

Shelter submission to the Work and Pensions Committee Inquiry into the local welfare safety net

1. Shelter welcomes this opportunity to submit evidence to the Work and Pensions Committee Inquiry into the local welfare safety net. This inquiry comes at a crucial time for Local Welfare Assistance (the replacement for the Social Fund) in particular, as there is significant risk that these budgets will be further reduced, or disappear completely, following the Comprehensive Spending Review in November.
2. Shelter provides practical advice and support to over 4 million homeless or badly housed people a year via its website, telephone helpline and network of advice services. We employ over 200 advisers and 40 solicitors to give advice and offer representation.
3. However at Shelter we understand that helping people with their immediate problems is not a long-term solution to the housing crisis. That's why we campaign to tackle the root causes, so that one day, no one will have to turn to us for help.

Section 1: Executive Summary

4. Recent changes to mainstream social security have increased pressure on local authorities to provide a basic local safety net.
5. Locally run schemes have replaced elements of the previously centrally-run Social Fund, and the use of cash-limited discretionary housing payments (DHPs) has become a mainstream part of the Housing Benefit offer, rather than the marginal role they were intended to play in smoothing out rough edges when first introduced in 2002.
6. This is a key shift in approach. DHPs are now used routinely to 'mop up' shortfalls in housing benefit caused by ongoing welfare reforms. The problem is simply that the extent of housing benefit related welfare reform is spreading DHP budgets too thinly, as the gap between people's housing benefit and rent is growing.
7. Discretionary housing payments are restricted to rent-related issues. Local welfare assistance must bridge other gaps in people's day-to-day living expenses – utility bills, essential white goods, travel etc.
8. If local welfare assistance is lost, or continues to be too restrictive, then there is absolutely no other emergency fund at a local level that is flexible enough to relieve people in financial crisis and prevent, or relieve, homelessness.
9. Over the past five years, the number of people becoming homeless and at risk of homelessness has increased. Although the local welfare safety net has played a vital role in partly mitigating the impact of the housing crisis and changes to social security, Shelter is concerned that there are clear and increasing inadequacies in this support.
10. Our key concern is that the Government has devolved responsibility for welfare safety nets, whilst at the same time introducing policies that place people at more risk of needing them. At the same time it has paid insufficient attention to the impact of such reforms, both in terms of a lack of ring-fencing of the budget and monitoring of spending and outcomes.

Our evidence base

11. In order to understand more about the differences between local authorities, Shelter conducted a series of Freedom of Information requests and extensive follow-up conversations with council officers on DHPs and Local Welfare Assistance (LWA). We have drawn on this work, and our research with Shelter Supporters in preparation for DCLG's consultation on local welfare provision in 2015-2016, for this submission.

Section 2: Why is the local welfare safety net so important?

12. The local welfare safety net is of key importance in preventing and relieving homelessness.
13. **Local welfare assistance** has become a central tenet in local authorities' toolkit to tackle homelessness, particularly through helping people secure and maintain appropriate tenancies. Shelter welcomed the last-minute decision by Government to extend a £74million lifeline to local welfare schemes last February, to cover 2015/16, but several local authorities had already closed or significantly reduced their provision.
14. Shelter research and analysis for our submission to DCLG's consultation, 'Local Welfare Provision in 2015-16'¹ found that LWA provides vital support to enable homeless people to secure and sustain appropriate accommodation following homelessness, specifically by assisting households to:
 - find and secure new tenancies
 - buy essential items at the start of a tenancy, and
 - cover periods of extreme financial difficulty.
15. The funding has only been provided for a year (2015/16) and we are hugely concerned about what will happen in following years, particularly as pressures on the budgets of low-income households continue to grow if proposed changes to the Benefit Cap, local housing allowance and tax credits come into force and Universal Credit rolls out. Additionally, local authorities' 2015/16 funding was included within their Revenue Support Grant, but other elements were effectively cut by a corresponding amount. Incorporating local social welfare provision within the RSG means that it may not be separately identifiable in future years and could, therefore, be subject to further erosion in future government funding settlements.
16. **DHPs** are intended to deal specifically with housing benefit shortfalls, and have been allocated on the basis that they will be predominantly used to top up housing benefit (HB) for those affected by welfare reforms (notably the benefit cap, local housing allowance and the social sector size criteria). The problem is simply that there is too much welfare reform for DHPs to cover, and the gap between available income and rent is growing.

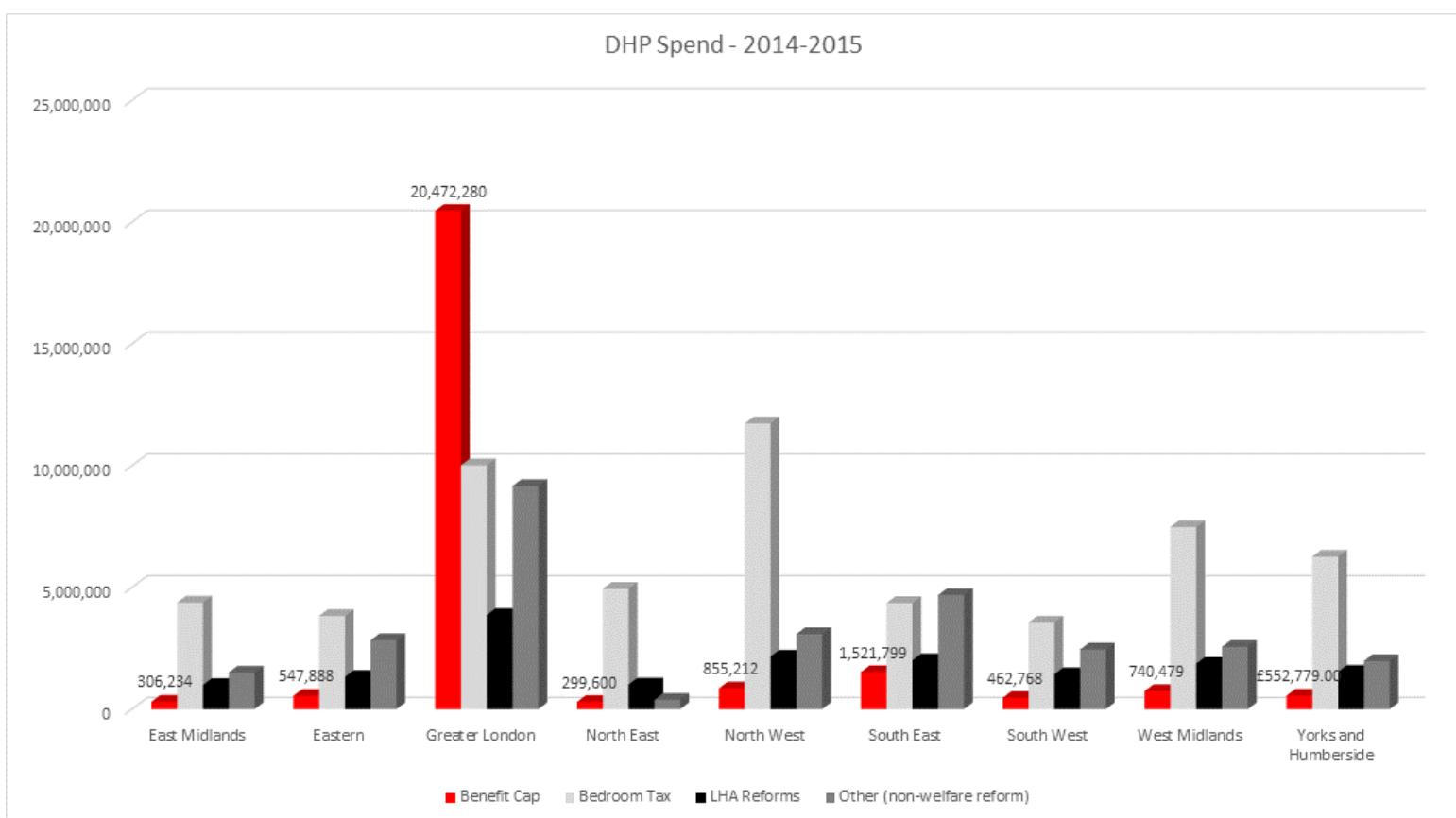
Shelter supports the flexibilities that local authorities have to respond to particular local needs through use of DHP; however our research reveals that there are some very specific local approaches to using DHP that must be understood by the government, some of which are negative:

- Some authorities will make allocations for a maximum of two or three months; others for 12 months
- Some authorities make allocations based on specific needs. This could range from regular £14 per week payments to cover an under occupancy charge, to one off payments of £1000 to cover a deposit and rent in advance

¹https://england.shelter.org.uk/professional_resources/policy_and_research/policy_library/policy_library_folder/response_local_welfare_provision_2015-2016

- Few make awards to people whose benefits have been reduced or stopped due to DWP sanctions; but where a sanction explains only part of a bigger problem with arrears, some local authorities will use DHPs.
- Most DHP awards come with some conditionality and demand some engagement with debt counselling, benefit advice or employment support.
- Some DHP schemes cover tenancy deposits; others do not.
- Some authorities will make awards if a homelessness duty would otherwise be owed, which is used as a cost-saving measure by local authorities – in other words preventing the use of expensive temporary homeless accommodation.
- Some local authorities refuse DHPs to anyone whose housing benefit covers 100% of their rent liability.

Figure 1: Breakdown of DHP Spend by Region (2014-2015) - Benefit Cap spend highlighted



Stretching the safety net too far

- Research by Shelter has demonstrated that DHPs and local welfare assistance clearly play a vital role in helping to prevent homelessness and relieve the impact of welfare reforms. However, DHP is being asked to do too much and is spread across too many areas – Local Housing Allowance (LHA), Benefit Cap (including homeless households in Temporary Accommodation), Bedroom Tax and general homelessness prevention. Figure 1 demonstrates that the majority of DHP is being spend on mitigating against the impact of the Bedroom Tax, yet the lowering of the Benefit Cap will increase the competition for priority areas, especially outside of London.
- The proposed freeze to LHA rates, loss of family premium in housing benefit, the lower benefit caps and removal of housing benefit from 18 to 21 year olds will stretch this limited resource to breaking point. Our recent analysis of the likely impacts of the LHA freeze and reduction in Benefit Cap

suggest that, where DHP might just be covering the gaps currently, it is highly unlikely to be able to do so going forward.²

19. At the same time, **cuts of £40 billion to local authority services** will inevitably result in reduced services and increased gatekeeping and outsourcing, to private companies who do not know the local area and are less able to respond to local need.

Section 3: Shortcomings in the local welfare safety net

Q1: The extent to which local authorities use different criteria for deciding eligibility and the merits of those criteria

Local welfare assistance

20. In February 2015 Shelter sent Freedom of Information requests to a small group of English local authorities, to understand more about their local social welfare schemes. We received responses from Liverpool, Bournemouth, Cornwall, Ealing and Wolverhampton.
21. Shelter's research revealed that the eligibility for local welfare provision varies considerably across different areas. For example, some local authorities require an applicant to be in receipt of one or more DWP benefits, while others insist on a 2 year local connection to the area. These stark differences create the notion of a 'post-code lottery' of emergency support, and access to assistance available to the most vulnerable households in England varies considerably depending on which local authority they fall under.

Discretionary Housing Payments

22. The DWP sets out clear eligibility criteria for DHPs. Claimants must be entitled to:
 - Housing benefit; or
 - Universal credit that includes a housing element towards rental liability; and
 - Requires further financial assistance with housing costs.
23. Local authorities' discretion is in how they choose to use the DHP (variations in approach are set out in paragraph 17 above). As such someone may successfully receive a DHP in one local authority and be rejected in another, even before overall budget considerations are taken into approach. Applicants have no right of appeal, making it difficult to hold local authorities to account for their decisions.

Q2: Accessibility and advertising of the availability of support

Discretionary Housing Payments

24. Our FOI investigations revealed that access to DHPs varies enormously across the country. Even finding out about DHPs can be difficult. Many council **phone systems** are cumbersome and difficult to use. Voice operated systems require a good understanding of English and clear spoken English, so that they system recognises their choices. They also demand a sophisticated understanding of how local authorities are organised, in order to pinpoint the correct person or department. Phone systems with long queue-times can be particularly problematic for people with pay-as-you-go phone tariffs. **Enquiries made by email** elicit a variety of responses. Delays in replying are common but the information finally received is often helpful. Some email systems require users to log in and create an account before supplying any information, which creates barriers for people with limited IT skills or access.
25. **Application processes** also vary significantly – with some being considerably more 'user-friendly' than others. Some councils fail to provide easily identifiable phone numbers or email addresses, for

² <http://blog.shelter.org.uk/2015/10/the-benefit-cap-hurting-homeless-families/> and <http://blog.shelter.org.uk/2015/07/the-lower-benefit-cap-this-changes-everything/>

example. Others, however, provide a lot of helpful information via a dedicated email address, including about where people can go to access more help to complete their DHP form, and details of how to contact the Benefits Team and Neighbourhood Offices for more support.

26. **Application forms** are not standard across councils, resulting in very different experiences depending on where you live. The process is much more straightforward in some areas than others:

Length of forms	Some forms are short (four pages) and relatively easy to complete and to print out. Other forms are more detailed, complicated to complete and bigger printing jobs (11-16 pages).
Multi-use application forms	Some forms combine different processes and applications. A Midlands Council, for example, uses one form for people who want to apply for DHPs and/or Council Tax Discretionary Fund payments. The form is ten pages long and asks people only to complete the parts relevant to them, or both parts if they want to apply to both funds. This combining of forms is likely to be more confusing than other single-use forms, particularly for people with literacy challenges.
Multiple forms	Some councils ask people to choose from several forms. For example, a Northern Council has five different forms, depending on the reason for the DHP application. Hackney Council has two forms – a general DHP application form (16 pages, guidance and monitoring at the end) and an additional form for social housing tenants (three pages).
Online forms only	Some councils only offer an online form for DHP applications, requiring good computer literacy skills. It also takes time to complete and requires that people have their supporting information to hand, creating challenges for someone filling it in at a library or café computer.

Q3: The interaction between discretionary housing payments and local authorities' statutory duties to homeless households. In particular, whether someone who can no longer afford their accommodation is owed a statutory rehousing duty.

27. Someone who can no longer afford their accommodation *can* be owed a statutory rehousing duty, if they can show that they genuinely cannot afford to pay their rent and/or lost their accommodation through no fault of their home. Changes to benefit rules are deemed to be beyond the individual's control so an eviction following a benefit cut would not be deemed as intentionally homeless. Similarly, if a reform means the rent has now become vastly unaffordable someone may be acceptable as legally homeless because it is not reasonable for them to continue to occupy their home. They do, however, need to fall within the statutory definition of 'priority need'. A single person with no additional vulnerabilities will not be considered in priority need and will only be entitled to advice and assistance, although in practice this help is limited.³

28. Local authorities regularly use DHPs to bridge gaps in affordability when they know it's not the person's fault that they cannot afford their rent. The alternative to a rolling DHP payment is that local authorities have to accept the person (and their household) as homeless and place them in Temporary Accommodation (TA), with a much higher cost attached. DHP budgets are stretched even further as a result - councils try to keep people in their own homes rather than placing them in expensive temporary accommodation, which can be of poor quality and located outside the home borough.

29. This is not a sustainable business model – demand is increasing, the gaps are growing (as a result of the LHA freeze and Benefit Cap, notably) and there is uncertainty about how DHP will be allocated over the next five years.

³ For more information about priority need see:

http://england.shelter.org.uk/get_advice/homelessness/help_from_the_council_when_homeless/priority_need

30. The proposed reduction in the benefit cap further threatens families' ability to afford to pay their rent. The existing cap has caused severe hardship and gives rise to situations best described as nonsensical homelessness 'merry-go-rounds', where a household is made homeless because of the cap, the local authority struggles to find temporary accommodation because of the cap and has to subsidise it from their own funds, and then is unable to find a long-term affordable home for the family if the cap continues to apply. This is why we are calling for an exemption from the Benefit Cap – a grace period - for households accepted as homeless by the local authority:

Q4: Central monitoring of the adequacy of the support

Local social welfare

31. Analysis of the adequacy of local social welfare schemes is hampered by the lack of central monitoring and national data. Our FOIs reveal that local councils have a much more sophisticated knowledge of their spending (as you would expect) than is available nationally, which makes it difficult to compare and measure the success of different schemes. Shelter's DHP tool – developed to enable users of our website to find out what their local authority offers and how to apply – provides a model which could be replicated for local social welfare schemes, including links to local providers of practical assistance including white goods, furniture etc.

Discretionary Housing Payments

32. While the discretionary nature allows local councils to identify and meet needs in their own areas, it also makes it difficult to make sense of postcode lotteries. There are significant 'unknowns' about how DHP is allocated and who is prioritised, all of which would give a better picture of the true demand for support and help us to understand individual local authorities' rationale. The Government could usefully require local authorities to report on:
- Who is applying for a DHP but doesn't get one, even though they meet the eligibility criteria?
 - Who is not applying for a DHP, even though they would be entitled?
 - What period of time are DHPs awarded for?
 - How many people make repeat applications? Is the reason for the repeat application the same, and how quickly are they made after the first application?
 - Is the DHP budget covering the full homelessness liability? Will it continue to do so, going forward? What do councils do when they run out of DHP budget?
 - How will councils manage their DHP budgets during the 4 year freeze to LHA and once the benefit cap is lowered even further.

Section 4: Recommendations

33. Local welfare assistance

- Funding must be maintained and reviewed, based on a recognition that cuts to housing benefit related welfare will increase demand for the local welfare safety net.
- Local welfare assistance scheme allocations should be ring-fenced to ensure that budgets are spent on providing a safety net.
- Stronger guidance must be introduced to ensure basic minimum standards of provision.
- A statutory requirement for reporting must be introduced, starting with a requirement that local authorities have a local welfare assistance scheme. It is vital that a degree of flexibility is maintained to ensure that councils operate schemes that meet local need.
- Local authorities should do more to advertise and promote their local welfare assistance schemes, including who might be eligible and how to apply.

34. DHPs

- Local authorities should review their DHP application processes to ensure that they are accessible, taking particular note of the needs of people whose first language is not English, who are not computer literate or rely on pay-as-you-go mobile phone tariffs.
- Government must regularly review the DHP budget, taking note of the impact of changes to LHA and the Benefit Cap to ensure that it is sufficient.
- The Government should introduce an exemption to the Benefit Cap for households accepted as homeless by the local authority, to reduce pressure on DHP (and wider local authority) budgets.

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