

Impact of recent benefit changes on vulnerable people

House of Lords

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KEY MESSAGES

- People can be vulnerable in a wide range of different ways, and in a number of different contexts, such as through having a disability or long term health condition, as well as lone parents or people who experience a breakdown in family circumstances. Councils are often at the forefront of understanding, mitigating and managing this complexity in their local communities.
- The growing affordability gap of housing in many parts of the country is presenting councils with significant costs and challenges in meeting the needs of homeless and struggling households. The Government must restore the private sector Local Housing Allowance (LHA) rate to ensure that they enable people to access at least the 30th percentile of market rents.
- Universal Credit (UC) has made significant changes to the way in which many people receive their benefits. It fails to see councils, who provide housing, social care and safety net support to claimants, as a key partner in an effective and supportive benefits system.
- Local Government has an important role, working with local partners, to provide claimants with both transitional and ongoing support. The reinstatement of separate funding for local welfare schemes would enable councils and partners to intervene more effectively to prevent households who simply do not have enough money to meet their basic living expensesⁱ from falling into recurring financial difficulties.ⁱⁱ
- There must be greater engagement from the Universal Credit programme with DWP's own work on Children, Families and Disadvantage, as well as work across other departments such as homelessness prevention, public health and early intervention. This will help deliver a more coordinated approach for individuals who have a range of different needs.
- Outcomes should be measured not just in terms of the transition to Universal Credit, but also in household outcomes including debt, rent arrears, tenancy stability, homelessness, and, if appropriate, employment and progression.

Briefing

For more information, please contact:
Vanessa Furey, Public Affairs and Campaigns Adviser
Vanessa.Furey@local.gov.uk / 0207 664 3329

Impact of benefit changes on vulnerable people

Benefit changes may impact on vulnerable people in a number of important ways, including by changing:

- the amount of money they receive in mainstream benefits, including reducing them.
- the way in which they receive that money, for example by changing the payment schedule.
- the conditions that they have to meet or adhere to, such as requiring them to turn up to meetings or apply for jobs, in order to continue to receive benefits.
- the wider safety net support that is available to them, for example help with making a claim or help to look for work.
- access to 'discretionary' financial support, both top-ups to benefit, including discretionary housing payment, and access to loans and advances.

The changes that the Government has implemented since 2012 have impacted across all of these areas.

People can also be 'vulnerable' in a wide range of different ways, and in a number of different contexts. A wide number of organisations have sought to make sense of this complexity by looking at 'cumulative impacts'. Councils are often at the forefront of understanding, mitigating and managing this complexity at a local level.

Changing the amount of money that people receive in mainstream benefits

The LGA has called the Government to restore the private sector Local Housing Allowance (LHA) rate to bring them back in line to ensure that they enable people to access at least the 30th percentile of market rents when the freeze ends in 2020. The growing affordability gap in many parts of the country is presenting those councils with significant costs and challenges in meeting the needs of homeless and struggling households. Restoring the LHA rate has the potential to improve fairness and efficiency in the system as a whole, including by reducing pressures on Temporary Accommodation, allowing councils to spend that money instead on homelessness prevention.

We support the aim of reducing unemployment. Research conducted by the LGA and many others raises considerable concerns about job stability and low payⁱⁱⁱ. Significant reductions in key components of Universal Credit, in particular the private sector LHA rate and work allowances, are combining with the overheated housing market and unstable employment to present considerable challenges for some households, including those in work.^{iv}

An emphasis on targets for those in work or with a good possibility of returning to work sometimes fails to properly recognise the needs of those furthest from the labour market. This is expected to become particularly important when the migration of Employment Support Allowance claimants begins in earnest in July 2019.

Changing the way in which people receive their benefits

Universal Credit (UC) has made significant changes to the way in which many people receive their benefits. The LGA has worked with the Government throughout the design and implementation of the scheme. There are clearly some aspects of its design, such as the five-week wait, that continue to present challenges for claimants. We support the principle of UC, but we continue to have concerns about some aspects of the policy and implementation. We are pleased that the Department appears to be taking a more co-designed approach to 'Move to UC', but we remain deeply concerned that the programme does not see councils, who provide housing, social care and safety net support to claimants as a key partner in an effective and supportive benefits system.

The scale and complexity of designing and implementing UC is unprecedented. The operational aspects of the programme have understandably dominated, and taken considerable departmental resource. This has inevitably impacted on the Department for Work and Pensions' ability to focus on the wider policy aspirations. Attention has been diverted from empowering claimants and improving housing, employment, health and financial outcomes, particularly for the most disadvantaged or vulnerable households.

We are pleased that the DWP is consulting more closely with councils and partners to endeavour to design a fair, timely and effective approach to 'Move to UC', and to informing and supporting these claimants and those who support them. It is vital that the DWP uses the proposed pilot in Harrogate to ensure that the role of statutory partners is clearly recognised in the future service design. It would be beneficial if learning from the pilot could also be used to inform support for vulnerable claimants within the wider system.

The local safety net

We welcome the fact that the use of sanctions has reduced after increasingly significantly in the early stages of the welfare reforms. Many councils remain concerned about the ability of some vulnerable households to manage changes to their entitlement, and the pressure this places on local services. For example the benefit cap disproportionately affects lone parents with young children.^v

We are also concerned about whether the current approach to discretionary local support is appropriate for vulnerable claimants. In April this year, responsibility for 'Universal Support' moved from councils to Citizens Advice, and became 'help to claim'. Whilst we have confidence in the support that they will provide, the funding from DWP is only sufficient to deliver this specific service. The Department did not take on board the significant evidence of the wider support needs, a gap that many councils continue to fill with little additional resource.

This gap in funding must be addressed, and the wider role councils can play, with local partners, in providing claimants with both transitional and ongoing support should be recognised. Councils will continue to have a role in administering housing benefit for pensioners and some of the most vulnerable claimants, such as those in Temporary Accommodation, for some time to come. A clear articulation of the full role that councils play in the welfare system and the role that local partners can, and should, play in supporting claimants with additional needs is overdue.

We are pleased that Government is committed to working more closely with the Money and Pensions Service (MAPS) and others to improve financial support and inclusion. The LGA has been working with the Centre for Responsible Credit, MAPS and others to scope integrated approaches to 'reshaping financial support'.

While it is welcome that Government recognises the importance of debt advice, and MAPS' approach to local commissioning and co-design, we must recognise that some people are in debt or financial difficulty because they simply do not have enough money to meet their basic living expenses.^{vi} The reinstatement of separate funding for local welfare schemes would enable councils and partners to intervene more effectively to prevent these households from falling into recurring financial difficulties.^{vii}

An adequately resourced local safety net and improved cross-Government working would enable councils to integrate welfare benefits with other support more effectively. This includes the provision of low cost housing, 'long view' work with the long-term unemployed, and wider financial inclusion work to remove the poverty premium, and improve access to debt advice, one-off grants, and affordable credit.

The Government is now working more closely with councils and partners to design a fair, timely and effective approach to 'move to UC', and to informing and supporting these claimants and those who support them. We remain concerned that it continues to view success in terms of making and managing a claim, rather than wider improved outcomes.

There must be greater engagement from the Universal Credit programme with DWP's own work on Children, Families and Disadvantage, as well as work across other departments. Included in this must be the

- Homelessness prevention led by the Ministry of Housing, Communities and Local Government.
- Troubled Families programme.
- Public health and social care initiatives, led by Department of Health and Social Care.
- and the Department for Education's work on social mobility and early intervention.

These are all components to building households' stability and supporting improved outcomes as part of genuinely integrated approach to social security. The best councils already view outcomes in this way, and work effectively to design effectively tailored and integrated services.

Outcomes should be measured not just in terms of the transition to Universal Credit, but also in household outcomes including debt, rent arrears, tenancy stability, homelessness, and, if appropriate, employment and progression.

ⁱ http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn9

ⁱⁱ http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn10

ⁱⁱⁱ http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn7

^{iv} http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn8

^v <https://www.equalityhumanrights.com/en/publication-download/cumulative-impact-tax-and-welfare-reforms>

^{vi} http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn9

^{vii} http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/work-and-pensions-committee/universal-credit/written/83267.html#_edn10