Jobcentre Plus and council services.

### **Local leadership and partnership working**

Many councils have taken the lead locally in co-ordinating responses to welfare reform, building partnerships, sharing information and working together. The recent **‘Universal Support delivered locally’** (USdl) trials have been a good example of this. Eleven local areas tested a range of approaches to delivering integrated, local support to low-income households who may be at risk of disadvantage under Universal Credit (UC).

These trials were led by councils and Jobcentre Plus working together, with the evaluation finding a range of good practices in developing local partnerships, effective leadership, assessing needs, and delivering budgeting, digital and wider support (Bennett et al, 2016). However, while these trials could have led to a significant extension in a partnership-based, early intervention approach between central and local government, in practice ‘Universal Support’ has been scaled back to a relatively modest bolt-on of budgeting and digital support to mainstream Jobcentre Plus services.

Many councils have also created cross-departmental and cross-organisation partnerships or groups to provide a joined-up response to the impact of welfare reform (Bell and Treolar, 2012). For example, Liverpool City Council (2017) have developed a group comprising representatives from the council, advice agencies, the voluntary sector, credit unions, and food banks, and through which engagement, advice and support are coordinated. Other organisations that councils are joining up with include Jobcentre Plus and local Primary Care Trusts (Bell and Treolar, 2012).

### ***Case study: Multi agency public road-shows in the North East of England***

Stockton Borough Council in Teesside set up a series of 'road-show drop-ins'. These were jointly delivered by the council, local housing associations and Citizens Advice Bureau. The events were used to raise awareness of the reforms and signpost people to advice and support services. They were also used as an opportunity for the services to engage directly with residents and gain feedback from them about their circumstances and the challenges they were facing, in order to further tailor provision to local need going forward.

Source: Edwards et al, 2013

## **Financial support**

Discretionary Housing Payments (DHPs) have played an important role in supporting residents whose housing income has been reduced as a consequence of reform. DHP allocations reached £150 million in 2016/17, an increase of £25 million on the previous year but below the levels in 2013/14 and 2014/15. Almost all of the allocation on DHPs for England and Wales was spent last year (98%).

However while DHPs are intended to provide transitional support, in many cases they are being used as a temporary stop-gap for an entrenched problem around the lack of affordability of housing, and/ or underlying barriers and needs for residents. This creates uncertainty for claimants, and concerns among councils.

## **Integrated responses**

Drawing this together, a number of councils are leading more integrated and responsive approaches to engaging and supporting residents affected by reforms. Two examples are set out below. In **Croydon**, the Council is working in partnership with Jobcentre Plus to deliver wraparound support for new UC claimants – and in particular personal budgeting support.

### ***Case Study: Responding to Universal Credit in Croydon***

Croydon was selected as one of two boroughs for early rollout of the full UC service, which began implementation in June 2015.

In preparation for this, the council engaged with residents and landlords to communicate the changes and what they mean in practice. Alongside this, it developed a 'triage' process and referral criteria in partnership with the local Jobcentre Plus to identify residents at highest risk of crisis in order to provide personalised support.

Jobcentre Plus is the first point of contact for new UC claimants, so Work Coaches there work with residents to determine those with medium and high support needs who are then referred on to the council's Enablement and Welfare service.

The council has a longstanding welfare rights team, which provides a full casework service including benefits advice, debt advice, financial capability, support with claiming benefits and onward referral to other services. The Enablement and Welfare service builds on this – drawing together officers from the welfare rights team, Jobcentre Plus, council Benefits and Revenues, and early help services. It delivers a 'whole family' approach to provide tailored support that joins up and co-ordinates this with wider support being provided by adult and children social care services, and other partners.

This support can include budgeting support, debt advice, income maximisation, employment support, support with repaying council debt, housing support including homelessness prevention, and referrals to partners including food banks.

So far, 388 residents have been referred for employment support (April 2017), with 217 achieving employment outcomes.

A particular challenge with the delivery of welfare support has been the design and implementation of UC. For residents in council temporary accommodation, HB was previously paid two weeks in advance. However under UC, payment is made four weeks in arrears. This creates budgeting challenges for residents which need to be addressed by the Enablement and Welfare Service.

UC rules can also lead to significant cash losses where residents move out of temporary accommodation before their payment in arrears is made. This is because claimants must have a rental liability on the 5th week of their claim in order to receive the housing element. And because council 'supported housing' is exempt from UC, where claimants move from temporary accommodation to supported housing, the housing costs under temporary accommodation are not met through UC. This has affected 81 Croydon residents between October and January 2017, with an average loss of £155 per week.

The council has been particularly focused on engaging these groups. Referrals from Work Coaches rely on individuals declaring their support needs, so the team has been encouraging residents – particularly those in temporary accommodation – to ask for referral.

The rollout of UC has also led to some challenges in identifying and engaging other residents affected by welfare changes. In particular those affected by the Benefit Cap were previously notified to the council but are not notified under UC ; and there is also no longer notification of changes of benefit payment that could affect

residents' liability for Council Tax Support – leading to risks of residents being under- or over-charged for Council Tax.

Overall the council received around 2,000 referrals for personal budgeting support during 2016/17. In total it has been funded by central government for the equivalent of around three full-time staff members to meet this need, against a forecast requirement of nine full-time staff.

In **Devon**, the county council has co-ordinated the response to welfare reforms across its eight district councils – including both 'emergency' and hardship support for those affected by reforms, and funding for innovative programmes and services to support residents to respond positively.

### ***Case study: An integrated response in Devon***

Devon is the third largest county in England with Devon County Council and eight district councils serving a population of 767,400. Devon is one of the most sparsely populated counties covering, 2,534 square miles with the population focused around its 28 coastal and market towns and the City of Exeter.

It has the following challenges in terms of welfare and employment:

- High levels of employment but low paid, seasonal work dominates the economy
- Predominantly an economy of small and medium enterprises
- Housing affordability ratios above the national average
- Higher than national average population of people with disability or long-term health condition across working and non-working age and in receipt of key disability benefits
- Growing population of working age with disability and long-term health condition
- Sparse and predominantly rural population with patterns of deprivation marked by isolated pockets making service targeting very difficult
- Evidence of earlier onset of frailty in our more deprived areas

In 2012 the County Council and the eight Devon District Councils carried out an assessment of the impact of welfare reforms and estimated that, by 2017, £343 million would be taken out of Devon economy due to reductions in welfare benefits to those of working age. All the councils signed up to a Partnership Agreement to provide services and programmes to try to mitigate some of the impact and to support people through this period of transition. The Agreement has run from 2013 until 2017.

The councils have all worked in partnership with their local Jobcentre Plus and a range of voluntary organisations to deliver the following support:

- **Community Impact Support Scheme** – This scheme supports innovation and entrepreneurship in the social enterprise sector to help them focus on moving the non-working population closer to employment. From a collective budget of £498,000 the scheme has supported nine social enterprises to develop and to match fund a European Social Fund project to target those furthest from the job market. ‘Beyond November Poppy Project’ is one of these emerging social enterprises. Through making products relating to remembrance, it is provided training and a route to employment for its participants. Through selling the products the project aims to become self-funding to roll out to a wider set of participants.
- **Increase self-reliance** – Providing access to in-depth money and budget advice through referral from district council benefit teams. Also, referral to other local services such as Council Tax support or food banks.
- **Assistance to establish or remain in the community** – Providing help for carpets, furniture or other essential items that will help people to settle into new homes.
- **Emergency assistance** – Providing vouchers for a range of emergency assistance such heating, lighting and food.

An independent review of the arrangements put in place by the Devon authorities identified a range of benefits over and above the previous, national Social Fund arrangements:

- Focus on practical support and advice to help people to adapt to welfare reforms and become more self-sufficient and self-reliant
- Holistic assessment and links with other agencies and voluntary and community sector at a local level
- Knowledge and commitment of staff who are empowered to respond flexibly to this new area of work
- Model resolves immediate crisis but looks to tackle underlying problems through budgeting, financial education and other training opportunities.

Between 2013 and 2017 the scheme had over 10,000 beneficiaries.

## Challenges

While councils have delivered a range of support for residents, there also remain significant challenges. Most importantly, responses to reform have taken place against a backdrop of significant budget reductions – which have often particularly affected more deprived areas which in turn have greater levels of need (Hastings et al, 2013; 2015; Liverpool City Council, 2017). So a key challenge to better integrating support and to intervening earlier has been the scale of the pressures on council services – and in particular on housing, temporary accommodation and advice services. In housing for example, central government has continued to take an ‘efficiency saving’ out of the grant paid for Housing Benefit (HB) administration, leading many councils to need to top up the cost of their revenues and benefits service from elsewhere in their budgets.

At the same time, welfare reforms are directly and indirectly increasing costs, in particular with a rising number of homeless placements in temporary accommodation (Fitzpatrick et al, 2017). Surrey WRCG (2016b) highlighted that the LHA four-year freeze makes it even more challenging for councils in high cost housing areas to meet their statutory homelessness duties and at the same time offer support to others in housing need.

Alongside this, councils have also seen reductions in the additional funding that they might have been able to use to build capacity, most notably for example the removal of the former Social Fund. Councils are moving from proactive early intervention and anti-poverty strategies into a default position of daily firefighting, with a diminished capacity to think strategically as impacts deepen.

UC rollout has in many cases exacerbated these pressures. As the case study for Croydon above sets out, the move to the administration of housing support through Jobcentre Plus – combined with glitches in both the design and implementation of the new benefit – has led to direct new cost pressures on councils and on local landlords. There is a range of anecdotal evidence that this is leading to increased rent arrears.

## **VOLUNTARY, COMMUNITY AND WIDER PUBLIC SECTOR RESPONSES**

A range of other organisations and agencies have also been significantly impacted by, and responded to, welfare reforms.

**Social landlords** are increasing the amount and range of advice and support services they offered. Williams et al (2013) found that housing associations have invested more in support workers to help their tenants. Both Williams et al (2013) and Power et al (2014) found that alongside providing advice on housing options and helping tenants to move to smaller properties, many were also providing increased advice and support in other areas including on benefits, financial support options, budgeting, bank accounts, IT access, energy saving, training, skills, and work. Some

were offering apprenticeships to tenants within their own organisations. Lane (2014) similarly found evidence of landlords providing debt and employability services. Many had increased 'doorstep' visits to tenants and face-to-face delivery of advice, developing stronger links with their tenants (Power et al, 2014).

Alongside this support, housing associations did however also report an increased focus on enforcement in order to try to keep arrears down (Power et al, 2014), and an awareness that they would need to evict tenants who continued to fail to pay their rent (Williams et al, 2013). It was also found that providers were now considering the affordability of rent for new applicants, and sometimes rejecting them (Power et al, 2014; Williams et al, 2013). Some highlighted that this 'screening out of the poorest' approach does not fit with the ethos of social housing.

*"We are social housing providers and if people are in housing need and need housing ... it is difficult for us to say 'You cannot afford social housing ... we're not having you.' Where do they go after us?"*

(Housing association stakeholder, interviewed by Power et al, 2014)

Many **schools** have also made significant changes to the amount and type of support that they provide. Schools described reallocating some funding and staff, and refocusing some support, to help ensure that the basic needs of families were still being met. Examples from schools in Manchester, reported by Bragg et al (2015), included:

- Expanding breakfast club provision, in some cases to include parents.
- Directing parents to local food banks, and providing food parcels.
- Providing school uniform and shoes, or supporting parents to meet the costs of these.
- Offering additional pastoral support and counselling services to children and families experiencing worries and stress.

In London, Lane (2014) found examples of schools putting teams in place to provide welfare advice to parents.

**Jobcentre Plus** were also offering additional job-seeking support in some areas. This has generally been targeted at those affected by reforms but who do not have to visit Jobcentre Plus or a Work Programme provider regularly as a condition of their benefits, e.g. some of those on Employment and Support Allowance and some lone parents. Whilst in some examples take up was found to be generally low, it was higher where home visit and/or mentoring schemes were offered (Clarke and Williams, 2014). Another Jobcentre Plus initiative in response to the reforms, in

Greenwich in London, was the locating of some advisers in local children's centres (Jackson and Nixon, 2012).

At **voluntary and community provision** level, Power et al (2014) found that some additional small-scale community initiatives are emerging in response to reforms. However, many community sector organisations, such as advice organisations, report that they are finding it impossible to support all those seeking their assistance. Where organisations had been able to develop strengthened signposting and referral routes between services, they found this some help in managing the increased demand (Lane, 2014).

Some voluntary and community sector organisations are changing their focus. In Manchester, some organisations described increasing their focus on food provision in response to the significant effect the reforms can have on households' ability to afford this (Bragg et al, 2015). Some had developed innovative approaches to offering food in ways that were less stigmatising, such as offering cooking workshops in which not only food was provided, but also access to kitchen and cooking facilities, and advice on budgeting (Bragg et al, 2015).

## 6. CONCLUSIONS

### KEY FINDINGS

Welfare reforms introduced since 2010 have had a significant impact on households, communities and services. The nature and extent of impacts have been driven by households' characteristics, but also by their circumstances – with those with lower levels of resilience less likely to be able to cope.

There is so far, some evidence of positive responses among those affected in terms of increased employment or improved housing, but this does not appear to have happened at significant scale and there are a range of individual and structural barriers that have made it harder for households to respond. Overall, more needs to be done in order to deliver the stated aims of reform – to make the system more affordable, reduce dependency and protect the most vulnerable.

Councils, central government, local voluntary and community organisations and the wider public sector can all play a role in improving things – both in terms of supporting with housing and employment where residents are able to respond in these ways; and in mitigating the negative impacts of reduced income for those less able to respond. There are a number of examples of innovative approaches being taken forward by partners, although it is clear that many services are under strain as a consequence of funding pressures and increased demand. However, delivering on this will mean ensuring that areas and partners are able to respond effectively to local challenges and needs. In particular by:

- **Responding to employment challenges** – ensuring that service design, delivery and partnerships can meet local employment, skills and welfare needs. The LGA is currently consulting on proposals for a more integrated, devolved and responsive employment and skills system through its 'Work Local' project<sup>6</sup>;
- **Meeting housing needs** – enabling councils and their partners to develop affordable housing, to reduce rent arrears and prevent homelessness, and to reduce temporary accommodation by supporting homeless households; and
- **Adequately funding the safety net** – both to ensure that local capacity and capability is available to help those affected by reform; and that the social security system can support those in greatest need.

Looking ahead, this report suggests that there are four areas in which policy and practice could be improved – set out below. These build on the three recommendations made in Policy in Practice (2017).

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<sup>6</sup> See: [www.local.gov.uk/worklocal](http://www.local.gov.uk/worklocal)

## **1. Local councils and Jobcentre Plus, working with key local partners, should ensure that there is appropriate governance and partnerships in place to monitor reform impacts and co-ordinate and oversee responses**

The 'Universal Support delivered locally' (USdl) trials show the benefits of building effective partnerships that are led by councils and Jobcentre Plus and that involve a range of local partners – including housing, health and advice services.

Almost all councils have now signed up to the new arrangements for Universal Support, which will involve central government funding local areas to deliver budgeting and digital support. However, the partnership approach taken in the USdl trials has lost some momentum – i.e. joint Jobcentre Plus and council oversight of a partnership-based approach to identifying, engaging and supporting residents which reflects local circumstances.

Working in partnership will be critical to mitigating the impacts of reform and to improving outcomes for residents. The evaluation of USdl pointed to a number of critical success factors for effective local delivery, including: having clear and common success measures between partners; putting the right governance in place; working in partnership; co-locating and where possible integrating support; and having clear processes to underpin joint delivery. We would recommend that this is now built on in local areas, through:

- Local partnership boards – involving local public, housing and voluntary/ community services and jointly chaired by Jobcentre Plus and the local council – to oversee and co-ordinate local responses to welfare changes and the rollout of Universal Credit (UC)
- Joint local planning – to identify priority local needs, map available provision, agree how groups will be engaged and supported, and agree their pathways through support
- Shared, agreed outcomes – with common measures for resident engagement, delivery of support and improving outcomes; with transparency in how this is reported and shared between partners
- Clear processes for partnership working – including service level agreements between Jobcentre Plus and local areas on implementation of UC and welfare reform; memoranda of understanding between partnership boards and wider local services on the provision and resourcing of additional support; empowering operational staff to make decisions and resolve issues; and where possible having a common approach to recording and monitoring of information between partners
- Encouraging co-location – as far as possible, bringing together council, Jobcentre Plus and other local services in shared sites

## 2. Local areas should work together to review their approaches to identifying, engaging, targeting and supporting residents affected by reforms

We consider that there are four key priorities for action, set out below.

**Figure 6.1 – Priority areas for supporting residents**



Source: Colechin et al (2015)

The nature of this support will vary in different places, and this report sets out a range of examples of good practices. However, it should include:

- **Identification and communication:**
  - Improved sharing of data on the local implementation of welfare changes. This has worked well for the sharing of information on the benefit cap for example, but is increasingly problematic under UC. Local and national government need to work together urgently to agree what individual-level information can be shared and how to support local responses to reform – in particular for UC claimants with housing costs.
  - Enabling and encouraging local mapping of welfare impacts. There are many good examples of this in local areas drawing on anonymised Housing Benefit (HB) data, but this will be increasingly difficult under UC. Again, local and national government will need to work together to agree how aggregate-level data can be shared in order to map local needs and develop responses.

- Developing 'early warning' systems so as to identify residents at risk of crisis, common between partners and drawing on triggers both from when residents access service and/ or reach key tipping points – such as sanctions, hardship support or housing debt.
- **Engagement:**
  - Working with local partners to co-ordinate engagement and build on good practice – for example drawing on social landlords' relationships with tenants; local voluntary and community services (VCS) including faith groups; and engagement through other public services, for example social prescribing approaches in health.
  - Developing common assessment, triage and referral processes between partners – in particular for referral in from Jobcentre Plus and council services, but as far as possible also applying these from other public and VCS channels. As with the USdl trials, this assessment and triage should focus on digital and financial capability, but also seek to prioritise those with greater likely negative impacts – for example due to debt, disability, family circumstances or specific crises.
  - Investing in developing capability and capacity among services to identify and engage residents in need – both those staff in housing or benefits services, and those who may interact with residents in other front line roles (like health visitors, housing staff, care staff and so on).
- **Targeted support:**
  - Co-ordinating and targeting support around income, benefits, housing, health and employment – in particular by looking to use and influence local commissioning (for example of public health services, primary care services, skills and employment support).
  - Testing and delivering more integrated caseworker-led models, as were used in USdl trials and by a number of councils – with a focus in particular on income, employment and housing support.
  - Reviewing the decision to bring Troubled Families within DWP. There is scope specifically to refocus Troubled Families on providing integrated, multi-agency support to those most affected by welfare reform.
- **Building resilience:**
  - Encouraging local areas and Jobcentre Plus to set up 'employment action teams' to provide integrated employment support alongside support to deal with the impacts of welfare reforms. These could be resourced through re-purposed Troubled Families support; Flexible Support Fund; or

local European Social Fund (including by localising any underspends from existing ESF).

- Working with local Health and Wellbeing Boards and Clinical Commissioning Groups to identify opportunities to align health support alongside welfare support – in particular around support for low-level mental health needs.

### **3. Central government should reform Discretionary Housing Payments so as to allow seed-funding of the above approaches, as part of a recognised and adequately resourced local safety net**

DHP rules are complex and often get in the way of funding local partners to deliver advice and support to those affected by reforms. It should be feasible within existing DHP budgets to also allow for investment in the delivery of the sort of support set out above. If this can be done in a rigorous and properly evaluated way, then it should also be feasible for this funding to become self-sustaining through future social or public investment.

However, following the effective removal of funding for local welfare support there is a strong case for increasing the resourcing of local support and pooling DHP budgets within that. This would enable the creation of a properly funded and locally responsive safety net for those facing the most significant hardship.

### **4. Central government should review its approach to the subsidising of private rents and to work incentives within UC**

Reductions in Local Housing Allowance have led to significant challenges for many residents in the private rented sector – and the removal of the link between local rents and the level of benefits will likely lead to those impacts increasing over time. Alongside this, Policy in Practice (2017) demonstrates that the reductions to financial support for low-income working families under UC will both reduce incomes and weaken the financial incentive to work.

These two issues risk undermining the objectives of the welfare reform programme to reward work and to support those who are vulnerable. We would urge the government to review these as a priority.

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