

Consultation response

## Local welfare provision in 2015-2016

November 2014

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Shelter helps millions of people every year struggling with bad housing or homelessness. We provide specialist advice and support on the phone, face to face and online, and our legal teams can attend court to defend people at risk of losing their home.

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.

We're here so no one has to fight bad housing or homelessness on their own.

## Introduction and summary of key points

Over the last five years, the number of people becoming homeless and at risk of homelessness, has increased. Shelter provide housing advice and support to help people back on their feet, but central government funding is vital if local authorities and the voluntary sector are to effectively tackle homelessness.

We asked our supporters for their views on whether funding for local welfare provision - which helps homeless people back on their feet - was important. 4,114 supporters took action to tell government that they thought local welfare provision should continue.

Shelter is clear that without additional and separate funding from central government, local welfare provision will shrink in some areas and disappear entirely in others. Similar provision by the voluntary and community sector is uneven, and increased central funding will be required to fill the gap left by the removal of funding for local welfare provision.

We've drawn on case studies from our services, and extensive research, to identify exactly how local welfare provision helps homeless people. It shows that local welfare assistance enables homeless people to secure and sustain appropriate accommodation following homelessness, specifically by assisting homeless households to:

- find and secure new tenancies
- buy essential items at the start of a tenancy and
- cover periods of financial difficulty.

In light of the pivotal role local welfare plays in tackling homelessness, Shelter recommends that additional and separate funding (option 4) is provided by central government, to ensure that homeless households can be helped to move on from homelessness.

## Section 1: Overview

Government figures show that growing numbers of people are losing the fight to keep their home. The number of people making a homelessness application has increased by a fifth over the last five years, and the number of cases where councils have to intervene to help prevent or relieve homelessness has increased by 38%.<sup>1</sup>

<sup>1</sup> Table 1: Homelessness applications (2009- 2013)

Year	Number of homelessness applications	% change since 2009
2009	93,600	
2010	97,210	4%
2011	107,240	15%
2012	112,880	21%
2013	113,270	21%

Table 2: Homelessness prevention and relief cases (2009/10 – 2013/4)

Year	Number of homelessness prevention and relief cases	% change since 2009/10
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These numbers are just the tip of the iceberg: hundreds of thousands more households are struggling to keep up with their rent, and risk getting into rent arrears, and homelessness. Shelter's research found a combination of high rents and weaker protections from the welfare state make people living in private rents particularly vulnerable.<sup>2</sup> Many working age families are now cutting back on essentials, including food, to meet crucial bills.<sup>3</sup>

To tackle homelessness, local authorities rely on visible, central government funding, such as discretionary housing payments (DHPs) and homelessness prevention grant.

DHPs are intended to deal specifically with housing benefit shortfalls, and have been allocated on the basis that predominantly they will be used to top up housing benefit (HB) for those affected by welfare reforms. In 2013-2014 84% of awards went to people directly affected by welfare reforms. This means local authorities have very little DHP funding to help those who are already homeless, and in our experience, local authorities prefer not to use DHPs for purposes other than topping up housing benefit, such as providing rent in advance. In addition, there are pressures, outside of housing benefit that can lead to someone being unable to sustain a tenancy which would not be covered by DHPs.

The homelessness prevention grant is used to run housing options services, through which households make homelessness applications and get homelessness prevention and relief. However, the grant has not been increased to reflect increased demand on council's: in 2013/14 and 2014/15 £170 m was awarded.

Local welfare assistance has therefore, become a central tenant in the local authorities' bid to tackle homelessness, particularly through helping people secure and maintain appropriate tenancies

## Section 2: Evidence

Our extensive research and service experience show that local welfare provision, and the Social Fund before that, play a pivotal role in moving people on from homelessness, by helping them to :

- secure new tenancies
- buy essential items at the start of a tenancy and
- cover periods of financial difficulty.

### Securing a tenancy

Research gathered for our Sustain project indicates that the Social Fund was used to help people pay the first month's rent in a new tenancy, or a deposit, both of which can be required in advance to secure a private tenancy. Sustain found homeless households used these Crisis loans to pay a month's rent in advance to secure accommodation, following a period of homelessness, during which they would be

2009/10	165,200	
2010/11	188,800	14%
2011/12	199,000	20%
2012/13	202,900	23%
2013/14	227,800	38%

<sup>2</sup> [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0005/960314/Final\\_summary.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0005/960314/Final_summary.pdf)

<sup>3</sup> <http://blog.shelter.org.uk/2014/08/working-families-forced-to-cut-back-to-pay-their-housing-costs/>

either living in temporary accommodation, or sofa-surfing. Statistics on the allocation of Social Fund 2012-2103 show that homeless households typically took out 'Crisis loans' of £457. Research carried out for Sustain, indicates that homeless households used these Crisis loans to secure a property:

*"It comes straight, before I get my benefit they take it off this, it's called a Crisis Loan for how much you need to pay upfront for a flat. And you pay that from your benefit but it's already taken out of your benefit when you get it."(Female, 45-54)*

Under local welfare provision, many councils do not provide deposits or rent in advance through their schemes, which our advisors have found to be a barrier to moving clients on from homelessness. Should grant funding be cut, it is likely that other local authorities will follow suit, further reducing the capacity for homeless people to move into sustainable tenancies.

### **Buying essential items for a property**

The majority of new tenancies in the private and social sector come unfurnished. Both the Social Fund and local welfare provision has helped homeless people buy essential items at the start of a new tenancy. These are often basic items that help sustain tenancies but are out of reach of many, including beds, fridges and cookers.

We found evidence that helping people with essential furniture enabled them to take up appropriate tenancies, in some cases saving government money and meant households avoided taking out debt to purchase furniture.

Those interviewed for Sustain used the Social Fund to get essential items, like beds, and kitchen equipment for their new private accommodation and meet other costs associated with moving into a new home, such as moving and decorating costs.

*"It was [...] anything to do with the house, from removal van, from help delivering the products the chairs, the microwave to buying new products like a fridge, a washing machine" (Lone parent, female, 16-24)*

Some people had still been unable to afford beds or furniture nineteen months after moving in to new accommodation, leading to one mother resorting to keeping milk in a pan to keep it cold, because she didn't have a fridge. A key finding from Sustain was that the availability of basic furniture also had an impact on how people could live and manage budgets as they progressed in their tenancy.<sup>4</sup>

Evidence from our services shows local welfare provision now plays a vital role in resettling homeless people and families from a variety of backgrounds.

Some homeless households have their own furniture which they keep in storage, until they can get a new home, but many have nothing, particularly women fleeing domestic violence. An elderly woman in her 70s had suffered 50 years of domestic abuse. She left her husband, but had no belongings because her husband destroyed them in a fit of rage. Shelter helped her secure a property, and get local welfare help furnish it.

In complex situations, local welfare provision can complement existing schemes to achieve positive outcomes – for example, where local authorities use their homelessness prevention grant to run deposit schemes, and local welfare to furnish a home.

### **Case study 1**

**A victim of domestic violence and her daughter in Liverpool were fleeing from the perpetrator. After being placed in unsuitable accommodation and suffering severe mental health problems, the private landlord issued the family with a section 8 notice to seek possession due to rent**

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<sup>4</sup> [http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0005/570353/Interim\\_report\\_Sustain\\_private\\_rented\\_sector\\_research.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0005/570353/Interim_report_Sustain_private_rented_sector_research.pdf)

arrears. Shelter intervened and found the family more suitable accommodation but without funds for a deposit and the administration fee this would not have been possible. Liverpool City Council offered the family the deposit through their rent deposit scheme and for the administration fee. Additionally, a 'Home Needs Award Grant' was given through Liverpool Citizen's Support Scheme, and the family got new furniture, a fridge, cooker, washing machine, crockery, kettles and three single beds.

Shelter provide support to homeless families, some of whom reside in temporary accommodation such as hostels, or sofa-surf with families, until they transition into a new tenancy in social housing.

Advisors use local welfare to ensure the accommodation is appropriately furnished for a family, which can positively impact on the ability of a family to manage their budget by reducing their outgoings.

### Case study 2

**A couple with four children, became homeless due to rent arrears. For nearly a year, they lived in unsuitable arrangements with relatives, and the children commuted across the city to go to school. After Shelter helped the parents gain control of their debt they were able to successfully re-register for a local authority property, which came unfurnished. Shelter applied to the Local Authority Scheme on their behalf, and received a grant of £1600 to furnish and carpet the property. Without the grant they would have had no means of cooking and storing food, and would have had to rely on expensive and unhealthy takeaways. It also stopped them using payday loans or hire purchase companies to secure white goods. Furnishing and carpeting the house reduced their heating and eating costs, enabling them to make their limited budget stretch further. They now have a settled home. For the past eleven months they have lived within their budget and paid their rent on time, as a result they are not in any rent arrears, or any further debt. Having a settled home means the children have been attending school regularly for four terms, for the first time in two years.**

Securing an appropriate tenancy for a homeless family can help keep families together, avoiding considerable emotional distress, and as demonstrated in the case below, eliminating the need for a social care intervention.

### Case study 3

**In Sheffield, the support team helped a pregnant client who had become homeless, move into a new property. The client had to sign for the property and move in straight away to avoid accruing rent arrears. When Shelter visited the client she was 4 weeks off having her baby and she was sitting on a box in an empty room. The client was able to have a cooker and fridge provided by Sheffield City Council at an increased rent amount but she had nothing else. The client was in despair, as she had nowhere to sit, sleep, nothing to eat with and nothing at all for her baby. She was also being charged over occupancy charge on her rent until the baby arrived, and had insufficient money to change her situation. The council were considering placing the baby in temporary care until the property was fit to be lived in. Shelter supported her to obtain a Local Assistance Grant and she was awarded £400. With this Shelter were able to source a second hand sofa, bed, coffee table, kitchen crockery and cutlery, and curtains, before the baby was born.**

Local welfare is also being used to resettle people exiting institutions, many of whom are particularly vulnerable. A lack of furniture can be prohibitive to vulnerable clients taking up a tenancy, or lead to clients abandoning tenancies, risking continued or repeat homelessness<sup>5</sup>. Local welfare provision can speed up the process of resettling someone into appropriate accommodation, reducing spend on housing cost and costs elsewhere in the system.

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<sup>5</sup>

[http://england.shelter.org.uk/\\_data/assets/pdf\\_file/0007/351925/Shelter\\_response\\_to\\_Social\\_Fund\\_call\\_for\\_evidence\\_FINAL.pdf](http://england.shelter.org.uk/_data/assets/pdf_file/0007/351925/Shelter_response_to_Social_Fund_call_for_evidence_FINAL.pdf)

#### Case study 4

**An advisor based in Manchester recently worked with a male client who had been sick in hospital for two years. He lost his flat whilst he was in hospital, and was unable to leave because he had nowhere to go. Shelter helped secure the man a new Local Authority property, without the need for a deposit, but it came unfurnished. The advisor applied to the council's local welfare scheme and got him furnishings for a new flat, and an emergency payment of £50. The advisor noted that without the local welfare fund, the man would still be in hospital, because he had nowhere appropriate to go.**

Shelter work with prisoners in some parts of England, to secure them suitable and settled accommodation on their release, in order to reduce the risk that they re-offend. The majority of ex-offenders are placed in private tenancies, often because they will not qualify for social tenancies. Advisors face two key challenges – finding a private landlord who will accept ex-offenders, often without a deposit or any income, and finding a way to furnish the accommodation. Our advisors who work with prisoners have to find accommodation, which is appropriate, meaning it is furnished.

Once our advisors have found a tenancy on behalf of clients, they then need to help the clients secure the tenancy: we find that landlords want reassurance that their properties will be furnished and maintained appropriately. Some landlords will not let accommodation without knowing it will be furnished.

If Shelter is unable to help a client get a furnished private tenancy, as a last resort, clients may be placed in expensive supported accommodation, even though they have no support needs.

#### Case study 5

**In the North West, Shelter secured a privately rented one bedroom flat for a prisoner but the flat came unfurnished. The team applied to the scheme ran by Wirral Borough council on the client's behalf and the council awarded food, fuel, bedding, a single bed, a single wardrobe, microwave, fridge and £109.00 for gas and electricity. This enabled the client to take up the one bedroom flat, at a cost of £90.00 per week. Without the furnishings, the team would have had to place him in supported accommodation with the Liverpool YMCA, at a cost of £241.90 per week. The client would have been likely to have stayed in that particular supported accommodation for 2 years, meaning additional rent costs of £15,600.**

Local welfare provision reduces the housing benefit spend on each client that is appropriately housed, but also has far wider implications. Each time someone is inappropriately placed in supported accommodation this can block someone with support needs accessing supported accommodation. Clients who are ready to work, but placed in high cost supported accommodation may struggle to secure employment which pays enough to cover the rent.

*“As a team we find it very frustrating that we encounter lots of prisoners who are capable of living independently on release from custody but even when we can find a flat or house for them to rent via a private landlord, without the awards of welfare assistance to provide essential items, they would be unable to live in them. This results in people without support needs or low support needs having to reside in supported accommodation on release from prison, this then prevents them from gaining paid employment as they cannot afford the costs of supported accommodation and again, leads to a lack of housing security.”*

*(Team leader, North West Prison Advice Service)*

One advisor working in the North East estimated that in the last six months, half of her clients resettled into new accommodation had accessed local welfare and was clear that there is a direct link between local welfare provision and securing a tenancy, which is vital to reducing reoffending:

*"I haven't had a tenancy in Newcastle fail yet (to date, and fingers crossed) [...] this goes to show that having essential items in a home increases the rate of reoffending."*

*(Advisor, North East Prison Advice Service)*

## **Covering periods of financial difficulty**

Under the Social Fund, people who unexpectedly had periods with no income, for example, people affected by benefit delays, could receive money to tide them over.

In our Sustain research, a young couple with a baby had recently moved into a privately rented flat. Unfortunately there were a couple of times when their benefits got stopped and they were faced with having no money for a few weeks, which would have been extremely hard given they were trying to care for a baby. They applied for and were given a Crisis loan which they were able to use for things such as nappies, wet wipes and milk powder for the baby. It was only a small amount (£28) but it was a lifeline that meant that they were able to get by until their benefits were sorted again and they were able to pay the loan back in instalments.

JobCentreplus now provide 'budgeting loans' to help people without income, which is then repaid through benefits, but this is capped and eligibility criteria (requirement to be in receipt of particular benefits) means it's not suitable for everyone. Short term advances and budgeting advances again depend on entitlement to Universal Credit. Therefore, local welfare provision is still being used to meet small essential costs, such as food, through small cash payments and food parcels.

## **Recommendation**

**Shelter recommends that additional, central government funding is made available to ensure there is ongoing support to resettle homeless households, in line with option 4 set out in the government's consultation document.**

Without additional central government funding, local welfare provision will shrink, and there is not sufficient scope within existing local authority budgets to absorb the increased pressure. It is unlikely that a national organisation will step in to offer equivalent support. Shelter, for example, do not have funding set aside to offer this provision at a national level. Therefore, this move will curtail the ability of councils and organisations, like Shelter, to help homeless people into appropriate accommodation.

Based on the current settlement for local welfare provision for 2015-2016, two-thirds of councils in response to an LGA survey, say they will reduce their schemes, and 15% will withdraw their schemes entirely.<sup>6</sup> We know 8790 homeless households were helped in 2012-2013 under the Social Fund, but don't have equivalent figures for local welfare provision, so it is difficult to quantify exactly how many homeless people will lose out, and how.<sup>7</sup> Councils may reduce their schemes by providing fewer awards, and may have to resort to changing eligibility criteria, to reduce demand. Alternatively, they could reduce the breadth of provision they make available e.g. councils who still provide loans for deposits may stop.

In areas with other hardship funds there may still be support, but it's unlikely to provide support to homeless people from a wide range of circumstances. JRF found that as a consequence of welfare reform, some social landlords are running their own hardship funds, but there is no requirement on social landlords to do this, and these would not support those being resettled into the private sector.<sup>8</sup> Our services use local voluntary and community schemes where they are available, but report that

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<sup>6</sup> [http://www.local.gov.uk/media-releases/-/journal\\_content/56/10180/6583322/NEWS](http://www.local.gov.uk/media-releases/-/journal_content/56/10180/6583322/NEWS)

<sup>7</sup> <https://www.gov.uk/government/statistics/discretionary-social-fund-by-local-authority-apr-2012-to-mar-2013>

<sup>8</sup> <http://www.jrf.org.uk/sites/files/jrf/welfare-reform-landlords-tenants-summary.pdf>



these are often very constrained: for example, they have very strict criteria, and can only be used for one off purchases. In a recent example, an ill and homeless woman, who needed to be rehoused at her mother's house, was unable to get support from a local scheme, because a condition of being awarded a bed was that she have her own tenancy – however she was able to access local welfare assistance.

There is no tolerance to absorb the needs being met by local welfare within existing budgets used to tackle growing homelessness issues. The likely impact is that central funding for local councils will need to be increased elsewhere - for example, discretionary housing payments may need to be increased so councils can use the funding to help homeless households.