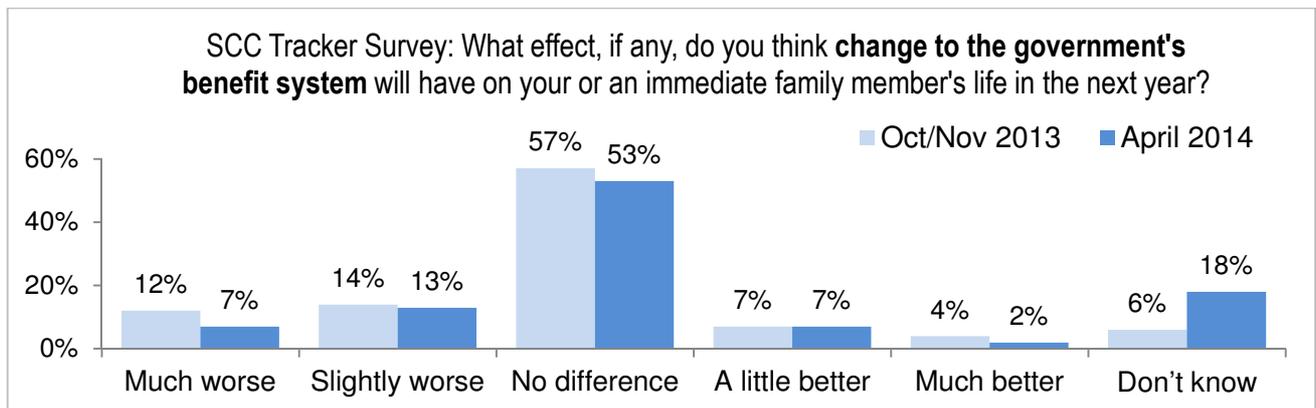


Somerset Welfare Reform Impact Monitoring - 2013/14

The Welfare Reform Act 2012 introduced a wide range of changes to the benefits system, implementation of which began in April 2013 (see Appendix for background and timeline of changes). This report considers the local impact one year on, from information provided by Somerset County Council, the five District Councils, main housing providers and local advice services. The report has been compiled by the Somerset Intelligence team at Somerset County Council on behalf of the Somerset Intelligence Partnership (SIP).

1. Somerset County Council 'Tracking Study'

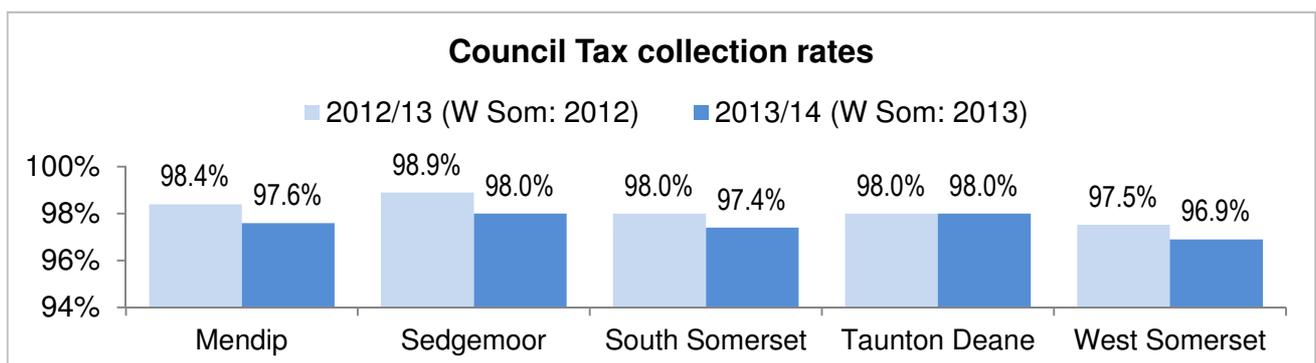
- According to the latest SCC Tracker Study, around 1 in 5 residents think that their life (or a family member's life) will be worse in the coming year as a result of benefit changes.
- Conversely, around 1 in 10 residents think that their life will be better in the coming year.

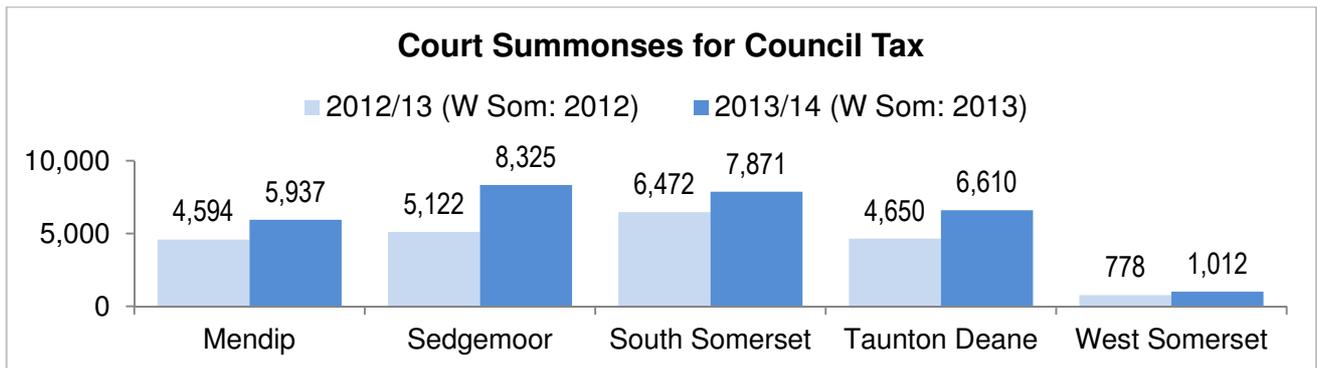


- A net negative effect (i.e. 'worse' exceeding 'better') exists for all genders and age groups. Notably, 1 in 3 residents with a disability believe they will be worse off.

2. Council Tax collection

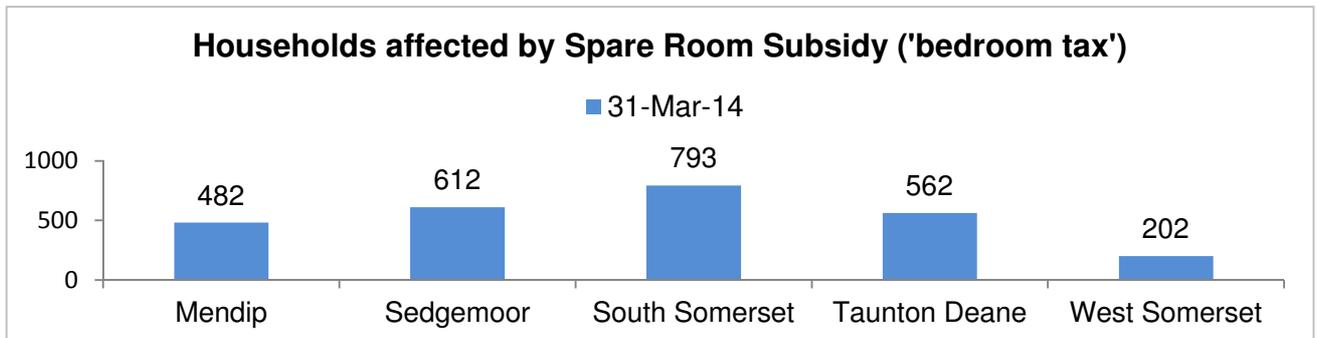
- Council Tax collection rates fell in most districts in 2013/14 compared to 2012/13.
- Overall, court summonses were up by an average of 38%.
- Liability Orders were up by an average of 44%.



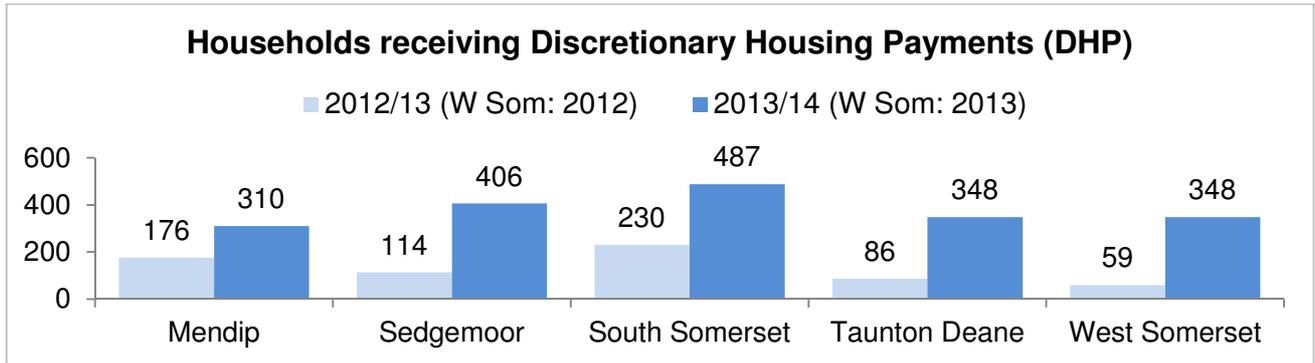


3. Housing Benefit and Local Housing Allowance

- 2,651 tenants experienced a reduction in Housing Benefit as a result of the Spare Room Subsidy (also referred to as the 'bedroom tax'), as of 31 March 2014.



- Figures from Mendip DC, South Somerset DC and Taunton Deane BC indicate that more than 6,700 households have been affected by reductions in Local Housing Allowance rates (the housing benefit paid to tenants who rent from private landlords).
- There has been an almost three-fold increase in households receiving extra help with housing costs through Discretionary Housing Payments (DHP) in 2013/14 compared to 2012/13.

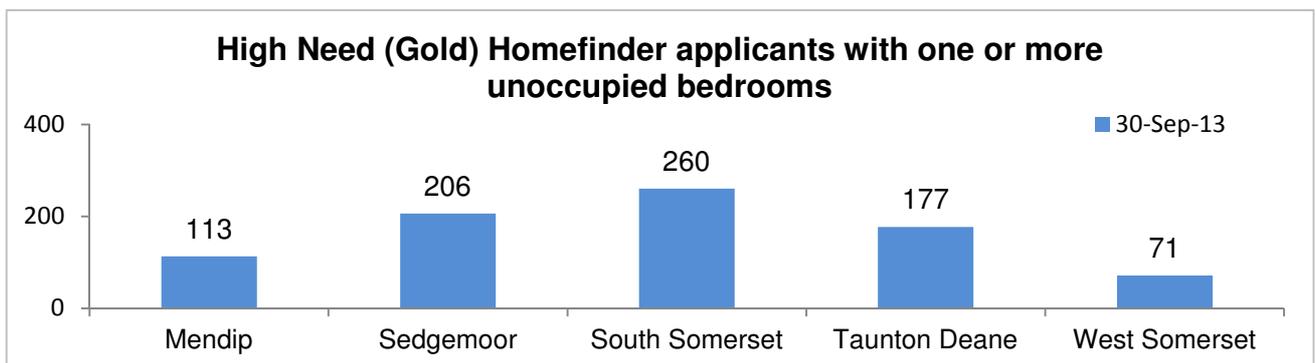


4. Rent Arrears

- Overall rent arrears recorded by major housing providers were at similar levels in March 2014 as they were a year earlier. *Somerset Intelligence will be investigating further indicators to provide more context in this area.*
- Homes in Sedgemoor report that rent arrears performance continues to be good despite the challenge of welfare reform.

5. Homefinder social housing waiting list

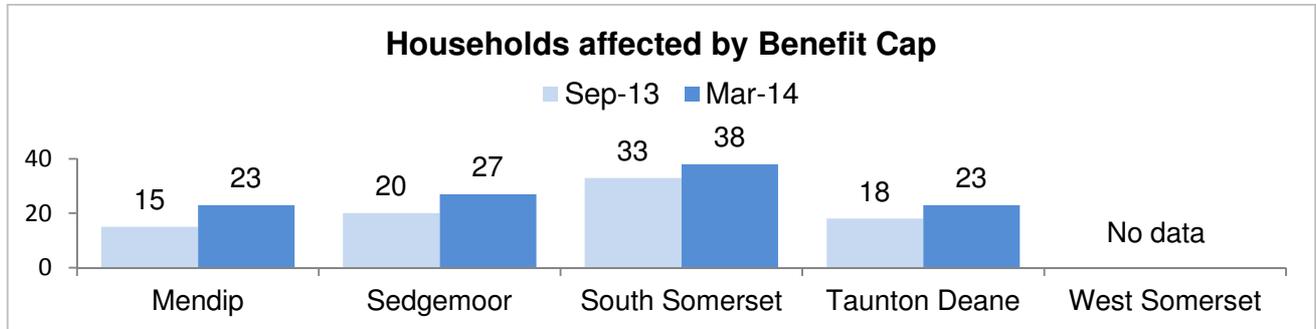
- Homefinder Somerset find that the greatest demand from applicants is for one and two bedroom properties, due in part to people who wish to downsize to avoid the Spare Room Subsidy ('bedroom tax').
- 827 Gold band (high need) applicants on the waiting list have one or more unoccupied bedrooms (representing around half of high need applicants), as of September 2013.



- A knock-on effect of downsizing is that one and two bedroom properties have been let to people who previously might not have sought a transfer at all – thus reducing the opportunities to be housed in this size property for everybody else.
- Homefinder allocations policy has now changed so that bedroom entitlement is consistent with the 'bedroom tax' rules. This policy change affects everybody, not just those requiring Housing Benefit towards their rent.

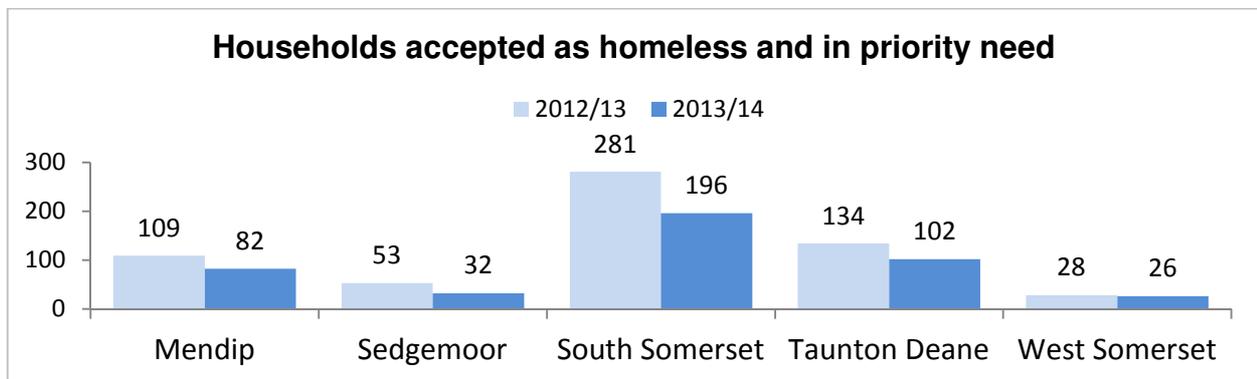
6. The Benefit Cap

- A relatively small number of households (around 100 in April 2014) have been impacted by the Benefit Cap (the total amount of benefit that working-age households can receive).



7. Homelessness

- Numbers of households accepted as homeless and in priority need was lower in 2013/14 than in 2012/13 in all districts.



8. Customer Contact

Revenue and Benefits services

- Mendip District Council report no noticeable increase in enquiries, nor any staff/cost increases.
- South Somerset DC employed an additional 1 FTE in 2013/14
- Taunton Deane BC report a decline in both telephone calls and face-to-face enquiries, attributed to new procedures on reducing 'avoidable contact'.

Citizens Advice Bureaux (CAB)

- In 2013/14, Taunton CAB handled 7,371 queries relating to welfare benefits and tax credits, more than any other issue
- 1,081 Taunton residents were helped with debt problems during 2013/14, most commonly relating to water bills, unsecured personal loan and Council Tax arrears.
- A Money Advice Co-ordinator and Debt Caseworker were appointed by Taunton CAB for 2013/14.
- Citizens Advice research shows that 50% of their clients will be affected by Universal Credit, and that 9 in 10 will need help managing the transition successfully, e.g. help with budgeting or getting online.

9. Work and Welfare Reform study

With an underlying aim of welfare reform being to encourage benefit-dependent households to become more self-reliant and find work, the South West Housing Association Influence and Leadership Organisation (HAILO) commissioned an 18-month longitudinal study. Based on interviews with 200 tenants, the initial baseline report (March 2014) found:

- Four out of five tenants were not feeling confident in their ability to find or hold down work. Tenants reported many difficulties in finding work, including:
 - Ill health or disability
 - Lack of suitable vacancies
 - Low skill levels
 - Poor work incentives due to low paid, hourly or part-time jobs
 - Unaffordable childcare costs
 - Worries about moving on an off benefits and resulting disruptions to income
 - Unreliable and costly transport
- Additionally, tenants viewed the welfare reforms as a great uncertainty that had the potential to disturb carefully managed, but limited household budgets.
- Tenants were already struggling financially due to reduced income from work or benefits, particularly those affected by the bedroom tax.

The full report is available at: <http://sticerd.lse.ac.uk/dps/case/cr/casereport81.pdf>

A second round of follow-up interviews (scheduled to begin in April 2014) will aim to identify any changes in benefit recipients' attitudes and behaviour, as well as documenting actual movement into and out of work.

10. Case Studies

Yarlington Housing

“Mrs X was living in 3 bed house on her own (one child taken into care) and had arrears of £1,928 at the point of the introduction of bedroom tax. She was being pursued for repayment under the terms of a Possession Order and was in receipt of Housing Benefit paying a small top up as working part time. The 25% under-occupation penalty, plus additional payments required under the terms of the court order was out of reach of Mrs X's budget. After a 3 month period where we tried to engage Mrs X, our Welfare Support Officers in conjunction with Social Services starting discussion about future housing options as the current situation was not sustainable and eviction would be inevitable. At the end of September Mrs X agreed to downsize to a 1 bedroom flat which gave her a fresh start and safeguarded her future housing position. Mrs X has maintained her current tenancy with no arrears and she has continued to repay her former arrears.”

Knightstone Housing

“A resident became ill and was admitted into hospital. During her stay in hospital she was advised not to return to her current job due to ill health. So from working full time and enjoying her job she was no longer working and at home all the time. This had a very big impact on the resident's emotional wellbeing and she became very withdrawn and isolated. The resident had to claim for ESA, Housing Benefit and Council Tax Benefit which was new to her.

She fell into debt and got behind with her rent due to having a spare bedroom in her property. She had to make the choice of heating her home or eating she could not afford to buy food due to the high cost of night storage heaters. The resident started to suffer from anxiety/panic attacks and was not able to leave the property. She also could not manage the stairs in the flats due to her illness. She became very isolated and was not sleeping.

In December 2013 the resident was at a very low emotional point in her life and could not see a way forward so had planned out ending her life. Before following the plan, she made a phone call to the Samaritans who in turn sent the police round to property. This led to her not harming herself and having a 4 week stay with her daughter so not to be alone and for support.

This is when the service received a referral and started working with her and supporting her. The resident had lost her confidence and was very tearful breaking down crying on each visit. With a lot of support and encouragement the resident was able to make small steps to try and move forward.

Five months later the resident moved to a new area into a smaller property. The property is on the ground floor so she does not have to worry about stairs. The property has got gas central heating installed which is not on a pre-payment meter so she no longer has the worry of topping up a pre-payment key, and also her heating cost will reduce. She is registered with the local health services and is still receiving support from them. All utilities bills have been set up and she has started leaving her property for short amounts of times.”

Somerset Advice Network

A Citizens Advice welfare benefits specialist recently carried out an analysis of social policy concerns identified by advisers when working with clients. The following is from a recent newsletter:

“A Bureau Evidence Form (known as BEF in CAB circles) is an anonymised case record. CAB advisers complete these when they identify social policy issues that have caused or contributed to a problem with which a client needs help. BEFs enable Citizens Advice to develop a local, and a national overview of issues that need to be raised with the responsible bodies.

Having had chance to look through some BEFs recently, the most striking, recurring feature of the reports was the extent to which harsh welfare benefit decisions involved extremely vulnerable people. In particular, these were people with learning disabilities, mental health diagnoses and/or chronic physical illnesses and disabilities.

BEFs ask advisers to say ‘What change is needed to stop the problem in the future’? One CAB adviser’s reply encapsulated a message that many of these cases convey: ‘Better understanding by DWP (of) the circumstances relating to the client. Care is needed to properly ascertain client’s situation.’ Below is one case summary from those looked at:

Client is a 28 year old woman with a learning disability living in Housing Association accommodation. She has no money for food or heating because her Jobseekers Allowance (JSA) was sanctioned for a month because she missed appointments. She is living on a very tight budget and has a medical condition which makes her liable to forget appointments and the consequential loss of benefits. She also has a learning disability.”

South West Housing Association Influence and Leadership Organisation (HAILO)

The following quotes from individuals affected by welfare reform are taken from HAILO’s *Work and Welfare Reform: Impacts in the South West baseline report, March 2014*:

“They say we have two spare rooms. I was distraught when I first found out. We had to start using food vouchers – we wanted to pay the bedroom tax but it left no money for food. One of the rooms is filled with medical stuff, the other is an extension of my bathroom which is a wet room. So technically we have no spare room but a bed could fit in those spaces. It’s been really really difficult. The CAB is trying to help us keep our debt down.”

“I’m not paying the bedroom tax. I just don’t have any surplus money. I have one spare room. I’m falling into arrears and the end result may be that I’ll be homeless. I’ve had to use all my savings to cover my expenses while I’ve been unemployed over the last two years. I think eventually I’ll be in serious trouble with the housing association if my debt builds up. I’m falling into arrears and the end result may be that I’ll be homeless hundreds of others looking for a one bed flat – I don’t think I’ll be a lucky one.”

“I just haven’t been able to pay bedroom tax, because I was on a very tight budget before. If I paid an extra £20/week my money definitely wouldn’t last. I’m just falling into arrears. Everything has had to be shaved back for the bedroom tax. My savings have disappeared. Moving to a two bedroom flat with same landlord is just too expensive.”

11. Summary

The evidence presented here suggests that removal of the Spare Room Subsidy ('the bedroom tax') and the changes to Local Housing Allowance rates are resulting in financial shortfall for significant numbers of households. An increased number of households have required extra help to meet costs through Discretionary Housing Payments. Meanwhile, options for downsizing are limited due to a waiting list for suitable properties. A knock-on effect of financially stretched households is increasing numbers of people requesting help from local advice and support services. Council Tax collection rates have fallen since the introduction of local Council Tax Support Schemes.

Despite the challenges of welfare reform, housing providers are being successful in managing rent arrears, while the number of households accepted as homeless (and in priority need) continues to fall. The introduction of the Benefit Cap has had relatively minor impact in Somerset.

Looking ahead, the Universal Credit will be the next significant change to the welfare system, with implementation timescale yet to be confirmed.

Appendix – Welfare Reform timeline

Date	Benefit involved	What's the change?
April 2013	Council Tax Benefit	Up to April 2013 the award of Council Tax Benefit was based on a national scheme. From April 2013 each council was required to introduce a localised Council Tax Support Scheme but only for working age claimants, with pensioners remaining on the national scheme. The central government budget was reduced by 10%.
April 2013	Local Housing Allowance	Local Housing Allowance (LHA) up-rated in line with the Consumer Price Index (CPI) not average market rents. LHA is the Housing Benefit paid to most tenants who rent from private landlords. Housing Benefit is no longer based on what rent actually costs.
April 2013	Social Fund – Crisis Loans and Community Care Grants	Crisis loans and community care grants, previously administered by DWP, were abolished and the budget passed to local authorities to administer. For Somerset the money was given to SCC. SCC have developed the Local Assistance Scheme on the following basis: <ul style="list-style-type: none"> • Where there is an emergency that means that a person has no way of getting basic essentials. The scheme is administered by local CAB's on behalf of SCC
April 2013	Under Occupation – Spare Room Subsidy ('Bedroom Tax')	For social housing tenants of working age who have extra or spare bedrooms, the eligible rent part of Housing Benefit payments could be reduced by: <ul style="list-style-type: none"> • 14% for 1 spare bedroom • 25% for 2 or more bedrooms Exemptions were introduced in March 2013 relating to foster carers, armed forces personnel and severely disabled children.
April 2013	Disability Living Allowance	Personal Independence Payment (PIP) is a benefit for people aged 16 to 64 with a long-term health condition or disability. It is gradually replacing Disability Living Allowance (DLA), except for children under 16.
July 2013	Benefit Cap	The benefit cap will be a limit put on the total amount of benefit that most working age people can get. The benefit cap from July 2013 is: <ul style="list-style-type: none"> • £500 a week for a lone parent whose children live with them • £500 a week for couples (with or without children) • £350 a week for single people without children The cap will be calculated per household, i.e. claimant, partner and any children.
TBC	Universal Credit	Universal Credit will be a new single payment for people who are looking for work or on a low income. It will bring together a range of working age benefits into a single streamlined payment.