

# Cumbria Welfare Reform Commission 2014

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## **Report of findings**

June 2014



Stuart Pate on behalf of  
Cumbria Welfare Commission

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## Foreword



As a Commission, we were asked to look at the actual impact of Welfare Reform in Cumbria. For all of us, this proved to be a fascinating, moving and illuminating exercise as we interviewed a wide variety of 'providers' and recipients in various locations around the County. Together we spent many hours in the company of over a hundred people and organisations.

Inevitably, our report is a 'snapshot' which records the situation as we found it early in 2014. We are well aware that the reform of an immensely complex and bureaucratic system is a work in progress. Considerable efforts are being made to iron out inconsistencies and improve delivery, and we are grateful for them.

However we also became acutely aware of some of the 'unintended consequences' of reforms such as the so-called 'Bedroom Tax' and monthly Universal Credit payments to claimants, as well as the effect of a sanctions regime on people who live hand to mouth on very low incomes. We concluded that the 'Bedroom Tax' although potentially relevant in other parts of the country has no rationale in Cumbria and we ask for local discretion in implementation.

We saw for ourselves that although a tiny minority of claimants may be fraudulent, the vast majority would much rather not be on benefits. We also began to appreciate how many of these need help with navigating the complicated waters of the world of welfare. We want to pay tribute to the volunteers who work so hard (without reward) to assist and support the most needy and vulnerable members of our society. The role of food banks, credit unions and other third sector groups was shown to be invaluable in enabling people to cope.

This is not intended as a 'party political' report. We hope that our findings and recommendations will be of general use to politicians, civil servants, volunteers and benefit claimants alike. We also believe that, if implemented, those recommendations would ultimately help to save money rather than costing the Exchequer more.

It has been a privilege to share in this considerable and considered piece of work. I would like to thank all the other members of the Commission; Stuart Pate who compiled the report itself; and in particular those who generously gave us their time and reflected on their own experience.

**James Newcome** (Bishop of Carlisle)

## 2 Key Recommendations and summary of findings

### The Commission asks Central Government to review current policy in four areas:

- 1 **Universal Credit** To secure successful implementation of welfare reforms and reduce risks associated with this policy's future implementation the Commission recommends changes to the proposed payment rules including:
  - a continuing making payments to individuals rather than one payment per family;
  - b continuing weekly/fortnightly rather than monthly payments; and
  - c continuing to pay landlords direct.
- 2 **Sanctions** The Commission recommends Government instigate a change in rules concerning sanctions to ensure that penalties are never disproportionate and avoid making the vulnerable more vulnerable, and ultimately reliant on foodbanks and other charities to avoid destitution.
- 3 **Disability benefits** The Commission asks Government to expedite changes which will reduce delays and complexity in the assessment and interview process for PIP and the Work Capability Assessment (WCA). To increase DWP's capacity the Commission asks Government to consider implementation of PIP over 5 years rather than the shorter period currently proposed.
- 4 **Housing 'under-occupation'** To reduce hardships caused by 'under occupation' rules the Commission asks Government to consider the following policy changes:
  - allow flexibility locally in the setting of Local Housing Allowance (LHA) rules;
  - should Government not be willing to consider local flexibility, to mitigate adverse local impacts the Commission asks Government to retain transitional arrangements for a 3 further years, and exempt 2 bed houses from the LHA policy.

### The Commission asks the Department of Work and Pensions (DWP) to consider, within a local improvement programme, four recommendations concerning its practices, to:

- 5 expedite reviews currently underway to reduce delays in processing claims and appeals, and make necessary changes both to procedures and commissioning to allow this;
- 6 avoid the disproportionate use of sanctions by making changes to training and procedures at adviser level;
- 7 become more 'user friendly' and as part of this process re-install claimant access to telephones, and publish a manageable local timetable for future benefit changes; and
- 8 liaise more effectively with the Cumbria Leadership Board (CLB) and the third sector to identify vulnerable clients and ensure assistance, advocacy and support services are provided as outlined below.

### To minimise local hardship arising during the implementation of welfare reforms, the Commission asks the CLB and DWP to coordinate and commission assistance, advocacy and support by:

- 9 identifying and sharing information about vulnerable households;
  - 10 shared commissioning of advocacy, financial, legal and ICT assistance for vulnerable people; and
  - 11 developing and growing the capacity of credit unions.
- 12 To reduce the future risks to vulnerable people during the implementation of welfare reforms, the Commission asks the CLB and the Third Sector Network Executive to monitor progress using a local action plan.

## Impacts on communities and the local economy

- 2.1 Welfare reform is having a significant financial impact on Cumbrian communities. There are 38,940 working age benefit claimants in Cumbria which is 12.6% of the working age population in the county (DWP, November 2013); and the total spend on benefits by DWP and local authorities in 2011/12 totalled over £1.25 billion. Financial impact analysis suggests that, when current reforms are implemented, welfare cost savings will result in the loss of £138m per year to household incomes in Cumbria (Beatty & Fothergill, 2013). One of the results of this will be a reduction in spending power in the Cumbrian economy of at least £138 million a year.
- 2.2 A large proportion of the loss is attributable to changes in benefits paid to adults with disabilities. The time-limiting of contribution-based Employment and Support Allowance (ESA), and the stricter eligibility criteria being applied to it, will represent a cost to the Cumbrian economy of more than £13m (Beatty & Fothergill, 2013). The estimated loss for the transition from Disability Living Allowance to Personal Independence Payments is likely to be over £39m, affecting nearly 1000 people (Beatty & Fothergill, 2013).
- 2.3 The impact of welfare benefit changes will impact strongly in particular communities. In some wards a third of the working age population is in receipt of at least one of the three main disability benefits. Because large numbers of Barrow residents are likely to be affected by changes to disability benefits, this district will be the most negatively impacted.
- 2.4 The impact of the changes to benefits currently being implemented across the county is affecting individuals and households, and also has implications for local businesses and local public services.
- 2.5 There are nearly 40,000 people (38,940 DWP, November 2013) claiming benefits in Cumbria, and nearly 30,000 of those (29,990 DWP, November 2013) are out of work. The highest proportion of people claiming benefits in the county are in Barrow-in-Furness (18.7%) Copeland (15.2%), Allerdale (13.6%), and Carlisle (12.8%). The proportions are lower in South Lakeland (7.8%) and Eden (7.7%). All current and future benefit claimants are experiencing or will experience changes to benefits – either in the amount or type of benefit change, or the way it is paid.
- 2.6 The number of people with long-term health problems or disability is higher than the national average in most parts of the county, particularly in Copeland and Carlisle.
- 2.7 There are effective networks of organisations across Cumbria providing support to people to understand and adapt to the changes being introduced. Organisations are reporting anecdotally that they are experiencing increases in demand for help, particularly in respect of re-assessment of disability benefits. There are some activities taking place in parts of Cumbria to support the most vulnerable through these changes, for example, DWP work in Barrow-in-Furness to support foodbank services.
- 2.8 Different issues affect different communities across the county – for example, access to services and support is a challenge to many in the more rural areas of the county, some local economies based on the tourism and leisure industries are low-pay in nature affecting opportunities for local people to increase their income

through work, and some areas of the county experience a lack of affordable housing resulting in limited opportunities to find smaller accommodation.

## Implementing Universal Credit (UC)

- 2.9 Four main implementation issues concerned the Commission:
- The impact of monthly payments on low income claimants who may not be used to budgeting monthly, and are least likely to have bank accounts.
  - The associated issue of direct payments of housing benefit to vulnerable tenants which Housing Associations (HAs) anticipate will lead to higher rates of arrears and eventually homelessness.
  - One payment per household with onward distribution within the household which is a concern in households where there is a risk of domestic violence.
  - Online rather than face to face application where low-income households have less access and capability to use on-line resources.

## DWP Capacity and Capability

- 2.10 The Commission received considerable evidence of ongoing problems with the Department for Work and Pension's capacity & capability, leading to many cases of delays in determining claims, many appeals against decisions made, and associated high success rates for claimants on appeals.
- 2.11 The Commission heard many concerns about vulnerable adults coping with proposed monthly payments, and the increased risk of debt. The Commission also heard of Housing Associations' concern about the high risk of rises in rent default rates associated with tenants rising debt problems, leading eventually to homelessness. The Commission found that 'an unintended consequence of the welfare reforms is that some vulnerable people are being made more vulnerable'. There is work in hand to minimise this risk, but there is a need for more local collaboration by DWP to reduce the risk of people 'falling through the gaps' during the many reforms both underway and planned.
- 2.12 Universal Credit implementation will be complex and involve many local agencies directly and indirectly. Given the number of problems reported during recent benefit changes, the Commission has concerns about DWP's capacity to implement the significantly more complex reform – Universal Credit. Many people Commissioners spoke to are worried about delays & uncertainty in the implementation timetable and the impact on communities and local agencies if implementation is ill-considered.

## Sanctions

- 2.13 The Commission also heard considerable evidence about the perverse impacts of stopping benefits or 'sanctions' – initially for 4 weeks. Commissioners received compelling evidence concerning recent growth in the use of sanctions, the disproportionate suffering caused by long terms of benefit stoppage, often for apparently minor infractions, and the severe hardship caused to individuals and their families by this action.

**Vulnerable adults**

- 2.14 Many people in receipt of benefits suffer from health problems. In this report the Commission have used the term 'vulnerable adults' as a catch-all for people who are at a greater than normal risk because of physical or mental health problems. Welfare reforms can be a particular challenge for people who are unwell and unable to stand up for themselves because of disabilities, mental health problems, or drug and alcohol abuse problems. Many people claiming benefits may have combinations of these challenges.
- 2.15 This group is a principal target for benefit reduction. Policies already being implemented such as Personal Independence Payments (PIP) have resulted in well documented problems causing considerable worry and hardship. Large numbers of vulnerable people are moving from disability benefits to Job Seekers Allowance, large numbers are awaiting appeals (and reconsideration of claims) and there are often long delays in determining claims. There is also a large increase in demand for advice and support from third sector organisations. Commissioners heard so many cases of individual hardship to believe that supporting this group, in a coordinated way, is a key priority for all the main agencies working in Cumbria. The Commission believe that the Cumbria Leadership Board has a strong role to play in saving this group from needless hardship.
- 2.16 In particular the Commission received considerable evidence about very long delays assessing Personal Independence Payments (PIP) and the volume of appeals and reconsiderations, which must be a considerable concern for DWP. Many clients were unclear about when they would receive a decision. Many more were living in ongoing fear and worry about impending assessments. Replacement of face to face contact with help lines and ICT solutions were seen to amplify worries for certain clients, particularly those with mental health issues. The Commission therefore asks DWP to review their practice.

**Housing benefit reforms 'Under-occupation'**

- 2.17 The most significant reform affecting housing was the introduction of rules governing benefit housing entitlement according to the number of rooms in a property – referred to as 'under-occupation' rules or the 'bedroom tax'. The Commission found that, despite transitional arrangements, this policy had caused considerable hardship. Many tenants were told they were 'under-occupying' and had benefits reduced even though smaller properties were not available locally. Shortage of one and two bed stock is causing social dislocation. Many vulnerable people in customised accommodation and those with shared custody were also being penalised. Disabled people are disproportionately represented within social housing. It is anticipated that 'under occupation' rules will result in an annual reduction in rent support of £14.5m.
- 2.18 The cumulative impact of welfare reform on some households and neighbourhoods is likely to be intense. Social housing tenants, and estates of predominantly social housing, will be particularly hard hit. Financial impacts to individual households directly affected will be substantial, but a wider group of citizens may also feel the impact. In Cumbria, it is hard to see how applying the size criteria can be justified on housing need grounds.
- 2.19 There are no major overcrowding problems, and greatest demand is for the

limited number of smaller properties that under-occupying households are being incentivised to move into. This picture has another dimension, concerning the properties that would be 'left behind'. A low level of demand may leave larger houses in less popular areas standing empty. The policy runs the risk of breaking down vital networks of practical and emotional support and undermining the sustainability of communities. This could be an unintended if foreseeable and perverse local effect of welfare reforms.

- 2.20 In short the current policy has little relevance to Cumbria and its scrapping would be wholly beneficial here. The almost universal response to the Commission was 'scrap the bedroom tax'. The Commission urge local determination on this matter.
- 2.21 The impact of the Household Benefit Cap is likely to be small overall with around 120 households affected.

**Young People**

- 2.22 There is particular concern about the prospects for young people as more competition is introduced into labour and single-person housing markets. This group is disproportionately hit by 'sanctions' and housing benefit reforms
- 2.23 Dependency on voluntary groups is becoming more evident, particularly the growing numbers of food banks and increased pressure on advice and support services. These groups expect that further welfare reforms over the next 3 years will exacerbate demands, particularly amongst young people, for their services.

**Advice and support**

- 2.24 Increase in demand for advice and support has been intense over the last few years. Demand is anticipated to increase as further welfare reforms, particularly Universal Credit, are made. Some of the increase is due to the way welfare reform policies have been implemented – especially delays in determining benefits and sanctions. Associated demands for support from voluntary groups are often disproportionately from the most vulnerable groups. Paradoxically the agencies offering greatest support to individuals are also being subject to budget cuts, often as a result of other cuts in public spending.

**Foodbanks**

- 2.25 The Commission visited a number of food-banks and were made aware of the very large increases in demand for food parcels. Much of the growth in need seemed to be due to DWP practice such as sanctions and delayed benefit decisions. But many other clients were families whose parents were in work but surviving on low wages. Many food-banks are providing an essential and valuable community service and Commissioners commended the work being undertaken. The Commissioners are aware that sustainability is an ongoing concern for a number of food-banks and that there remain gaps in provision, particularly in rural areas.

**Financial literacy**

- 2.26 Commissioners heard evidence to suggest that the lack of emergency loans, increased use of sanctions and benefit delays caused many households to fall into the hands of doorstep lenders. Commissioners welcome the work which has already been

done both to discourage this option and support the development of credit unions as part of community fabric. But many of these initiatives are still in their infancy.

- 2.27 While the social impacts of the welfare reform agenda are less clear, extreme financial stress is known to be associated with a number of social problems including higher rates of relationship breakdown, emotional distress, substance misuse, and self-harm.

#### **Access to work and benefits via ICT**

- 2.28 Many adults find computer based access to benefit systems difficult and frustrating, yet this is the medium which DWP now regard as the principal access to its services. Public access to phones in Jobcentres has generally been withdrawn. There is an opportunity for DWP to work creatively with other organisations with equipment and locally based staff to ensure that both ICT access and relevant support is available to benefit applicants.

#### **Ensuring responses to welfare reform issues are coordinated**

- 2.29 Given importance of these issues to the social wellbeing of the county it is suggested that the Cumbria Leadership Board monitor and review the ongoing implementation of welfare reform.
- 2.30 In the light of these findings the Commission makes a series of recommendations to Central Government, DWP, the Cumbria Leadership Board (CLB) and Cumbria Third Sector Network Executive.

## **3 Introduction**

- 3.1 The Welfare Reform Act, which came into effect in 2012, is often described as enabling the biggest change in the welfare system for more than 60 years. Its main elements, which will be implemented over a decade, are wide-ranging - designed to limit eligibility for a range of benefits, to incentivise employment for those able to work, and to streamline the system in ways that will achieve a sustainable long-term reduction in levels of welfare spending.
- 3.2 These are ambitious aims to be implemented alongside significant cuts in the welfare budget. The March 2012 budget envisages net welfare cuts of around £19 billion (Beatty & Fothergill, 2013).
- 3.3 Welfare reform in Britain did not start with the Welfare Reform Act 2012. However, these more recent measures do emphasise a fundamental change in approach, reflecting the Government's intention to simplify the welfare system across the board rather than to add to the complexity of decades of piecemeal changes. Also, and perhaps most significantly in terms of impact, some new changes are retrospective in their application - they affect existing claimants. Some of the most salient reforms, their timing and financial impact are summarised in Appendix 1.
- 3.4 Changes of the scale envisaged will inevitably have direct and severe financial impacts on some individuals, their families, and cumulatively on local communities and Cumbria. There could also be associated wellbeing impacts particularly if changes are not managed effectively. How will all these changes impact on current and future claimants in Cumbria? How well positioned are local services – local authorities, DWP and their agents, housing associations and others – to deliver these new benefits? What will the impact be for local third sector organisations?

#### **The development of the Welfare Reform Commission for Cumbria**

- 3.5 In July 2013, discussion at the Cumbria Leadership Board, around a report produced by the Cumbria Third Sector Network, resulted in the proposal to establish an independent commission to look at the impact of welfare reform on the people of Cumbria. The Cumbria Third Sector Network was tasked to lead the establishment of the Commission, with administrative support being provided by Cumbria County Council.
- 3.6 The membership of the Commission and its support staff is outlined in Appendix 2.

#### **Aims and Objectives of the Commission**

- 3.7 The aim of the Commission's work was simply to understand, as far as is practical, the impacts of welfare reform changes on people in Cumbria and identify appropriate responses to minimise any negative impacts.

3.8 The Commission set three main objectives:

**A Understanding the impact of welfare reform**

By engaging with individuals and organisations affected by the impact of welfare reform to gather information on the impacts, positive and negative of the Government's welfare reforms and understand as far as is practical, the impacts of these changes on people, particularly disadvantaged people in Cumbria.

**B Responses to minimise the impact of welfare reform**

To identify appropriate responses to minimise the impact on disadvantaged people and explore and promote appropriate responses, including community based and other solutions.

**C Publication and promotion of recommendations**

To publish the findings and make recommendations to the Third Sector Network and Members of the Cumbria Leadership Board.

3.9 In the review the Commission focussed on both the local impact of welfare reforms on groups most affected, the effectiveness of their local implementation, and specifically include:

- the impact on the Cumbrian economy and specific groups most likely to be affected, looking in detail at:
  - adults of working age;
  - adults with disabilities;
  - young adults (under 25);
  - housing tenants; and
  - specific issues around access to services.

3.10 The Commission was anxious to understand as much as possible about how the changes have been implemented so far, the impact on individuals, support organisations, DWP and their agents. Commissioners interviewed a number of affected individuals, support organisations and staff from DWP to understand current issues around reforms, both those experienced and those feared. The methodology used to achieve the Commission's aims is outlined in Appendix 3.

3.11 The report will be submitted to the Cumbria Leadership Board on 27 June 2014. This body provides both leadership and co-ordination in addressing key issues in Cumbria, promoting the county's interests, and is a focus for consultation and liaison across the public and third sectors on issues of common interest. Within the report the Commission makes a number of recommendations, and the Commission seeks support from the Cumbria Leadership Board to promote these to relevant local bodies, particularly the DWP - the sponsoring Government department for welfare reforms - and elected representatives, including local MPs.

**Policy objectives of welfare reform**

3.12 "The [Welfare Reform] Act legislates for the biggest change to the welfare system for over 60 years. It introduces a wide range of reforms ...to make the benefits and tax credits systems fairer and simpler by:

- creating the right incentives to get more people into work;
  - protecting the most vulnerable in our society; and
  - delivering fairness to those claiming benefit and to the taxpayer"
- (DWP (2013) web-site <http://www.dwp.gov.uk/policy/welfare-reform>)

3.13 The changes ushered in through welfare reform are underpinned by a number of Government assumptions, some dating back to previous administrations. In summary the reforms propose:

- restrictions in the eligibility for a range of benefits;
- reductions in the actual levels of specific benefits being paid; and
- strategies to incentivise individuals to move off benefits where possible.

3.14 For example, Child Benefit has been reduced for households where an individual is earning more than £50,000 and will not be available when an individual is earning more than £60,000, while Housing Benefit entitlement is limited for social housing tenants whose accommodation is deemed larger than they need.

3.15 An overall cap has also been introduced, limiting the total amount of benefits that can be claimed to no more than the average earnings of a working family.

3.16 Among measures designed to make the welfare system more efficient, the introduction of a Universal Credit stands out. This will provide a single payment for people of working age, aimed at improving work incentives.

3.17 The Government is also introducing a range of other changes intended to incentivise employment for those considered capable of work. Around half a million working-age people out of the two million claiming Disability Living Allowance will lose their entitlement, when it is replaced by a 'more rigorously tested' Personal Independence Payment (PIP).

3.18 The changes to disability benefits are varied and wide ranging in scope and implementation. The changes – notably, the introduction of Employment Support Allowance (ESA) - are underpinned by the assumption that, "...the overwhelming majority of customers are capable of some work, given the right support. This will lead to better employment outcomes for disabled people. Treating people in line with their capabilities, instead of making assumptions based on their condition, will have a positive impact on the attitudes of others to disabled people". (DWP)

3.19 The task of managing change to individual benefits – and the impact on individuals - is significant. Many are complex with taxing assessment processes and the associated administration is extensive. When combined, the implementation of all these changes will be a massive logistical process for DWP and its agents, requiring a total re-engineering of back office systems and staff, and front office support to clients. The next section of the report considers the overall financial impact of the reforms. Further sections consider the impact of the delivery reforms on different groups of individuals.

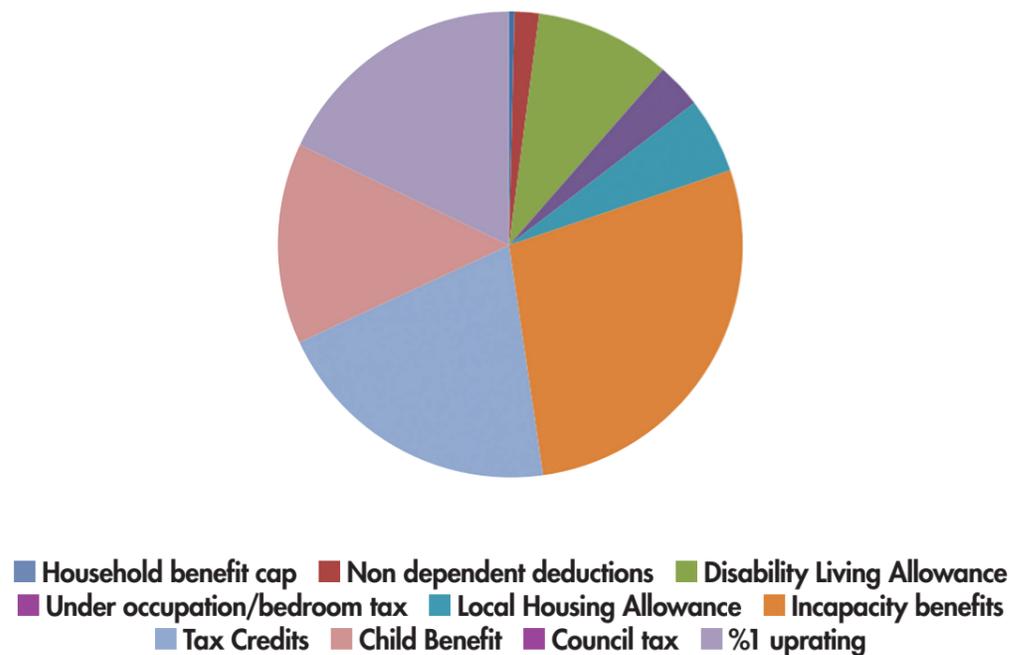
## 4 The financial impact of welfare reforms

- 4.1 With the scale of changes envisaged, it is difficult to be definitive about the overall impact of proposed and implemented reforms. This section summarises both the global impact and that on specific groups who are likely to be most disadvantaged or advantaged. The Commission has used desk research, based on available national statistical series and, where available, local research.
- 4.2 By the nature of the welfare reform changes it has only been possible to make estimates of the financial impact. Some changes will take time to embed, others are closely interlinked, so that in some cases the impact reinforces the benefit or disadvantage to individuals. So Commissioners have been cautious in their analysis. The Commission adopted the methodology recently developed by Beatty and Fothergill (2013; 2014) which allows the local and regional impacts of reforms to be calculated. The methodology and sources used for their estimates together with the timetable for implementation of reforms are summarised in Appendices 4 and 5.

### Welfare spend nationally

- 4.3 When the scheduled welfare reforms have been implemented it is estimated that nearly £19bn will be taken out of the UK economy each year. This represents around £470 a year for each working age adult. The largest financial losses are related to reforms to incapacity benefits (£4.3bn per year), Tax Credits (£3.6bn a year) and the 1 per cent up-rating of most working-age benefits (£3.4bn a year). Overall these represent nearly 60% of all savings anticipated.

Fig 4.1 The structure of estimated financial savings in welfare benefits by 2014-15



- 4.4 The Housing Benefit reforms will have a less significant impact overall with nationally a financial loss of around £490m a year arising from the 'bedroom tax', but for the households affected the sums are still large.
- 4.5 Households with sickness and disability claimants and individuals may well be hit by several different elements of the reforms. The planned total spend on benefits is summarised in Table 1 below. From Treasury forecasts it is apparent that the total welfare budget will continue to grow but much of this will be due to inflation proofing pensions.

Table 4.1 Total Great Britain Benefit spend

Population Group	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Working Age and Children	£90.1bn	£92.4bn	£94.3bn	£93.3bn	£92.6bn	£93.8bn
Pensioners	£98bn	£101.8bn	£107.6bn	£110.3bn	£113.8bn	£117.2bn
Tax Credits	£28.5bn	£29.2bn	£29.1bn	£28.9bn	£28.3bn	£28.4bn
Total	£188.1bn	£194.2bn	£201.8bn	£203.6bn	£206.3bn	£211bn

Source: DWP 2013

- 4.6 Beatty and Fothergill assert that the financial impact of the reforms, however, varies greatly across the country. 'At the extremes, the worst-hit local authority areas lose around four times as much, per adult of working age, as the authorities least affected by the reforms'.
- 4.7 Their analysis also suggests that the group most likely to be affected are sickness and disability claimants. Individuals adversely affected by the incapacity benefit changes could lose on average £3,500 a year, and those moving from Disability Living Allowance to Personal Independence Payments an average of £3,000 a year. These averages of course hide the fact that some will lose all disability benefits: most DLA claimants of working age are out-of-work on incapacity benefits. In each case the groups most exposed to benefit reductions are likely to be those with less severe disabilities or health problems. These individuals may also find that they encounter reductions in Housing Benefit entitlement. The overall reductions in Housing Benefit are estimated to be more than £1.6bn for those in the private rented sector (affected by LHA reforms), £490m for those in the social rented sector (affected by the 'bedroom tax') and £340m by higher deductions for non-dependents (which mostly impact on Housing Benefit). The losses for the households affected – often £1,000 a year – are large.
- 4.8 From the above commentary it seems possible that DWP could identify how many claimants fall into this category, make plans to manage their transition to new benefits in a way which avoids sudden hardship and give claimants at least some ownership of their journey. The Commission is not aware that such work has been undertaken, or is planned, but believe that it would be valuable information for other services which support vulnerable people.
- 4.9 Total national spend in tax Credits is expected to reduce to £28.4 billion by 2015/16. The Government has plans in place to save £18 billion from the welfare budget. In 2012/13 53% of benefit expenditure was on pensioners and 47% for working aged people. Of the total 14 % of the total expenditure was on Tax Credits and 13% of the total expenditure was on Housing and Council Tax Benefit.

**Table 4.2 GB Benefit spend per GB Household**

Year	Working Age and Children	Pensioners	Tax Credits	Total
2010/11	£3,735	£4,060	£1,182	£7,796
2014/15	£3,408	£4,189	£1,042	£7,598

Source: DWP 2013

- 4.10 The individual welfare reforms vary greatly in the scale of their economic impact both in the number of individuals or households affected, and in the intensity of the financial loss imposed.

**Table 4.3: Overall impact of welfare reforms by 2014/15**

	Number of households/ individuals affected	Estimated loss £mpa	Average loss per affected household/ individuals £pa	No of h'holds/ individuals affected per 10,000	loss per working age adult
<b>Incapacity benefits (by 2015/16)</b>	1,250,000	4350	3480	310	110
<b>Tax Credits</b>	4,500,000	3660	810	1750	90
<b>1 per cent up rating (by 2015/16)</b>	na	3430	na	na	85
<b>Child Benefit</b>	7,600,000	2845	370	2960	70
<b>Housing Benefit: LHA</b>	1,350,000	1645	1220	520	40
<b>Disability Living Allowance (by 2017/18)</b>	500,000	1500	3000	130	40
<b>Housing Benefit: 'bedroom tax'</b>	660,000	490	740	260	10
<b>Non-dependant deductions</b>	300,000	340	1130	120	10
<b>Council Tax Benefit</b>	2,450,000	340	140	950	10
<b>Household benefit cap</b>	56,000	270	4820	20	5
<b>Total</b>	11,870	na	na	na	470

Source Beatty &amp; Fothergill, (2013)

- 4.11 Some media coverage has focussed on the 'bedroom tax' and the overall household benefit cap. But the biggest financial impact comes from the reform of incapacity benefits – an estimated reduction in spending of more than £4.3bn a year. Changes to Tax Credits and the 1 per cent up-rating of most working-age benefits, taking effect from April 2013, also account for substantial sums - £3.6bn and £3.4bn respectively.
- 4.12 Child Benefit changes affect the largest number of households – some 7.6m. This is because the three-year freeze in Child Benefit rates up to April 2014 (instead

of up-rating with inflation) impacts on all recipients. The household benefit cap, by contrast, impacts on many fewer households – an estimated 56,000 – but the average financial loss for each of these households is relatively large.

- 4.13 The changes to Council Tax Benefit hit large numbers of households – approaching 2.5m, though none in Scotland or Wales (where the devolved administrations have chosen not to pass on the reductions). The average financial loss per household – and estimated £140 a year – is more modest than the other benefit cuts, though still likely to be hard to find in many cases.

### Place Considerations in the Welfare Reform Agenda

- 4.14 Consistent with the desire to improve work incentives, the vast majority of cost-saving reforms focus exclusively on people of working-age. In contrast to such clear targeting, the measures are 'place blind'. Labour markets, housing markets and claimant patterns vary widely across geographical areas, and thus affect the operation of the welfare system in different places, but the reforms do not take into account conditions in particular localities.

### Welfare spend in Cumbria

**Table 4.4 2011/12, benefit spend in Cumbria was:**

<b>Total DWP benefits</b>	£1.1billion
<b>Total Housing Benefit</b>	£121 million
<b>Total Council Tax Benefit</b>	£35.1 million

Note: no Tax Credit spend data available at local level

Source: DWP 2013

- 4.15 To arrive at local estimates of the financial impact of these reforms Beatty and Fothergill used the working age populations for local authorities in Cumbria based on the 2011 Census and the age distribution of the population in 2010 from the mid-year population estimates. The tables below (4.5-4.13) summarise the overall impact for Cumbria's districts.

**Table 4.5 Total estimated impact of welfare reform changes**

	Estimated loss £m per year	Financial loss per working age adult £ per year
<b>Allerdale</b>	£1.1billion	£1.1billion
<b>Barrow-in-Furness</b>	£121 million	£1.1billion
<b>Carlisle</b>	£35.1 million	£1.1billion
<b>Copeland</b>	£121 million	£1.1billion
<b>Eden</b>	£121 million	£1.1billion
<b>South Lakeland</b>	£121 million	£1.1billion

Note: no Tax Credit spend data available at local level

4.16 The summary table, based on estimates made by Beatty & Fothergill (2013) suggest that savings planned in the national welfare benefits budget will be reflected locally in the loss of £138.3m per year in household incomes. The impact in each district area will vary considerably. In Barrow the loss for each working adult will be £629, in South Lakeland and Eden much less at £327 and £329 respectively. Analysis of the estimated impact of each benefit explains these differences.

4.17 Overall Housing Benefit changes through the Local Housing Allowance will affect 8100 households and result in a reduction of £7.2m in benefits. The financial loss of this change will be greatest in Barrow (£45 per adult of working age) and least in Copeland (£17). Barrow is more than twice as badly affected as any other district area.

**Table 4.6 Total estimated impact of Housing Benefit: Local Housing Allowance changes**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	1,200	1.077	280	18
Barrow-in-Furness	2,200	1.990	710	45
Carlisle	1,800	1.465	380	21
Copeland	900	0.766	300	17
Eden	600	0.618	270	19
South Lakeland	1,400	1.297	300	21
Cumbria	8,100	7.213		

Source: DWP 2013

4.18 Overall, Beatty & Fothergill (2013) estimate that the bedroom tax will affect 5900 households and reduce benefits by £4.3m per year. Globally, the impact of this reform is being felt most severely in Copeland and Allerdale (£19 and £18 per working age adult) and least in South Lakeland and Eden.

**Table 4.7 Total estimated impact of Housing Benefit: Under-occupation ('bedroom tax')**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	1,500	1.1	360	18
Barrow-in-Furness	700	0.5	230	12
Carlisle	1,400	1.1	300	15
Copeland	1,200	0.8	380	19
Eden	400	0.3	170	9
South Lakeland	700	0.5	160	8
Cumbria	5,900	£4.3		

Source: DWP 2013

4.19 Beatty & Fothergill (2013) estimate that 2,000 households in Cumbria will be affected by the changes in non-dependant reductions and reduce benefits by a total of £2.35 million.

**Table 4.8 Total estimated impact of Non-dependant deduction changes**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	400	0.50	100	8
Barrow-in-Furness	400	0.43	120	10
Carlisle	500	0.53	100	8
Copeland	300	0.38	110	8
Eden	100	0.17	60	5
South Lakeland	300	0.34	60	5
Cumbria	2,000	£2.35		

Source: DWP 2013

4.20 Beatty & Fothergill (2103) suggest that the impact of the Household benefit cap on its own will be very limited affecting only 120 households and reducing benefit claims by £0.5million.

**Table 4.9 Total estimated impact of Household benefit cap**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	30	0.1	6	2
Barrow-in-Furness	30	0.1	8	3
Carlisle	30	0.2	7	2
Copeland	10	0.1	4	1
Eden	10	0.0	3	1
South Lakeland	10	0.0	1	0
Cumbria	120	£0.5		

Source: DWP 2013

4.21 At present it is envisaged that there will be no impact of Council Tax Benefit changes.

**Table 4.10 Total estimated impact of Council Tax Benefit**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	-	0	-	0
Barrow-in-Furness	-	0	-	0
Carlisle	-	0	-	0
Copeland	-	0	-	0
Eden	-	0	-	0
South Lakeland	-	0	-	0
Cumbria				

4.22 Beatty & Fothergill (2013) suggest that the impact of Disability Living Allowance changes will affect around 4300 individuals and result in a reduction of £13million in benefit claims. Barrow will be most severely impacted, but there will be significant reductions in each district.

**Table 4.11 Total estimated impact of Disability Living Allowance**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	800	3	140	42
Barrow-in-Furness	900	3	210	63
Carlisle	1,000	3	140	43
Copeland	700	2	150	46
Eden	300	1	90	28
South Lakeland	600	2	90	27
<b>Cumbria</b>	<b>4,300</b>	<b>£13.0</b>		

4.23 Similarly it is estimated that incapacity benefit changes will affect around 11,000 individuals across Cumbria resulting in benefit losses of £58.5million. **The impact will be most significant in Barrow, being the 10th worst affected district nationally.** The reforms have by far their largest impact in older industrial areas, where so many incapacity claimants are concentrated. Since the mid-1980s, incapacity benefits have hidden the scale of worklessness in weaker local economies, as men and women with health problems or disabilities have found that they have been able to access incapacity benefits instead of unemployment benefits.

**Table 4.12 Total estimated impact of Incapacity benefits changes**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	2,100	7	350	123
Barrow-in-Furness	2,700	9	620	212
Carlisle	2,300	8	330	117
Copeland	2,000	7	450	156
Eden	600	2	190	68
South Lakeland	1,300	4	200	72
<b>Cumbria</b>	<b>11,000</b>	<b>£38.5</b>		

4.24 Overall the estimated impact of child benefit changes will be a reduction of £19m per annum and affect 57,600 households. The impact is evenly spread across districts but, again, Barrow is (marginally) most badly affected.

**Table 4.13 Total estimated impact of Incapacity benefits changes**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	11,300	4	2,670	62
Barrow-in-Furness	8,900	3	2,840	69
Carlisle	12,700	4	2,630	61
Copeland	8,300	3	2,710	62
Eden	5,700	2	2,470	60
South Lakeland	10,700	4	2,290	58
<b>Cumbria</b>	<b>57,600</b>	<b>19</b>		

4.25 In total it is estimated that Tax Credit changes will reduce benefits received by £28.3million. 34,800 households are affected. The largest number of households are affected in Carlisle (8300) although the financial loss per working age adult will be greatest in Barrow.

**Table 5.14 Total estimated impact of Tax Credits changes**

	No. of households affected	Estimated loss £m per year	No. of households affected per 10,000	Financial loss per working age adult £ per year
Allerdale	7,000	6	1,650	95
Barrow-in-Furness	5,800	5	1,860	107
Carlisle	8,300	7	1,720	97
Copeland	4,600	4	1,510	83
Eden	3,200	3	1,390	80
South Lakeland	5,900	5	1,270	76
<b>Cumbria</b>	<b>34,800</b>	<b>£28.3</b>		

4.26 Overall the 1% up rating is estimated to result in a loss of £24.7m in benefits received in Cumbria.

**Table 4.15 Total estimated impact of 1 per cent up rating changes**

	Estimated loss £m per year	Financial loss per working age adult £ per year
Allerdale	5	81
Barrow-in-Furness	5	108
Carlisle	6	85
Copeland	4	80
Eden	2	60
South Lakeland	4	59
<b>Cumbria</b>	<b>£24.7</b>	

## 5 The impact of welfare reforms on adults

5.1 The Government believe that, for many unemployed adults on benefits, the financial risks of moving into work are too great. For some, particularly those in part-time work, the gains are seen to be small. Any gain can easily be cancelled out by costs such as transport. Government believe that the system which operated before welfare reforms commenced was too complex with insufficient incentives to encourage people to start paid work or increase their hours.

5.2 The stated aim of reforms is to make the system fairer, more affordable, and to reduce welfare dependency. These are ambitious aims, but their achievement, without causing 'collateral damage' to many thousands of families in Cumbria, will depend on both organisational ability and sensitivity from the Government and its agents. By understanding past and current problems in managing the benefit system the Commission believe there are ways to improve implementation of reforms. This section considers five related areas for improvement:

- in the overall approach to and implementation of Universal Credit and DWP's capacity to implement these significant changes;
- in improving DWP's relationship with claimants;
- by learning from specific concerns around proposed monthly payments;
- by addressing issues around zero hours contracts; and
- by resolving problems with sanctions and their unintended consequences.

### The overall approach to Universal Credit

5.3 The introduction of the Government's Universal Credit (UC) benefit is the biggest overhaul of the benefits system since the 1940s. It is a bid to simplify the system by merging a string of working-age benefits and Tax Credits into one single payment. This is intended to simplify the process of applying for benefits and also reduce the amount of fraud and error that hits the benefits system. Under UC six working-age benefits will be merged into one. Households receiving Income-based Jobseeker's Allowance, Income-related Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit will receive a single Universal Credit payment.

5.4 UC is best understood as a repackaging of existing benefits. It introduces for the first time a consistent benefit withdrawal rate, intended to ensure that claimants are always financially better off in work, but the rules governing eligibility are essentially carried over from the existing benefits it replaces. Unlike the other welfare reforms included in this report, UC is not expected to result in a net reduction in benefit entitlement. At the level of the individual or household there will be winners and losers. Its introduction began in 2013, but only in a small number of pilot areas, and only for new claimants. UC implementation started on a very limited basis in April 2013 with new claimants, who are single and who live in a small number of postcode areas in Ashton-under-Lyme in Tameside, Greater Manchester but trials in three more areas were delayed. More claimants will later move on to UC as and when they have a significant change of circumstances, such as starting a new job or when a child is born. In Cumbria it is planned to be implemented in 'late 2014/early 2015'. The full impact is unlikely before 2018, by which time it is anticipated planned reforms will have been implemented.

5.5 There is cross-party support for the theory behind the new benefit system. The Commission also supports the principle of single payment. There is recognition that the present system is too complex and needs simplified. But, from the evidence the Commission has heard, there is widespread scepticism about the ability of DWP and its agents (including organisations such as Capita and Atos who undertake medical assessments) to deal with changes on this scale. Commissioners believe such concerns must be addressed now if UC is to be judged a success when implemented.

### Capacity and capability of DWP to deal with changes

5.6 What capacity has DWP to deliver the changes? Nationally both parliament and charities have criticised delays in implementation. Locally too Commissioners heard of significant capacity problems within DWP, and many current cases of delays in deciding claims. **DWP have recently reduced staffing levels in Cumbria and Commissioners were told that while many back to work advisors genuinely wanted to help, claimants felt they were 'overwhelmed'**. One adviser said he had 400 cases per fortnight; one client said he had not seen an adviser in a year. While there seems to be a lack of statistics available in this respect, **the oral evidence presented to the Commission was overwhelming and overall comments about DWP were very negative from benefit claimants and charity sector agency staff or volunteers interviewed.**

'the system is in meltdown... I am no longer able to contact local jobcentre. There is a national helpline but it has long delays. I can't afford to stay on the phone for hours'. **JSA claimant, Barrow.**

DWP is not interested in the history of a client just the here and now. **CAB manager.**

A lady in severe ill health had to move for bedroom tax reasons. Has to wait 6 months for a discretionary housing payment decision. Communication about entitlements not good from DWP. **Cumbria Gateway, Carlisle.**

It takes far too long to sort out benefits. Gentleman separated from his wife and it took 5 months to sort his benefits out. **Cumbria Gateway, Carlisle.**

Processes need to be speeded up and simplified. Benefits often stopped for no apparent reason. There needs to be more communication about actions taken by. **DWP, Support worker Carlisle.**

There is real fear about the changes. The media make people feel guilty before they go to the Jobcentre. **Advice Centre Client, Carlisle.**

Administration of benefits need to be clear and structured. Now with call centres staff are not benefit experienced and cannot give right information. Benefits are messed up because they give inaccurate information. **Support worker, Carlisle.**

'They treat you like muck. They don't respect you and treat you like a skiver. **JSA claimant Whitehaven.**

DWP are penalising people who are trying to lead a decent life...you are made to feel like a criminal. **Family Finance Adviser, Cleator Moor.**

Reforms needed to happen, but changes are not thought through, even if they do have good intentions. There is too much reliance on computer systems. There is a lot of fear around claiming benefits: it's too complicated; people are proud, and often because of problems at DWP the choices are between heating and eating.  
**CAB Manager, Whitehaven.**

They don't seem to be interested in support, only in signing on and sanctioning if you haven't complied. They very rarely look up from forms – it's a tick box approach.  
**Long term unemployed adult, Whitehaven.**

There are very high levels of fear which is leading to a dramatic change in the climate since welfare changes started. There is a big increase in the incidence of mental health problems and WCT have seen more suicides and suicidal signs.  
**Phoenix Enterprise, Cleator Moor.**

'I hate the way its [DWP] run... they don't care...you phone the call centre and they say 'it's not our fault ... the computer's not working'...if you are on benefits nobody cares'... 'I hate being on benefits I hate the way that people at DWP look at you - some of them are really nice but others are up their own bottom'.  
**Young mother previously on JSA, Whitehaven.**

'it's a grinding down process'.  
**JSA Claimant, Barrow.**

Delays by DWP for PIP payments now 9/10 months with no decisions.  
**Support Worker, Carlisle.**

They are proposing to regionalise DWP which will make contact more difficult. It's become too impersonalised and remote.  
**Support Worker, Carlisle.**

DWP – Tried to contact them endlessly,...trying to sort out benefits exacerbates mental health problems. It makes you feel helpless. You are unable to navigate issues; you get more and more anxious. Trying to ring a DWP line is a nightmare. Pushed to do everything on line. As advised, you ring one number and referred to another when contacting DWP and Atos people.  
**Support Worker at Foodbank, Carlisle.**

DWP Call centre - It's the most expensive way I know to listen to Vivaldi.  
**Welfare Benefits Adviser, Whitehaven.**

5.7 The Commission heard from many individuals and organisations that a claim can take many months to determine. The target for JSA claims is that 85% will be processed within 10 days and the benefit centre covering Cumbria is regularly meeting this target and has the intention to reduce the target to 5 days. The target for Income Support is 85% to be processed within 13 days. The target for ESA is for 85% to be processed within 10 days. But a proportion of cases – particularly difficult cases affecting the most vulnerable can take much longer to resolve.

5.8 The Commission also heard so many concerns about implementation of recent changes that Commissioners believe DWP need to consider very carefully how best to effect further changes, acknowledge the need to build both capacity and capabilities of its staff and contractors. Many people spoken to suggested that the

current processes caused a lot of anxiety and despair in addition to the financial hardship. The length of time needed to consider, reconsider and deal with appeals meant long delays, during which time eligibility can change, further frustrating claimants, particularly where benefits are suspended during reconsideration and appeals.

I had a gentleman contact me last week regarding benefits, he was made redundant in Dec 2013, he was put on JSA but he has now had his benefits stopped for 4 weeks because the Job Centre said he was not doing enough to look for jobs. He was physically going out and around the businesses in Carlisle looking for work. He does not have a computer and was relying on relatives for use of theirs. A lot of these job applications are online now which hampers people that have no computer or IT skills. The Job Centre sanctioned him. This gentleman will be 65 in July and has COPD, there will be few employers wanting to employ him for those reasons. Luckily his wife is able to work and this is the only money they have coming in. I asked him about ESA and he said he had completed a questionnaire for this and also had completed a council tax reduction form. The Benefits Advice Centre at the Civic Centre were helping him. The sanction rules are causing a lot of hardship to people.  
**Benefits Advisor, Carlisle.**

Another gentleman that the Royal British Legion we're dealing with had no money for 5 weeks due to being in-between benefits. He had no money to buy electricity, that was in the really cold weather. Both these gentlemen have been helped by us with the Winter Warmth Fund, a one off payment.  
Age UK client – Carlisle.

A couple split and had 3 part time jobs. They waited 3 weeks after stopping their joint claim and moving to single claim. There was a six week delay when entitlement changed. The mother stated that it was the children who suffered most when there are problems with benefits as they did not understand why there was no money to pay for essentials.  
**Barrow, JSA Claimant.**

DWP just make you scared all the time.  
**Community Law Centre Client.**

5.9 Locally the Commission heard evidence that many decisions on eligibility are being sent for reconsideration and appeal, and that the latter are often successful, questioning the merit of the original decision.

'After checking for eligibility we are 'winning' over 90% of appeal cases'.  
**Barrow CAB**

'Appeals against ESA ruling currently have an 89% success. Which suggests DWP criteria for initial decision may be wrong'.  
**Copeland CAB**

'A big increase in employment support allowance cases and appeals - reconsideration appeal tribunal 92% success rate in ESA'.  
**Age Concern South Lakeland.**

'Attendance Allowance and Disability Living Allowance appeal success rate has also been high with successful outcomes'.  
**Manna House, Kendal.**

- 5.10 This suggests to the Commission a need for DWP to review its assessment guidelines. It is understood that there are already culture changes underway in DWP (and other Government departments) to ensure clients are treated with respect but the Commission believe that as part of this work there is scope for DWP to work more closely with local agencies, including councils, to ensure that DWP's services are more locally responsive. **At present there is a widespread concern about revisions to reform implementation timetables (particularly regarding UC) and a feeling that because of the scale of benefits changes DWP is becoming psychologically embattled and introspective.** The Commission spoke to local DWP representatives on two occasions and submitted additional questions to gain a better understanding of their organisation. Commissioners welcome the positive approach and initiatives planned.
- 5.11 There is clearly a great deal of organisational change underway to improve processes and practice. The new Work Services Director (Neil Cooling) is apparently introducing a stronger focus on supporting vulnerable people. He believes strongly that 'nobody should be left behind.' There is some evidence that DWP understand the need to take a grip of the vulnerability issue locally and ensure early 'diagnosis.' Three strands of work are underway to help secure this: staff development, better working with other organisations, and local knowledge. DWP realise they needed to focus more on identifying and supporting vulnerable people, which in turn means closer working with local organisations such as CAB and Housing Associations. But this work is at an early stage, and it is questionable whether DWP currently have the human resources required to provide this support.
- 5.12 Currently it is accepted that DWP has no systematic approach to working with the third sector. DWP restructuring has changed the nature of local offices making it more difficult to play a strong local partnership role. Also, since 2011, DWP in Cumbria have seen a reduction of 22% in Band C grade staff which, although comparable to the fall in the register of claimants, does not necessarily reflect the resource required for advice and support. At Band B level there has also been a staff reduction 46% - reflecting a move to a call-centre approach. Although DWP assert that this has not led to a reduction in the number of staff performing the assistant adviser role, the centralising and electronic process focus inevitably reduces local capacity to intervene.
- 5.13 Jobcentre Plus in Cumbria is now regarded as the 'retail arm' for a large integrated system. Previously local offices performed all functions, but now much more is done in call centres and 'back offices' elsewhere. It is recognised that this has made it more difficult for DWP locally to 'take a grip' of individual enquiries. DWP also recognised the need for improved engagement with local stakeholders, customer groups and forums. But resources locally are limited. DWP staff have very limited time with claimants – usually only 5,10 or 15 minute interviews and it can be difficult to get a good idea of the person behind the claim. The Commission believes that the Leadership Board could help influence local DWP collaboration which senior managers espouse. It is clear to Commissioners that many DWP operational staff currently have limited awareness of the impact of their decisions. Better collaboration with local organisations would help bridge this deficiency.
- 5.14 Some of the practical issues arising from welfare reform, including those relating to staffing, funding, administrative and IT systems were considered by the Communities and Local Government Select Committee (House of Commons, 2013). Reflecting local evidence, the Committee also expressed concern about a number of

dimensions including: continued uncertainty about local authority involvement in (and funding for) administering the housing element of UC; future insecurity risking the premature loss of experienced housing benefit staff, especially during the period of transition; the capacity of the new IT system, still in development; and the apparent lack of attention given to compatibility with local authority's own systems. Edwards (2013) highlighted similar issues in detailing the challenges being faced by local authorities and housing associations.

- 5.15 Within this context the Commission believe there are four critical challenges associated with UC which require modification to avoid negative impacts on claimants. These are summarised in the Table (5.1) below.

**Table 5.1 Administrative Changes and their Implications for Claimants**

Issue	Explanation	Challenges
Monthly payments of Universal Credit	Current benefits are usually paid in arrears fortnightly but UC shifts this 'in order to better parallel work'.	Claimants on low incomes may not be used to budgeting monthly, and are less likely to have bank accounts.
Direct payments	Most tenants have HB paid to the landlord but in future DWP intend this to be possible only exceptionally.	As above. Landlords anticipate higher rates of arrears.
One payment per household	Currently some benefits are paid to specific individuals but in future, all will be combined into one payment.	Distribution within the household will rely on the claimants, which is a possible concern to women whose partners claim, particularly where domestic abuse gives the abuser a further tool of control, making escape even more difficult.
On-line systems	Currently many benefit claims are paper based or made by phone but in future digital claims will be the norm.	Low-income households have less access to on-line resources including both hardware and the ability to use software to facilitate this. Older people will also be affected.

- 5.16 To mitigate these challenges the Commission believes there is a need for the Leadership Board to promote joint-working opportunities to ensure residents have access to high-quality information, advice and support; and ensure those planning services have a clear understanding of the potential impacts of welfare reform on households.
- 5.17 The practicality of this action is of course dependent on DWP locally having a degree of flexibility to work collaboratively without explicit central authorisation in each instance.

**Relationships with claimants**

- 5.18 A fundamental concern in evidence submitted was the relationship between DWP and its clients. One example relates to the way in which Jobseeker's Allowance

(JSA) is managed. JSA is the unemployment benefit for most people who are unemployed and actively seeking work. The relationship between a client and DWP is mediated through a 'Claimant Commitment'. When someone makes a new claim, or returns to JSA from the Work Programme, they will attend an interview with a work coach. At the interview they will agree a 'personal plan' outlining what they will do as part of the Commitment. The work coach will explain the penalties claimants could face for failing to meet their responsibilities to get into work, including:

- How many companies they will telephone each week
- The commuting time they will accept
- How many things they will do to get work a week
- How many times they will search Govdirect website's job section each week
- How many companies they will personally visit each week
- Whether they will use any magazines/newspapers to find jobs
- That they will not work paid or unpaid for more than 16 hours a week

5.19 The Claimant Commitment is intended to strengthen the ability of Jobcentre Plus staff to support claimants back into work at the earliest opportunity. Whether claimants are paid benefit therefore depends on whether they uphold the contract. The Commission support this approach in principle, but encountered many claimants who felt that managing the commitment was often unimaginative, with 'sanctions' imposed for minor infringements in a way which was disproportionate, perverse and a cause of considerable hardship.

5.20 For example, although it is desirable that jobseekers complete applications on a regular basis, the current targets often do not reflect the local labour market. Employer's feedback in many parts of Cumbria is that they often feel bombarded with applications with people unsuitable for jobs. The majority of JSA claimants are required to apply for ten jobs a week; some twenty and Job Seekers are now expected to spend as many hours a week as they would doing an average job. The Commission received evidence that Jobseekers needed to demonstrate they have spent 35 hours a week applying for jobs, otherwise payment is stopped. However often there are not the local jobs available.

5.21 For example, of 643 jobs advertised at Whitehaven in May 2014 only 32 were seen to be suitable for unskilled job seekers, and none of these were full-time. But to fulfil quotas, jobseekers have to complete applications and employers are being deluged with pointless applications. On occasion the Commission also encountered a lack of flexibility and judgment from DWP advisors. Anecdotal evidence was given that some people have very few applications to make and different requirements are given for claimant commitment, some of which did not appear to relate to the local labour market or individual's capabilities. Other issues of concern were: the cost associated with distance people might be expected to travel to seek employment; and the requirement for people to sign the Claimant Commitment to apply for jobs whilst simultaneously applying for disability or sickness benefits.

**'P', a woman from Cleator Moor, applied for 24 jobs in a week but hadn't applied for one which the advisor said she should because it involved heavy carrying which she didn't think she could do. At the next interview she was told if she didn't apply for that job then she would be sanctioned. She then got a job offer starting in four weeks but was told she would still have to apply for 10 jobs a week until then 'because she might get a job sooner.'** Benefits Advisor, Cleator Moor.

**'Q' a man from Cleator Moor- His job induction clashed with his signing on day, he was told if he didn't sign on at that time his benefit would be stopped immediately. Phoenix intervened and appointment was changed.**

Benefits Advisor, Cleator Moor

5.22 The Commission found that often claimants need professional advice to seek a reconsideration of a sanction. The Commission makes recommendations elsewhere in the report to build the capacity of local advice agencies. It would be valuable if DWP could work more closely with local agencies to refine claimant commitment targets to ensure these are more appropriate and beneficial.

### Monthly payment of benefit

5.23 Of the changes to be introduced in UC, two were causing particular concern:

- payment once a month, rather than fortnightly or weekly;
- paying rent to the tenant rather than as at present the landlord (under UC, households will receive the money as part of the benefit payment and tenants will then have to pay the landlord).

**I'm really worried there will be real problems if vulnerable people especially those who are already in debt are paid benefits monthly. It's odds on they will spend it quickly and end up without anything at the end of the month, relying on food-banks and not having paid rent or other essentials, There needs to be some alternative for people who want or need weekly payments.**

Gateway worker, Carlisle.

**Monthly payments under universal credit will cause huge problems.**

Advisor, Carlisle Benefits Advice Centre.

**On the basis of pilots we anticipate a huge increase in rent defaults. Inevitably this will mean more tenants end up being made homeless.** Housing Manager, Kendal.

5.24 DWP believes that monthly payments are much more aligned with how people receive wages, so it is preparing people for the world of work. But the Commission heard considerable concerns expressed about over-speedy implementation particularly for vulnerable adults and those with a history of money management problems.

5.25 An online system will be used to make an initial claim, and then to check payments and to organise budgets. The intention is that the whole system will be computer based from lodging an application onward. DWP believes that if you do not have access to the internet then you will have to go to the local library, local council or jobcentre. But from discussion with residents and support organisations the online system is one of the big question marks over the shift to UC. Questions were also asked over whether the IT system is able to cope with millions of claims once the system is fully up and running. The National Audit Office said that IT glitches had already affected the national introduction of the scheme. Its report, published in September 2013, said there were "early setbacks" and that the Department for Work and Pensions has had "weak control of the programme, and had been unable to assess the value of the systems it spent over £300m to develop". In November, the Commons Public Accounts Committee further said the

implementation of UC had been “extraordinarily poor”, with much of the £425m expenditure to then likely to be written off. It said that oversight of the UC scheme had been “alarmingly weak”, warning signs were missed, and there was a “fortress culture” among officials. This leads the Commission to be very concerned about full scale implementation across Cumbria. Ministers state there is new leadership in place and controls had been strengthened but the Commission believe there is a strong advantage in phasing implementation.

### Flexible and zero hours contracts

- 5.26 The Commission encountered a number of people who had been self-employed and were suffering hardship under the current benefits regime. Also many people on limited hours (often on zero hours) contracts, for whom short hour weeks sent them over the edge financially and made them vulnerable to high interest lenders. Most people in Cumbria who receive benefits are not unemployed but on low wages. At present their wages plus benefits still leave many unable to pay the basics such as food and shelter. In particular there is a risk of a vicious circle whereby people on a zero hours contract can have their benefits cut if they can't demonstrate that they can look for other work, but not only does uncertainty about hours required to work in these contracts make this availability difficult, but some employers use exclusivity clauses in their own contracts preventing employees from taking on other work in the rest of their time.
- 5.27 **Yet claimants can be sanctioned for refusing a zero-hours contract, despite there being no guarantee of minimum working hours once they accept the position.** Employment minister Esther McVey outlined the change in a letter to Labour MP Sheila Gilmore in an exchange about benefits sanctions under the universal credit welfare shakeup maintaining that Jobcentre “coaches” would be able to “mandate to zero-hours contracts” if they consider the role is suitable for a claimant.
- ‘Even small issues like paying a vet bill when the dog was run over or getting the washing machine fixed sent us over the edge and there was nowhere to go apart from the doorstep lender. There is just no chance of getting any support from the Jobcentre [ie crisis loans] now’.**  
**Woman 40s Barrow.**
- 5.28 Under UC there may be some help as, in theory, employers are going to keep the UK tax authority fully up-to-date with staff earnings through a computer system (real time information) which will be used to assess how much people are being paid, and so how much UC they are entitled to. For example, at present, an agency worker may work for fewer than 16 hours one week, and so be able to sign on. The following week they may work more than 16 hours and receive no jobseeker's allowance, then have to make a fresh claim if they fall below the 16 hours the week after that. Under UC, their benefit should be altered automatically as earnings go up and down.
- 5.29 Those without a bank account, or who did not have internet access, will have to seek advice to prepare for the new way this benefit is run and paid. Commissioners have not been able to estimate how many people are in this position in Cumbria but it is undoubtedly a significant number and the Commission makes proposals to support this group in Section 10.
- 5.30 DWP does offer some advances although these were not known about by a

number of claimants Commissioners spoke to. The Short Term Benefit Advances (STBA) are designed to provide financial support for claimants in the form of an advance of some or all of their benefit. A STBA can be made to a claimant who declares a financial need which may result in a serious risk to their health and/or welfare of them or their family. Advances are limited to 60% of their personal allowance prior to their first benefit week ending date and 100% of their personal allowance from their first benefit week ending. Any advance paid at the 60% rate will be expected to be repaid over a twelve week period, by deductions from ongoing benefit payments. Advances paid at the 100% rate are recovered immediately from arrears.

- 5.31 Clients must apply for these benefits by phoning a designated phone line. Those deemed to be vulnerable will be given access to a designated phone in the local Jobcentre, and where necessary will be supported by a member of staff to do this. The assessment is made by a Benefit Processor who assesses the likelihood that the claimant satisfies the conditions of entitlement and can afford to repay the advance in the normal timescale plus a Decision Maker who decides on financial need, the amount to advance and agreeing the repayments with the claimant. While this support is welcome, there were criticisms around how difficult it was for STBA to be accessed and the robustness of decisions made. Difficulty in access makes it all the more likely that people will turn to door-step lenders.

### Sanctions

- 5.32 Of all the issues raised by claimants and support organisations this was one which caused greatest concern. Although no local data could be supplied by DWP, numbers of claims stopped appears to have increased massively over the last few years largely as a result of Government policy. This has resulted in substantial hardship and risk of destitution for whole families.
- 5.33 Under current policy a claimant's benefits may be stopped if they do not adhere to the Claimant Commitment or other benefit 'contracts'. In respect of JSA a person choosing to remain out of employment should a vacancy be available is obliged to give a “good reason” for the choice, or else their monies are to be withheld. Additionally sanctions are imposed for:
- not being available for or actively seeking work, or not signing the Jobseeker's Agreement;
  - failing to attend a Jobcentre appointment: the claimant may be sanctioned for 4 or 13 weeks;
  - voluntarily leaving work, or refusing a notified vacancy (the claimant may be sanctioned for up to 13 weeks, 26 weeks or 3 years in the case of repeated transgressions); or
  - refusing to attend compulsory scheme, or failing to comply with Direction: (a sanction of 4 weeks for the first instance, and 13 weeks for second and subsequent instances).
- The number of people sanctioned has gone crazy – culture of being strict with procedures. They say there are no targets but there is pressure to increase sanctioning. Support worker, Carlisle.**
- 5.34 Do sanctions work? Opinion is at best divided. Joseph Rowntree Foundation carried out an international review into the impact of benefit sanctions and their findings

suggest limited benefits. While US research suggested some success from sanctions in getting people off benefits perhaps because they are dropping out of the system altogether rather than going into decent work, European studies showed that the use of sanctions is likely to lead to worse employment outcomes (lower pay and more likely to be back on benefits) than if sanctions are not used. **This is because the threat or use of sanctions makes people take lower-quality jobs than if they had been allowed to wait for a better opportunity.**

5.35 Nationally 1,029,000 sanctions have been applied (Daily Telegraph on 15 June 2014). But are the new rules hurting those they are supposed to be helping? **DWP have told the Commissioners that they agree sanctions 'make the vulnerable more vulnerable' and that they are going to address this issue.**

5.36 In response to some criticisms of the sanctions practice, DWP locally have explained that although there are explicit rules and that decision makers on JSA sanctions are based in Birkenhead, the local advisors job is to identify vulnerability throughout and ensure the quality of decisions. DWP have looked at local data on sanctions and understand that a disproportionate number of lone parents and young people are being sanctioned but believe 'there is plenty of opportunity to intervene re sanctions.

5.37 Locally there is a target that 80% of applications forwarded to decision makers are enforced (that is decision makers confirm 80% of cases referred for sanction), but ultimately it's still possible that vulnerable people can be sanctioned. Contrary to a considerable volume of evidence provided to the Commission by support agencies and affected people, DWP stated that 'no-one is sanctioned for being 5 minutes late for an appointment....Some people sign late. If they give adequate reasons to the advisor such as a family emergency or illness, the case may not go to a sanctions decision, or if it does go to decision, advisors give comments'. Clearly there have been recent changes in the way in which DWP manage sanctions, perhaps as a result of fall-out from earlier decision making. A copy of current sanctions guidance is included in Appendix N

5.38 In response to considerable criticism of the sanctions regime DWP representatives stated that practice is changing and all sanction requests are now reviewed by local managers prior to being forwarded to the central call-centre, so three parts of DWP are now involved agents, local manager and the Birkenhead Call Centre who determine the sanctions decisions.

It's right if people don't turn up for appointments. People are sanctioned without proper management and warning about the consequences. There needs to be better training system about sanctions (for DWP staff and young people) and its impact, helping people understand that all benefits are stopped. More clarity and publicity. Voluntary organisation supporting young people Whitehaven

**DWP advisors have considerable discretion. The mood of advisors seems to be the key. There are inconsistencies. Some 'hard' people seem to get away with very little effort to get a job, whereas 'easy' vulnerable people and new job seekers seem to be targeted and often sanctioned. Benefits Advisor, West Cumbria.**

5.39 **According to the Citizens Advice Bureau (CAB) nationally advice centres have seen a two thirds increase in the number of people coming to them after being sanctioned. Invariably, CAB says, they are desperate to get back into work.** So is

the new system doing what it is supposed to - helping those who want to work to do so? According to the CAB's chief executive Gillian Guy, "No. When you're already struggling to make ends meet whilst looking for work, a sanction can end up making it harder to put food on the table and adds an extra obstacle to the huge challenge of getting a job." She adds: **"The regime is not only self-defeating, it is also poorly administered."** Often Commissioners have heard of sanctions being imposed disproportionately for minor infringements, being imposed without informing the claimant and being imposed questionably. Nationally more than 40% of those who received a sanction were under 24. The YMCA and other youth organisation have serious concerns about how the system is being administered and its impact on the young.

**'I didn't receive a letter about imposition of sanctions, it just happened. Benefits were stopped if you miss appointments - even if you are waiting in the queue for ages. there are always long queues when you go to the Jobcentre.... and if one benefit is stopped they all stop leaving you dependent on family and doorstep lenders. sanctions are just not fair'. Claimant, Barrow.**

**A Barrow woman in her 30's suffers from a memory problem. Her regular interviews not always on the same day and client went a day late by mistake. Her benefits were sanctioned and when she asked the decision be reviewed she was unsuccessful. Benefits Advisor, Barrow.**

**Woman encountered difficulties in dealing with change of circumstances leading to debt. She was in an abusive relationship with 2 children. She was penalised for ex-partner not allowing her to leave the house to attend ESA appointment. Benefit also delayed when circumstances changed i.e. partner moved out. No money so had to go to food-bank. 5 weeks without money and got into debt (high interest lenders). Now owe £5000 but on the plus side benefits reinstated. Told by Housing Support Worker, Carlisle.**

**'My JSA benefit was cut off for not sufficiently actively seeking work. I was 4 weeks without money. Sanctioned but not told about it until it happened. Kept ringing up. Could not get answers. DWP said they would send another form but no money while they are sorting it out. Have to be 'looking for work' in their terms - to the letter. Spoke to advisor who had made decision. Made incorrect decision. Cut for 4 weeks could then go back on - have to know which form to fill in. Letters they send didn't contain a form to restart claim. Would not have known what to do next without help of Law Centre'. Community Law Centre Client.**

5.40 More people are coming to foodbanks because their benefits have been stopped (Trussell Trust, 2014 and verbal evidence to the Commission). PCS, the union representing the frontline DWP staff who make these decisions, allege that since the toughening of the rules there is an expectation they should come down hard on claimants. "There's no question that there is an overarching pressure to enforce the sanctions regime as strictly as possible," said the PCS's Charles Law. This is an accusation the DWP denies. But the union says ministers' desire to get tough has led to job centre managers pushing advisers to issue sanctions. The PCS claims there are "sanctions league tables" and that staff face the first step of a disciplinary procedure if they fail to withdraw JSA from enough claimants. The DWP deny this and say "sanctions are used as a last resort and anyone who disagrees with a decision can appeal."

- 5.41 From the evidence received the Commission believe that sanctions have been applied too insensitively. They should be used as a last resort after other means are exhausted which does not appear to be the case recently. Conditions in a welfare contract are a necessary part of the benefit system, but need to be there to help improve people's lives, not to be punitive lead to destitution or cause long-term impacts on families and increase the burden on other areas of public spending or on voluntary groups. Appeals against sanctions can take a long time and, whatever the outcome, the claimant's financial position, social situation and often their mental health will have been made much more perilous.
- 5.42 The DWP first told the Commission that sanctions decisions were made by decision makers in other offices and that all breaches of contract had to be referred to such decision makers by the local adviser. Subsequently the Commission was told that not all alleged breaches had to be so referred but the discretionary grounds for referral or non-referral by the local adviser have not been disclosed. Sanctions would be better imposed at the local adviser level and not at the perhaps deliberately anonymous sanction decision maker level. Sanctions should be proportionate. It would be difficult to conceive of an employee in the work place losing 4 week's pay because s/he is 10 minutes late for an appointment, yet the Commission heard several instances of this happening to JSA claimants.
- 5.43 It appears that a national policy in respect of sanctions was rigorously applied with very severe impacts on individuals and their families. There appears to have been some subsequent 'rowing back' and refinement of approach as the revised DWP guidelines (Appendix 6) indicate. Commissioners believe that this is an issue which requires ongoing and close monitoring within Cumbria.

## 6 The impact of welfare reforms on Cumbria's adults with disabilities

- 6.1 In this section the Commission summarise the main planned welfare changes for adults who are vulnerable because they have significant physical or mental health problems. Here the term 'vulnerable adults' is used as a catch-all term. Many welfare benefits are targeted at people who have physical disabilities, learning difficulties, or mental health problems. It can also include adults who are unwell and others unable either to stand up for themselves, or keep track of their affairs, for example because of drug and alcohol abuse.
- 6.2 Many people with severe physical or mental disabilities have depended on the Government for financial support. Welfare reforms are intended to have a significant impact on the support available, encouraging more able people to enter the labour market. For all those currently on benefits, there is the intention that they are reassessed for entitlement. How they are supported through the welfare reform process is a critical issue for both Cumbria's public services and third sector.
- 6.3 Disabled people are twice as likely as non-disabled people to live in poverty (Shaw et al, 2008). This is largely due to their absence from paid work (Palmer et al, 2006) meaning that incomes of disabled people are disproportionately dependent on and affected by benefit rates. Since 2008, the intention of welfare reforms was to encourage disabled people living on benefits into the labour market. ESA replaced the previous system of Incapacity Benefit (IB), which until 2014 has continued for a residual group of claimants. The Coalition Government also introduced a new dimension by time-limiting contribution-based ESA to 52 weeks. Previously, contribution-based IB was not means-tested, and could run indefinitely so long as associated health conditions persisted.
- 6.4 Disabled people are also more vulnerable because of additional costs resulting from their impairment. DLA is intended to offset these and is payable whether or not people are in work with two components; care and mobility and includes three rates for the care component (high, middle and low) and two for the mobility component (high and low). DWP hopes to cut expenditure by 20% by concentrating on adults with the 'greatest needs'. The changes proposed will involve regular and rigorous face-to-face assessment, and removing the 'lower' care component.
- 6.5 The new benefit is called the Personal Independence Payment (PIP). The DWP impact assessment envisages national PIP claimant numbers falling by up to a quarter (23%) compared to current DLA claimants. Currently there are around 4300 DLA claimants in Cumbria so it is reasonable to expect at least 1000 individuals to lose benefits by the end of the reforms.
- 6.6 An Inquiry by Baroness Grey-Thompson into the impact of welfare reform on disabled people led to a joint report (Citizens Advice, The Children's Society and Disability Rights UK, 2012). This identified key groups amongst the 0.5 million disabled people nationally likely to lose out by the totality of reforms, specifically:
- 230,000 severely disabled people living alone, or with only a young carer (usually lone parents with a child/children) will lose between £28 and £58 every week;

- 100,000 disabled children stand to lose up to £28 a week; and
- Up to 116,000 disabled people who work risk losing around £40 a week.

6.7 From evidence received by the Commission, it is obvious that large numbers of disabled people in Cumbria are being affected financially and also emotionally. Reforms have caused worry, anxiety and fear: for many a gnawing concern and uncertainty about what the future holds. How people are informed about changes, how the assessment process is managed, how long it takes, and whether benefits are stopped during the assessment process will each impact on wellbeing. Where the assessment process takes a long time, worry can become debilitating and exacerbate underlying conditions. An interview undertaken with one adult with disabilities points up some of the issues.

'J' is a male claimant of DLA and ESA who lives in Appleby. He was with his partner but she died recently. 'J' has back problems, lives with the pain and is awaiting spinal surgery. He also has diabetes. J' had to give up his driving job because of back problems and then 'things got on top' of him and he's suffered some mental health problems. He wants to exercise but even swimming hurts. He used to have support at gym but trainer made mistake ie exercises for back. So that ended. He is quite isolated. 'His GP advised him to contact Disability Association Carlisle & Eden (DACE) and since then DACE have helped with his DLA application and with other applications to DWP.

'I found communicating with DWP difficult. Each contact with DWP made me feel more and more negative and I felt worse and worse. Last time, I found filling out the application form for ESA stressful and I kept putting it to one side was late filling the form in, but I got permission to return the form a day late and this was noted on the [DWP] computer. I then filled in the form with help from DACE. Then I got a letter out of the blue telling me my ESA was suspended and I was being taken out of the support group. This was a situation I couldn't handle. In the support group they leave you alone...there's no support as such but it means you don't have to attend work related interview, but now they stopped my ESA. I had to do without and try stretch DLA. I felt like a statistic not a person. I felt worthless, I didn't mean anything; a nothing. Eventually DACE managed to speak to someone – a big fight – to explain why the application was late and they helped me write a letter explaining why. The guy we spoke to at Bathgate [DWP call centre] hadn't looked at the note ie one day's delay. My [DWP advisor] said there was nothing he could do. Older people are allowed some 'understanding' why not other vulnerable adults who just happen to be of working age. Eventually they re-instated my ESA – in support group. But in the meantime I lived on tins I had, porridge. I shouldn't have had to do this, I'm angry at the way I've been treated. Every time the phone rings, I'm in crisis, in fear it's the DWP. They think they are there to stop me get what I've paid in all my working life for..Reviews come yearly, usually lands November, inside is a book to complete. I get help from Mind to complete the book. I send the form in then usually get interview/medical with Atos, sometimes a nurse or GP. They sit behind desk and not once do they look at you. They use their computer typing responses to scripted questions. Then according to what that person's put, you're allowed to continue on benefits or not. I got a letter saying my benefits were suspended and I'd have to see [benefits advisor] at Penrith Jobs Centre. He asked me questions. Then was invited to be reassessed. While waiting to be reassessed I had reduced money. I've no confidence in them. None. I've seen programmes on TV about Atos – documentaries, I feel terrified when I go. I have gone on my own but won't again. They seem to ask questions to catch you out. I

don't know what I'd have done without GP support and DACE. The Atos people have no mental health training. They seem like robots. Not human. No manners even. I've had to fill appeal forms in – my doctor said to fill it in bearing in mind your worst day. One question checks against another. I got turned down. Then had to appeal. It's to try and get you off ESA and back to work...I want to volunteer and be useful. Some things I don't fancy. I've been a loner, I'm not comfortable at present in groups of people. I have offered to help a lady in Appleby – but that hasn't happened yet. There are some people who shouldn't be claiming benefits – fraudulently – then 'all tarred with the same brush.'

6.8 This is only one example of many dozens the Commission heard. Even where there is effective informing, and assessment is sensitive and considered, people will still worry about the future. Where there are delays and stoppage of benefits, some families also face financial meltdown, leaning on family and friends for money and often becoming dependent on doorstep lenders. So how the welfare changes are implemented is an issue of massive sensitivity for many, particularly if they have rare or complex disabilities. The process may also have a big impact on their families and friends. From evidence received, there appears to be little coordinated action planning and limited resource to support adults with disabilities through welfare reform processes which Commissioners believe is a serious concern.

#### **Main benefit packages available**

6.9 There are a number of benefits to support adults with disabilities. The two main benefits that Commission has investigated are:

- the Disability Living Allowance which from February 2014 was replaced by Personal Independence Payment (PIP) assessment; and
- Employment and Support Allowance and Work Capability Assessment (WCA).

6.10 The detailed eligibility for DLA and PIP is complex, but essentially, for DLA, entitlement was largely a question of physical condition, and for PIP a question of the effects of the condition. It is understandably easier to assess the former. Government was critical of the DLA system which it said awarded an allowance to claimants with but no further systematic checks to assess if the claimant's condition had improved or worsened. By requiring PIP claimants to undergo periodic assessments Government assert that the system can be targeted at those most in need whilst preventing payments being made to people who had recovered from a temporary disability. It is debilitating for many having to answer the same intrusive personal questions year after year.

6.11 PIP was introduced by the Welfare Reform Act 2012 and is being phased in gradually. The roll out was delayed, with ministers announcing it would happen 'more gradually' than planned.

#### **National criticisms of policy implementation**

6.12 The change in the system will obviously be a challenge for some claimants but it is likely - because it is based on the effects of a condition rather than the condition per se - to be subject to greater interpretation and that this will be more challenging for administrators/medical staff working for DWP, and for individuals and support groups appealing against initial findings.

6.13 Assessment for eligibility was outsourced by the DWP to Atos Healthcare who carry out assessments for people receiving DLA or PIP. Nationally Atos capability to carry out these assessments has been questioned with only 30,000 assessments decided at March 2014. Of that 30,000 only 15,000 people have qualified for the benefit and 10% of that number are people who are terminally ill. Disability organisations say that only 40% of people currently receiving DLA, will continue to receive it. National critiques suggest that assessments for new claimants are taking much longer than expected, resulting in a backlog in the system.

6.14 Many national charities have been critical about the implementation of these changes. In terms of claiming, unlike DLA, claims for PIP will usually be started over the phone. Some clients have found this –rather than face to face contact – difficult. Face to face assessments are then organised. Claimants are also required to undergo periodic re-assessments to ensure ongoing eligibility for the benefit. Depending on the assessment, a person will normally be given a ‘short award’ of up to two years or longer award for up to five or ten years. However locally there have been many cases of more frequent re-assessment, particularly after an appeal or reconsideration. The charity Scope, while expressing support in principle for assessing claimants more carefully, have been critical about implementation and took the view that assessment criteria were flawed, would cause undue hardship and were too strongly focused on cutting welfare budgets.

**Some people winning appeals find themselves recalled for reassessment within a few weeks of winning their appeal. Scope 2013.**

6.15 At the time of writing there remains uncertainty about the future delivery of PIP assessments.

**Atos Healthcare are to quit its contract with the UK Government, Atos who are tasked with assessing whether benefits claimants in Britain are fit to work have ended the relationship with DWP It follows Government criticism over “significant quality failures” and criticism from many claimants who have been declared fit for work even when they are not. The Disabilities Minister Mike Penning said a new company would be appointed in early 2015, and Atos would not receive “a single penny of compensation”. The company, whose contract had been due to end in August 2015, said it had “reached a settlement that is in the best interests of all parties”. It said it would “work hard to support transition to a new provider”, adding: “We will be transferring our infrastructure and employees to ensure consistency of service to those going through the process. “There will be no change for those applying for employment and support allowance.” Guardian March 2014.**

### **Employment and Support Allowance (ESA)**

6.16 This Benefit was introduced in 2008 to replace incapacity benefit and income support, and is paid because of an illness or disability. The main change from Incapacity Benefit is that the old Personal Capability Assessment (PCA) has been replaced with a work capability assessment (WCA), which the Government claim will give a better view of the claimant’s ability to undertake some form of work. The DWP contracted Atos Healthcare, to undertake medical assessments. There are a number of medical conditions for which a medical assessment is not required and others where the medical advisor has to ask the patient’s GP or consultants for information. An individual can claim ESA if they:

- have limited capability for work. This is determined by the limited capability for work assessment, which is one of the three assessments that makes up the work capability assessment; and
- are at least 16 years old; and have not yet reached state pension age (61 years and nine months for a woman, 65 for a man) , live in the UK; and
- are not receiving income support. If her/his partner is receiving income support, this too stops the claimant from being entitled to income-related ESA; and
- are not receiving job seekers allowance (JSA). If her/his partner is receiving income-based JSA, this too stops the claimant from being entitled to income-related ESA; and
- are not entitled to statutory sick pay.

6.17 The WCA is usually made up of two separate assessments. The assessments are:

- **the limited capability for work assessment.** This assesses a claimant’s ability to perform a range of specified activities that determine fitness for work. Both physical factors and mental health problems are included. The assessment determines whether or not the claimant remains entitled to ESA after the assessment or has to claim another benefit such as JSA.
- **the limited capability for work-related activity assessment.** This is usually carried out at the same time as the limited capability for work assessment. It determines the benefit rate subsequently received by the claimant. It also determines whether the claimant needs to undertake specified work-related activity in order to continue to qualify for ESA.

6.18 The limited capability for work assessment determines entitlement to ESA. It measures a person’s ability to perform certain activities relating to physical function, and to mental, cognitive and intellectual function.

6.19 Which group you are assigned to depends on the Work Capability Assessment (WCA).

#### **Work Related Activity Group**

If you are placed in the Work Related Activity Group, you will be expected to take part in work focused interviews with your personal adviser. You will get support to help you prepare for suitable work, and in return you will receive a work related activity component in addition to your basic rate.

#### **Support Group**

If you are placed in the Support Group because your illness or disability has a severe effect on your ability to work, then you will not be expected to take part in any work related activities. You can do so on a voluntary basis if you want to and you will receive a support component in addition to your basic rate. You should be aware that: If you are in the Work Related Activity Group, you will need to regularly see your personal adviser to discuss your work prospects and they will give you help and advice and arrange any activity to get you into work, this could be volunteering, college courses or work programmes. Failure to attend the appointment with the advisor or take part in work related activity arranged by your advisor will result in your benefit being sanctioned.

6.20 So WCA can have a huge impact for claimants. Which group claimants are assigned currently depends on assessments by Atos, who DWP have contracted to undertake medicals.

**National and local criticisms of WCA**

6.21 Many organisations, including the Citizens Advice Bureau (CAB), have expressed concern about the way the work capability assessments are carried out. The CAB website states: "Employment and support allowance (ESA)... aims to give more help to those who might, with support, be able to work. Citizens Advice has been monitoring the impact of the new benefit, and this is our second report since its introduction. Limited capability, published in November 2009, covered the administration of the benefit, and this report looks at the assessment process. Bureau advisers have expressed grave concern at the number of people unexpectedly being found fit for work."(CAB,2013).

6.22 In 2013 the Public Accounts Committee also criticised the Work Capability Assessments saying it resulted in too many wrong decisions being overturned. Whilst Atos are paid to make the assessments, it is the Government who pays for the tribunal appeals, with £500 million being the cost to the taxpayer for these appeals.

*"The Department's got to get a grip of this contract...We saw no evidence that the Department was applying sufficient rigour or challenge to Atos given the vulnerability of many of its clients."*

*Margaret Hodge chair of the Public Accounts Committee.*

At a meeting in June 2012 BMA doctors voted that the Work Capability Assessment should be ended 'with immediate effect and be replaced with a rigorous and safe system that does not cause unavoidable harm to some of the weakest and vulnerable in society'.

6.23 Also in May 2013, a judicial review by the courts brought by two individuals with mental health problems ruled that the Work Capability Assessments were not fit for purpose, and that they substantially disadvantage people with mental health conditions. Despite this much of the process continued unchanged. On 22 July 2013, the widespread criticism of WCA resulted in DWP announcing that it had directed Atos to put in place a performance improvement plan and it would be bringing in new contracting providers to carry out assessments. This followed a DWP audit which found that around 41% of reports produced by Atos following an assessment were graded C in a quality scale A-C. Recent press reports have confirmed that the Department of Work and Pensions has stopped outsourcing company Atos from carrying out repeat assessments on people currently claiming work-related disability benefits.

6.24 Following Atos withdrawal from the contract, the Commission understand that DWP staff have been told to leave all current employment and support allowance (ESA) claimants on their benefit, without repeat medical checks, until another company can be found to do work capability assessments (WCAs)

*'Atos is chaos! They are 'off the wall' and seem to have no medical experience. The current system penalises the most vulnerable'. A local CAB advisor.*

6.25 With effect from 20 January 2014, further routine repeat assessments referrals to Atos will be deferred until further notice. Disability Minister Mike Penning described the contract with the benefits testing firm Atos as a "mess" and the DWP itself has had to disagree with 158,300 decisions made by Atos that people were 'fit for work' when the department ascertained they were not. A further 600,000 people have appealed against decisions made by the Government to cut their benefits. Atos itself is now saying that it wants to pull out of the contract early because of the death threats being made against its staff.

6.26 Local evidence heard by the Commission was highly critical of the **assessment process**.

**Client 'D' Female Frizington 59 years of age.**

'D' lives alone in her own house. She had nursed her disabled husband over a number of years. He died around 15 months ago after a long battle with cancer. 'D' had been occupied full time caring for her husband and was devastated by his death. She has a number of medical problems and when interviewed appeared quite low. She is reluctant to leave her house She has four children but they live in central England and can't visit often. 'D' received 52 weeks bereavement allowance but had now been contacted by DWP and told to attend a medical to determine whether she was eligible for ESA. She wanted her daughter (who works) to attend the assessment with her and asked if her assessment could be rearranged. She was told this was not possible and she subsequently missed the appointment and received a letter telling her she was fit for work. She has asked for a mandatory review. She was very frustrated by the way she had been dealt with and DWP inflexibility; 'I'd like to give them a slap round the ear hole... why can't they have a bit more common sense'

A couple living with a young child in deep rural area of South Copeland in a housing association flat. One of them has in the past suffered from very severe abuse. They have felt complete lack of support from everyone and all agencies except support officer at Impact Housing and previous local vicar. Before being housed they applied for 156 houses. Their three bedroom house has one tiny bedroom and they are charged bedroom tax which they find very hard to pay. Both spouses have mental health problems and one physical problems. Both are currently on DLA and ESA but have some past appeals in the past and find the stress of annual assessments and fear of losing benefits and home overwhelming. 'We have to repeat a painful story every year even though it is in past notes. We regularly feel suicidal because of this and believe would have acted on it but for our child. It's like a black cloud. There are severe problems because of where we live. Financially it's the cost of having to go everywhere in car as there is no public transport. We pay £1500 on electric pa. There's no gas, just storage heaters, and £600 for metered water. Socially it's isolation and snobbery of wealthier people living around and stereotyping them as scroungers and reporting them for benefit breaches they have not made. We feel victimised all the time.

We found the appeal panel aggressive and felt Atos assessments and forms were simply seeking to catch us out. It's almost like an inquisition.' They feel UC will put extra pressure on them to manage money. They are already £7000 in debt on credit card and overdraft. 'It's not just a box they are ticking, it's lives they are messing with.'

6.27 This experience suggested to the Commission the need for detailed local monitoring and accountability to identify and remedy process failures at an early stage and

to allow DWP to make changes to local processes before problems become overwhelming. It could also suggest the need for reforms to be implemented over longer rather than shorter timescales.

- 6.28 A number of researchers (eg Franklin, 2014) suggest that it is Government policy that has undermined the objectivity of the medical assessments used by Atos. While Atos have primarily been blamed for the high numbers of successful appeals against their assessments, it is said that the real cause of the problem probably lies in the system used by the DWP to manage its contract with Atos. The very low success rate in helping disabled people to find work suggests that these targets were artificially imposed by the DWP. The process of setting norms and managing to those norms, biases the assessment process and undermine its objectivity. This is seen as a problem within such a critical assessment process.
- 6.29 During the Commission's evidence gathering four key criticisms of assessment processes were raised:
- There are frequent process failures and associated long delays in determination of cases causing worry and uncertainty without anyone appearing to be accountable;
  - Problems in processing claims and confusion of accountability between DWP and Atos;
  - systems for the assessment of disability being created which lack proper empirical foundations and high % of overturned judgments (the systems used for PIP require greater judgement which contractors appear unable to deliver); and
  - the processes often appear to be insensitive to individual's condition with a failure to recognise the additional support required by clients, particularly adults with mental health or illness.
- 6.30 Appendix 7 includes compelling narrative evidence illustrating these criticisms of PIP & WCA processes.
- 6.31 Recognising concerns about PIP assessment DWP has appointed Paul Gray to carry out the first independent review of the PIP assessment and will present his report to the Secretary of State before the end of 2014. DWP also confirm there is ongoing work to improve the Work Capability Assessment processes and help bring down waiting times for claimants. Improvements have already been made particularly regarding keeping claimants informed and reducing enquiries-e.g. introduction of message regarding clearance times on the PIP enquiry line, sending text messages to claimants when a form is received at the Benefit centre. But this suggests policy ambition has perhaps outstripped delivery capability.
- 6.32 DWP is also undertaking a pilot where PIP forms have been given to Macmillan professionals from April 2014 for those customers who are terminally ill. When this is evaluated, it is possible that recommendations will be made as to whether this could be extended to other areas or support organisations. Many claimants contact CAB or disability associations for help in filling claims out. It's possible that DWP could offer more support to these organisations as to levels of details required. Again, there is an ongoing review of the assessment process and the Commission await with interest the results towards the end of 2014.

## Vulnerable Clients

- 6.33 Many of the individuals encountering delays in their assessments and processing of claims are amongst the most vulnerable in our community. DWP find it difficult to quantify how many vulnerable people are 'on their books' and there is limited communication with other organisations to ensure vulnerable people known to other agencies are not made more vulnerable because of changes to the benefits system. Some customers declare that they are alcohol or drug dependent or homeless but DWP are only aware of claimants who do declare such issues to members of staff. Presumably the same applies to those suffering mental health problems. DWP have recently asked staff to review the 'markers' to identify these customers to ensure records are as accurate as possible, but if a claimant does not consent to the information being recorded, there is no "official" record of the issue. Moreover, often clients are not normally vulnerable but are at certain points in their 'journey'- either due to circumstances changing or they may be considered vulnerable only on one visit to the Jobcentre, due to being under stress on that day. A claimant may be identified as vulnerable at any time during their journey. Often it is picked up at the initial new claim interview because the conversation covers their barriers to work. It may also crop up during signing interventions or if a customer experiences payment problems.
- 6.34 The DWP definition of vulnerable is: "An individual who is identified as having complex needs and/or requires additional support to enable them to access DWP benefits and use our services". So for example, while someone may not normally fit this definition, if they were recently bereaved or stressed on the day contacted, they may not be able to take in the information which was given and so DWP may class them as vulnerable. However many people sanctioned in recent months have been sanctioned despite exhibiting vulnerability – indeed the sanctioning is often a result of such an expression. Since DWP have no regular information to indicate the scale of vulnerable people they interact with, there is no effective monitoring. They do however say that they regularly observe staff interacting with customers and provide them with feedback.
- 6.35 There are, however, numerous support organisations to whom DWP refer vulnerable people. A few are funded by DWP-a good example being The Croftlands Trust, an organisation who provides support for some claimants with mental health conditions, who are funded through the Flexible Support Fund. Vulnerable people may be signposted or referred to other organisations are not funded by DWP – including Age UK, The Money Advice Service, local mental health groups, and local welfare agencies.

## Claimants with terminal illnesses

- 6.36 The Commission identified a number of cases where people with terminal illnesses or comprehensively debilitating conditions are 'pushed through' time consuming and lengthy processes to continue to receive benefits. DWP accept that claim processes can never be fully circumvented but there are Special Rules for Terminally ill claimants in place. There is still a claim form to complete which must be signed by the individual or their appointee. The capability assessment is usually fast tracked for these individuals and they will be placed into the Support group from day 1 of their claim once the Work Capability Assessment confirms that they are terminally ill. There is also a dedicated telephone service for dealing with claims made under these rules.

6.37 For PIP, a pilot is ongoing to stock Macmillan professionals with the forms so that they can assist in the completion. Help is available through CAB and disability associations already and DWP can provide a transcribing service. An electronic version of this form has been introduced from 30th April to enable health professionals to securely email the form to the Department, providing a faster clearance time. (this form can be used to claim both PIP and ESA-the department will share it with the benefit centre who will make the award). Terminally ill claimants are guaranteed an award of the enhanced rate of the daily living component of PIP without having to wait until they satisfy the qualifying period or prospective test. This is paid straight away-as is the mobility component, providing the conditions are met.

6.38 Despite these arrangements the Commission believe that the case studies above suggest a need for wholesale review of assessment processes and a lack of both capacity and capability to reduce concerns and needless worry caused to individuals.

### Advice and support

6.39 From discussions with benefit recipients and support organisations the Commission identified:

- A lack of appropriate early information to people about to go through the PIP assessment process- lack of information and clear timetable and signposting of support left people worried and uncertain about the future
- Move to phone and ICT based access rather than face to face with many applicants finding the former much more difficult than a face to face application
- disability reduced to a series of physical tasks ignores psychological and mental issues

6.40 Commissioners believe that a framework similar to the Local Support Services Framework (which aims to acknowledge the need to work and commission advice, advocacy and support collaboratively) being developed for the implementation of UC should also be developed to additional advice associated with PIP and WCA.

### Customer focus?

6.41 The Commissioners discussions led to the belief that DWP still lacked sufficient customer focus, operating a telling rather than engaging culture. This further disempowered claimants. The Commission believe there is considerable scope to improve the support which claimants receive through DWP. The Commission suggest that DWP would benefit by providing regular and timely information about changes affecting claimant's position including paper based and electronic communication by:

- publishing an explicit and realistic timetable for the implementation of reviews to allow support orgs/other providers to respond in a timely way
- providing clearer targeting of clients most likely to be affected by welfare reforms - i.e. not all clients to be reviewed/reassessed - hence reducing unnecessary worry and focusing DWP and third sector support
- managing contracts with providers, such as Atos, more assertively to reduce avoidable harm to clients and resultant undermining of DWP's reputation in the roll out of the PIP 'fitness for work' assessment process.

6.42 The Commission has heard an overwhelming level of evidence about the lack of support for vulnerable adults, including those who had significant mental health or mental illness problems, or with substance abuse problems. There seems to be limited systematic understanding and 'tagging' within DWP of clients vulnerabilities. Commissioners were told

**'the Penrith office is very good at Identifying vulnerable people - markers for ex-offenders, literacy/numeracy, alcohol or substance abuse but that is the exception'.**

6.43 So far 10% of clients identified as vulnerable but DWP management believe it is more likely to be 30%. There was significant local concern about the lack of easy access to advice and support for the most vulnerable. Although DWP were starting to improve liaison with other agencies there remains scope for improvements.

6.44 The Commission's research led it to believe that there is scope to improve the advice and support available to claimants.

## 7 Impact of changes to housing benefit

7.1 The Commission interviewed a large number of housing association (HA) staff, tenants and support organisations who help clients in difficulties. From these contacts a good understanding was gained of housing issues arising from welfare reforms in Cumbria. This section reviews the impact of two main housing related welfare reform initiatives:

- under occupation benefit reduction (commonly known as the bedroom tax) resulting in escalating withdrawal of benefit for 'surplus' rooms - implemented from April 2013; and
- direct monthly payments of universal credit to tenants of housing benefit replacing payment direct to landlords - from 'late 2014'.

7.2 There are just over 30,000 social housing properties in Cumbria representing around an eighth of the total stock. Of this stock around 7% consists of 1 bedroom accommodation, 29% 2 bed, 45% 3 bed and is 19% larger. Social housing is paid for through rents. In Cumbria around 60% of social housing tenants are in receipt of full or partial housing benefit.

### Under occupation

7.3 The biggest reform to affect social housing tenants currently is the introduction of new rules which relate housing benefit entitlement to the number of rooms in a property – referred to as 'under-occupation' rules or more commonly as the 'bedroom tax'. Prior to this change there was no direct link between the amounts of Housing Benefit received, and the number of rooms occupied in a property.

7.4 Around 4750 households across Cumbria are currently affected by these reforms.

From April 2013, **Local Housing Allowance (LHA)** size criteria are used to determine how many rooms are needed by tenants, and Housing Benefit adjusted accordingly. Under the changes, a person living alone in a three bedroom house would be judged to have 2 surplus rooms and receive a 25% reduction in housing benefit. Similarly a person living alone in a two bedroom house would be judged to have 1 surplus room and receive 14% less benefit. On the face of it, this appears logical:

- to minimise the number of empty rooms in social rented properties;
- to contain public expenditure on Housing Benefit; and
- to harmonise Housing Benefit with a wider shift in Government policy towards exposing tenants to normal financial pressures.

7.5 Ultimately, under-occupation proposals introduce the philosophy that where somebody wants a larger property, they should have to pay more to obtain it. It is difficult to disagree with the aim of containing public expenditure, and to try to maximise the number of people who can be housed within social housing stock. But the Commission have serious concerns about the actual consequences of the implementation of LHA in Cumbria and the lack of understanding of the hardship these simplistic rules have. Commissioners' investigations identified a number of

examples of households caught out by the present policy:

### Case 1

Single parent living in 5 bed property in Kendal with two children a boy aged 6 and girl of 5. Absent father who was not paying any maintenance. Under occupying by 3 bedrooms. Current income from benefits is £389.35 which includes £154.25 housing benefit and £17.25 Council Tax Benefit. Current expenditure is £381.50 which leaves £7.85 per week to cover all expenses. Is due to lose £38.56 per week in housing benefit due to under occupancy. She knows how to budget and can account for every penny spent, but can't afford any new clothes for herself. She can't afford to have the heating on and doesn't have a cooker since it was condemned by the gas engineer. An application was completed by the HA to the British Gas Trust for a new gas cooker and is waiting to see if this has been successful. Tenant is actively looking for a smaller property.

**Benefits advisor, Kendal.**

### Case 2

A family in Barrow have 3 children, two boys and one girl, one of the boys being diagnosed as autistic and is said to be a 'bit laddish'. This boy 'could be a bit of a handful at times', but with a larger house each child had necessary space and privacy. The boys had room each but from April 2013 were assessed as under occupying. They were told they would receive a 14% reduction in housing benefit and were encouraged to move which they did late in 2013. The boys now share a room and there have been a lot of associated problems for the family and noise for neighbours.

**Benefits advisor, Barrow.**

### Case 3

A family in Barrow with one child lived in a two bedroom house. The child had a history of epileptic seizures and sadly died suddenly in his sleep. The family were told they were now under occupying and would have to move or suffer a 14% reduction in bedroom tax. At the time the wife was also suffering serious health problems, but benefits were reduced nonetheless. Two days after moving house the wife died. The father had, in the space of a few months, lost a son, wife and home.

**Benefits advisor, Barrow.**

### Case 4

A family in Carlisle consisting of a woman and three children had experienced a history of domestic violence resulting in the father moving out. The family consists of the mother and 3 children in a 3 bed house. They were told they were over occupying. The mother felt unable to move even although she would have her housing benefit cut by 14%, because of the cost, and the fact that the grandmother lives round the corner, and the children were established at school where staff understood the domestic violence history and provided additional support. Overall the family have a lot of investment in the local community. They are now suffering considerable worry and anxiety, trying to find a way to manage with reduced benefits and fear for the future. **Benefits advisor, Carlisle.**

### Case 5

A number of families around Cumbria have experienced break ups because parents can no longer live together. Both partners need bedrooms to allow children to sleep-over but only one parent receives child benefit and related housing benefit entitlement so the other has to move to a smaller house or make up the

**benefit reduction. The result is that it's more difficult for both parents to maintain relationships with their children.**

**Housing Association Advisor, Kendal.**

7.6 The Commission believes that the current rules, while simple, do not recognise the realities of family living today, and believe that there is a need to remove some of the 'hard edges' and rigidity in existing policy to ensure it achieves objectives while minimising unintended hardship. The Commission also believe that parts of the current legislation should be significantly amended or revoked.

7.7 Many of those under occupying have a disability which the LHA criteria fail to recognise as requiring additional space. It was suggested to the Commission that in some areas two thirds of those affected by the bedroom tax are registered disabled or long term sick. For individuals with a physical disability, there is very rarely a smaller adapted property available which would meet their needs. Hence enforcement of the rules could well cost much more in the short term. Even ignoring social and wellbeing costs, to move a disabled person will require significant domestic adaptations which will often be much more expensive than the notional rent saved.

**Case 6**

**A couple who live in Whitehaven both have severe health problems. One spouse had very severe mental health problems the other very severe physical problems. Both are on DLA and in the ESA support group. They live in a two bedroomed bungalow and are now seen as under occupying because the spare bedroom is used as a medical treatment room for intravenous drips storage of wheel chair and breathing apparatus. Despite doctor's letters and support of Housing Association DWP are unsympathetic. They felt so much pressure was put on them to produce yet more evidence that eventually they withdrew from the appeal process and simply pay the extra £13.**

7.8 For many tenants with a mental illness the implementation of the policy has been traumatic. The worry of benefit reduction (even where they have received discretionary housing payment) has been difficult to cope with. Consequently support organisations such as MIND have seen a huge growth in caseload across Cumbria, even although only a proportion of those affected seek this support.

**Case 7**

**Tenant is a single lady living in a 3 bedroom house and was under occupying by 2 bedrooms which resulted in a reduction of housing benefit by 25%. She was also advised that she was suffering from depression: she felt suicidal. The tenant reported that she had been skipping meals as she couldn't afford the cost. Tenant said she felt overwhelmed by the whole benefit process as her housing benefit had also been suspended.**

**Lack of available smaller housing**

7.9 In addition to personal hardships, many tenants, and all housing associations that provided evidence, made clear that the current housing stock cannot meet the 'ideal world' the bedroom tax seeks to achieve. To enforce the under occupation rules, there is a massive shortfall in smaller housing particularly one bedroom flats and two bedroom houses. For housing associations to house all under-occupying residents 'correctly', Cumbria would need to re-build a substantial proportion of

total rented stock as one bedroom properties. Not only do housing associations not have the funds to carry out these conversions, they would be in breach of loan covenants with lenders who have provided long term funding based on the value of the property.

7.10 Many residents who want to move to smaller properties are thus not able to, in the foreseeable future, because of stock availability in the areas where they have family, community roots and employment. So the policy has the effect of penalising those who want to do the right thing and downsize but are unable. Most HAs report that they have seen an increase in tenants looking to downsize to a smaller home since the introduction of the size criteria.

7.11 Of those tenants currently affected by the size criteria it is estimated that on average about a quarter are currently registered for downsizing. Anecdotally housing associations report that many of their tenants are running up debts with family and doorstep lenders in order to fund housing benefit shortfall. Just under half of those who have ceased to be affected since 1st April 2013 have downsized by either a transfer or mutual exchange.

**Why do people under occupy?**

7.12 Many people are not consciously 'under occupying' but find themselves in this position as a result of changes in family composition. Most commonly, this is due to family breakdown, children leaving home, or the death of a family member. It should be no surprise that under such circumstances, many very much want to remain in their homes, close to existing neighbours, family and support networks with which they are familiar.

7.13 But for others the extra room is not just a luxury but a necessity. There is a need to understand legitimate uses for an extra bedroom. A significant proportion of residents use the space for uses such as access arrangements following family breakdown, or providing support where young people return after moving away. This raises further questions around the exact point at which change in household composition gives rise to under-occupation. For example, a young person on work experience away from home, in prison or long term residential care? At what point should a newly formed relationship be regarded as sufficiently stable to be considered? And exactly how can DWP become aware of any of these circumstances? There appears to be a risk that the administration of this measure will become increasingly complex, and will even lead to an increase in the number of fraudulent claims – many of which will pass undetected for long periods without additional staff to investigate.

7.14 Evidence the Commission has gathered suggests that the Government has taken a hard-line on implementation and has so far not accepted the argument for significant exemptions. The Commission's view is that the existing rules are insufficiently flexible.

**It's more than just housing size – community issues are also involved**

7.15 A further social impact is the sustainability of neighbourhoods and estates. This is particularly relevant in areas of concentrated social housing. The use of local lettings policies – whereby a local authority and a housing association agree to reduce child density by deliberately 'under occupying' homes in a defined

area – has become increasingly common in recent years. This approach has been supported by community safety partnerships, which have used this policy successfully to help manage anti-social behaviour, and in create more constructive living environments. The bedroom tax fundamentally undermines this approach.

- 7.16 Prior to implementation there appears to have been no impact assessment of the impact on particular groups or local areas where housing stocks can be very different. Although at committee stage the Act was modified to exclude some dependents, such as serving soldiers and students away from home, the policy has simply been blanket enforced. The DWP impact assessment confirms this problem, stating that: In many areas this mismatch could mean that there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move and landlords were able to facilitate this movement.

#### **Short term relief available – discretionary housing payment**

- 7.17 In recognition of short term difficulties in implementation, Government agreed to a number of exemptions (eg serving soldiers and students) and temporary transitional arrangements including the Discretionary Housing Payments (DHP).
- 7.18 HAs estimate that on average almost a quarter of those currently affected by the size criteria have made a DHP claim. Of these, around two-thirds have been successful – equivalent to about 15% of all those currently affected. Further a fifth of those who have been awarded a DHP are living in an adapted property. This has reduced the short term hardships.
- 7.19 There have been a large number of people who have not been able to move in time to avoid reduction in benefits. This number will undoubtedly increase if the DHP (a temporary payment) were to be reduced or abolished, adding to households being penalised even if they want to move.
- 7.20 As a result of these considerations the Commission is concerned that many residents are being caused unnecessary anxiety and worry because of the simplistic nature of the reform and the inflexible transition arrangements. To make this policy work, Commissioners believe statutory instruments need to allow more local flexibility and reflect local conditions more effectively – ensuring that people affected are not forced into debt.
- 7.21 Across the County Commissioners have identified individuals who, either because of lack of DHP funds, lack of appropriate support/advice or other reasons people failed to access transitional support. In other words although the transitional support has helped some it is insufficient overall and is only seen by Government as a temporary sticking plaster.

#### **Sustainable tenancies**

- 7.22 Social landlords recruit most of their tenants through Cumbria Choice, the countywide choice based lettings service. Now most, in addition to the usual housing tests, also carry out appraisals on applicants. They are turning away increasing numbers of applicants because they fail the affordability test. No figures are kept on what happens to these people who, anecdotally, now amount to over 15% of applicants. This should be an area for further investigation within a local action plan.

- 7.23 This is a complex issue but **there are simply not enough one bedroom properties across Cumbria to make the proposed under occupation policy work within the foreseeable future. In order for HAs to house all under-occupying residents correctly, Cumbria would need to re-build the equivalent of 7.5% of our total rented stock as one bedroom properties. To make up this structural deficit, RSLs would need to do nothing but build one bedroom properties for the foreseeable future to make the policy work.**

- 7.24 The Commission doubt that the reforms are intended to encourage the construction of additional one bedroom properties, which are, in general, an inflexible and ineffective housing solution. At one end of the age spectrum, one bedroom properties are short-sighted as the target group is likely to have children in the short to medium-term. At the other end, people will have aged care needs, and therefore use the space to accommodate carers. The Commission therefore cannot support the construction of one bedroom properties in order to fix the structural deficit caused by under occupation proposals.

- 7.25 In rural areas in particular there is limited stock of one bed properties, forcing people to move into towns – young people being further exiled from rural areas.

- 7.26 To reduce the adverse impact of implementation the Commission make a number of proposals to mitigate the adverse and perverse impacts of the current policy:

- 7.27 The Commission appreciate the good work undertaken by housing associations and support groups including CAB and MIND in supporting tenants. Additional caseload has been incurred but many people have still ‘fallen between the cracks’ in the system and large numbers have been subject to considerable anxiety. The Commission believe that both support organisations need to be strengthened to deal with implementation of the benefit reduction and that there need to be more effective transitional arrangements to manage the process more effectively.

- 7.28 The Commission believe that there would be a value in DWP supporting the most vulnerable households in the journey from their current to future accommodation by funding additional support in the voluntary sector for adults suffering mental health problems through contracts with support organisations such as CAB and MIND.

#### **Universal Credit - Direct payments**

- 7.29 As outlined in Section 4, from the evidence received, the Commission expect the introduction of monthly direct payments will significantly increase arrears. This has previously been borne out in Tenant Direct pilots, which found that arrears increased substantially as direct payments were introduced. Arrears are not only socially undesirable; they inevitably mean increased administrative and borrowing costs for housing providers and in turn reduce housing association’s build capacity, at a time when they attempt to boost housing supply and economic growth.

- 7.30 Although there is a high level of awareness of UC amongst HAs there is a much lower level of awareness among tenants, with just over half knowing ‘not very much’ or ‘nothing at all’ about the changes. When asked about their concerns about the move to UC, widespread concerns were raised about:
- the capability of many tenants to cope with monthly budgeting;
  - the timetable for migration of tenants (at this stage still unclear) to UC;

- the Government's IT systems needed to support the move and their linkage to housing association and council systems used for rent and council tax;
- the capability of many tenants to access online application systems (these being the default for claiming UC);
- increased difficulty in rent collection;
- the additional resources needed to support tenants with UC; and
- identifying vulnerable tenants who need an alternative payment arrangement (e.g. housing costs paid direct to the landlord).

7.31 A 2011 survey of 1,000 social housing tenants nationally (NRF, 2013) found that nine out of ten people preferred Housing Benefit payments to be made directly to their landlord. The Commission also heard this directly when speaking to support to HA clients. The reality is that many of these tenants are people on very low incomes, with extremely tight budgets; choosing a system of automatic payments was seen as a mechanism for managing the risk of debt against multiple competing priorities. This method for managing risk is not unusual for people on higher incomes either, many of who use standing orders and direct debits to pay routine bills.

7.32 The Commission believe the recommendations outlined in the executive summary could significantly mitigate these concerns.

#### **Benefits cap**

7.33 The £500 per week benefits cap may have an impact on housing for certain, particularly larger, families. The national roll out of the Benefit Cap concluded in September 2013, therefore was at the very early post-implementation stage when work was undertaken. From national statistics it appears that this Cap affects far fewer in Cumbria, roughly only 120 households.

#### **Sanctions imposed on tenants receiving benefits**

7.34 As outlined in Section 5 the implementation of DWP payment sanctions can often have an excessive, and at times perverse, impact on tenants. To force tenants into the hands of money lenders, spiralling debt or into eviction, can be out of proportion to the 'crime' of missing an appointment. Such sanctions often require considerable support and advocacy from support organisations in the third sector.

#### **Information to tenants**

7.35 Clearly this is a dynamic situation in which it is important to keep tenants regularly updated on opportunities and problems, how these are being addressed locally and nationally. The Commission has been impressed with the work that HAs have already undertaken to keep tenants informed, despite the lack of clear timetable and scope from DWP on implementation of policies. The Commission believe that good coordination across agencies is in hand and would encourage further joint working.

8.36 HAs have already invested hundreds of thousands of pounds to mitigate the impacts of the size criteria - improving rent collection as well as providing welfare advice, financial inclusion and employment and skills support to tenants. Most have provided additional assistance for tenants looking to move and are providing additional money advice to tenants. If anxiety and financial hardship is to be

reduced the Commission believe the recommendations outlined above must be implemented. It is noting that the first of Cumbria's social housing tenants have now been evicted by Carlisle Courts purely for bedroom tax arrears.

7.37 The Commission make recommendations to improve advice and support in the executive summary of this report.

## 8 Support for young adults

- 8.1 Young people have been significantly affected by recent changes to the benefits system. Many of the issues affecting this group are similar to those covered in preceding sections of this report, namely problems in dealing with the complexities of the benefits system particularly if they are 'vulnerable' and lack access to good advice and support. This can be a particular problem if young people do not have family and friends to rely on in the community in which they live.
- 8.2 Many young people in the Cumbria face a range of difficulties to securing employment. In some parts of Cumbria the prospect of employment is severely constrained by the nature and relative weakness of the labour market. But irrespective of the region's labour market, it is widely acknowledged that homeless people face particular challenges in securing employment due to the lack of a fixed abode, their offending history and lack of ID or a bank account. Furthermore, for many, primary needs (such as addiction and health conditions) prevent them from being able to sustain employment in the short-term.
- 8.3 The difficulties faced by young people in sustaining or regaining independence are likely to be increased by administrative changes to welfare benefits such as the shift to monthly payments and the stricter eligibility and conditionality rules attached to benefits. Many young people lack financial management skills and are likely to experience increased levels of sanctioning. There is already evidence that young people in the region are experiencing financial hardship and living in poverty, with the use of food banks increasing substantially (NCVS, 2012).
- 8.4 From the evidence the Commission has received it appears that there are a number of additional concerns for this group. One relates to the changes in legislation removing the responsibility to support financially the housing needs of younger people living alone. Another is the ability of people with limited life experience to navigate their way through the complex benefits regime including the use of sanctions. This section focuses on these issues. Lastly there is the risk of applying sanctions to young people who have few resources or networks to rely on and leaving them vulnerable to homelessness, being prey to moneylenders, drugs and prostitution.
- 8.5 From evidence received, the withdrawal of Education Maintenance Allowance may also have had a significant detrimental effect in more disadvantaged households and communities, limiting opportunities for many 16-18 year olds. This impact is however hard to measure because it is effectively asking the question 'who isn't there?', in terms of young people who would have still been in education but are not. Therefore this evidence can only be adjudged anecdotal at present.

### Housing issues

- 8.6 There has been a considerable amount of national research identifying the impact of reforms on young people. The charity Homeless Link recently surveyed housing services and found that two thirds of councils are concerned by the increasing "shared accommodation rate" for under-25s, recently extended to include under-35s.
- 8.7 The extension, which came into force almost a year ago, means that housing benefit for anyone under 35 is restricted to the average local rent for shared

accommodation. Homeless Link report that this has increased competition for rooms in shared accommodation in the private rental sector, leaving many younger people unable to find a home. Half of councils also said caps to housing allowances for young people were restricting access to accommodation. Allowances are capped to the cheapest 30 per cent of local rents, but were previously paid at up to 50 per cent. Just one in three councils have developed schemes with landlords to respond to the Government's welfare reforms. Homeless Link is urging local authorities to provide.

- suitable emergency accommodation for young people,
  - develop clear strategies for tackling youth homelessness and
  - fund prevention services, such as family mediation and youth advice centres.
- 8.8 The extension of the Shared Accommodation Rate (SAR) and the lowering of Local Housing Allowance (LHA), are also reducing young people's ability to access private rented accommodation, which in many areas is their only available housing option.
- 8.9 The most recent tranche of welfare reforms are likely to have a further impact on levels of youth homelessness, while making it more difficult for homeless young people to regain and sustain independence (Homeless Link, 2012).
- 8.10 Homeless Link has also surveyed 117 charities that support homeless young people, half of whom said they are experiencing an increase in demand or have been forced to turn away young people because their services were over-stretched. The charities warned that cuts to youth support services are fuelling an increase in demand for advice and information. Just under half adding that "ineffective relationships with children's services" were making it harder to support young people. Homeless Link chief executive Rick Henderson said that: "The findings highlighted the impact that capping welfare for young people is already having on their ability to find housing. Homelessness among the under-25s is increasing in many areas while unemployment, rising rents and cuts to homelessness and youth services are leaving many with nowhere to turn."
- 8.11 Debbie Jones, president of the Association of Directors of Children's Services, admitted that the welfare reforms are a "significant concern" to councils. "Since the Southwark Judgment, local authorities have been responsible for providing accommodation for homeless 16- and 17-year-olds," she said.
- "In the last year we have seen a rise in the numbers of older teenagers becoming looked-after and therefore accommodated as a result of this judgment. Local authorities are doing so in the face of unprecedented budgetary pressure. Housing professionals have, like all other professionals working with children and families, an important role to play in sharing intelligence, concerns and highlighting at an early stage any young people at risk of becoming homeless, for example as a result of a difficult home life with their family."  
<http://www.cypnow.co.uk/cyp/news/1075588/welfare-reforms-increase-youth-homelessness#sthash.fxz00bk.dpuf>
- 8.12 Extreme financial stress is known to be associated with a number of wider social problems including heightened rates of relationship breakdown, domestic abuse, emotional distress, substance misuse, mental health problems and self-harm; all are known 'triggers' of youth homelessness. For this reason the Commission believes

there is a need for Government to review its policy on housing for single young people. Assessing the impact of welfare reforms on young people of the next few years is an issue which the Commission believes should be addressed within a local action plan.

**Support for vulnerable young people**

8.13 There are many young people the Commission met who were finding it difficult to cope with adult life.

Young people leaving care are particularly at risk as are those with substance abuse issues. Often by the time they reach the benefits system at the age of 16 they have not been made to take much responsibility exhibit bad behaviour – shouting at staff coming and going when they want – in short lacking maturity to deal with the systems and processes which the adult world operates. They can find it difficult to engage with generalist DWP staff and those from other mainstream agencies.  
**WCT Advisor, Whitehaven.**

8.14 Some of the changes planned, particularly UC could well make lives more difficult. With these youngsters, Commissioners were told, drug dealers could well be waiting for their benefit day – giving credit beforehand – and then coming back for a monthly payment. This could well lead to more rent default and eventually more homelessness with a knock on effect in communities of an increase in homelessness and crime.

8.15 This is obviously not just an issue for DWP, but who coordinates should lead and/or coordinate support for younger adults?

Support groups reported that when these children reach the age of 18 they are not given the basics to enable them to set up on their own. ‘simple things like giving them more than a kettle - don’t assume they all want pot noodles’.  
**Support officer, Kendal.**

8.16 In Whitehaven, the Whitehaven Community Trust (WCT) help young people with their benefits, visiting all the hostels in the town. WCT are helping with JSA and ESA and claiming PIP where appropriate. WCT advise young people to go to the Job Centre. CAB come in to advise - also somebody from Cumbria Youth Alliance helps. Similar arrangements operate elsewhere but such support is far from universal. WCT believe that Universal Credit system will not work for young people because too often they do not have the experience of managing budgets.

It is all too likely they said that the monthly payment will not go to rent but probably buy drugs. They felt that private landlords will have to deal with more missed payments. Many young people they meet have chaotic lifestyles and they struggle with budgeting and paying their way.  
**WCT Advisor, Whitehaven.**

8.17 Young people Commissioners spoke to felt that Jobcentre staff were not easy to work with. ‘People at Job Centres need to remember that they are only employed because people are unemployed! The Job Centre treat young people very poorly’. Youth organisations regularly find themselves ending up mediating with the Job Centre.

‘B’ lives in the Woodhouse area of Whitehaven in a two bed rented house and receives housing benefit income support and Council Tax Benefit. She had to pay for under occupancy prior to her child being born earlier this year but this no longer applies. Since giving birth she has been able to come off JSA. She has no internet access and when on JSA tried to fill in DWP applications on her mobile phone. More recently she has visited Inspira and used their ICT facilities. She said that DWP were ‘impersonal’ and ‘blunt’. She said she experienced a 2 month spell without benefits because of delays in processing her claim and survived through sofa surfing and food vouchers.

**Client ‘B’ Female Whitehaven 20 years of age.**

‘C’ lives in Distington with a young child. She made a joint claim with her ex-partner and it took a month to sort out their separate claims after they split up. During that month she had nothing to live on and relied on family and friends. She tried to apply for a short term benefits advance but was told she couldn’t – ‘I don’t know why’. She is now living on income support and did have housing debt [under occupancy housing benefit reduction] because the Council didn’t know about her child ‘but that was sorted out after 18 months’. ‘C’ was positive about the work done by the lone parent advisors at DWP who she said were ‘very helpful’ but overall was not so positive: ‘I hate the way its [DWP] run... they don’t care... you phone the call centre and they say ‘it’s not our fault but the computer’s not working’...if you are on benefits nobody cares’... ‘I hate being on benefits I hate the way that people at DWP look at you some of them are really nice but others are up their own bottom’.

**Client ‘C’ Female Distington 20 years of age.**

8.18 Many young people Commissioners met had extensive debt, often with door-step lenders.

**Sanctions**

8.19 At the latest count, nationally, more than 40% of those who received a sanction were under 24 (there are no local figures available from DWP in Cumbria to offer a comparator). The YMCA, though, says it has “serious concerns” about how the system is being administered and its impact on the young. The Commission’s recommendations on sanctions and vulnerable adults outlined elsewhere in this report would be relevant to mitigating this problem amongst young adults.

## 9 Impact on rural communities and accessibility issues

9.1 This section considers access issues brought to the Commission's attention. The main concerns raised were:

- DWPs focus on computer based applications for benefits rather than face to face or telephone;
- limitations of the present call centre approach;
- difficulty in accessing ICT equipment and ensuring professional advice was on hand to make best use of the facilities; and
- access to services in rural areas.

### Call centre/Helplines

9.2 For most people call centres are now the main way of getting information about how to make a claim or progress with claims. DWP have made significant investments in this form of contact.

Back in January 2010, the DWP announced that, six of the biggest mobile phone network companies would no longer charge their customers for calls to around 70 of the DWP's 0800 numbers. The companies involved were O2, Orange, Tesco Mobile, T-Mobile, Virgin Mobile and Vodafone. A Benefits and Work member has used the Freedom of Information Act to obtain a list of all the freephone numbers covered under the scheme, which are listed below. One thing that is apparent: with few exceptions, it is only initial claims and emergencies that are covered. For problems that arise in the course of a claim, people who only have access to a mobile phone – around 12% of all households – will continue to have to pay exorbitant rates to talk to the DWP.

<http://benefits.tcell.org.uk/forums/department-work-pensions-websites-directory>

9.3 Despite this many people complained about the cost of this form of access, the difficulty of making contact, limited expertise for specialist claims.

**A[couple with disabilities] are unable to manoeuvre through DWP call centres unable to understand why benefit had ceased and unaware of the appeal procedure. Benefits advisor, West Cumbria.**

**centres staff not 'benefit experienced' and cannot give right information. Benefits messed up because they give inaccurate information. Support worker, Carlisle.**

**We have the skills and experience to help customers but are not permitted to use them; we are purely an answering machine service. The target culture can drive some odd behaviour, such as cutting customers off, fobbing them off or even winding them up so they end the call. Some people take shortcuts when dealing with queries; this could result in a massive underpayment or overpayment. Anonymous DWP call centre worker.**

**When they ring up the call centres to query issues, the call handlers don't know the answers. They will refer on and you will get a ring-back. If you aren't in, you lose the call. Carlisle Advice Centre.**

**2 year ago, advisers followed a routine plan. This has now gone. Admin and structure all over the place. Not local, all call centres. Call centre staff unqualified. Getting wrong information from staff. Staff in Centre in Carlisle spending time unmuddling. GP's now overwhelmed with having to give medical evidence. Welfare Advisor, Carlisle.**

9.4 The Commission were told that DWP has decided to remove customer access phones from Jobcentres making it more difficult and more expensive both to contact other parts of the service and employers.

**I used phones to call potential employers to speak with the DWP directly or to contact other departments were vital during his period of unemployment. "They were free phones but a lot of the numbers for the jobcentres are 0845 numbers which people on benefits can't afford so the free phones really did help people. Jobseeker, Carlisle.**

9.5 But DWP say they are planning to "bring Jobcentres into the 21st century" by replacing phones in centres as well as Jobpoint machines, which can be used to browse for available jobs. Instead there will be 6,000 new computers nationwide and Wi-Fi access. DWP say more than 80 per cent of claims to Jobseeker's Allowance are now made online and that as Universal Credit continues to be rolled out, more claimants will be interacting with the department over the internet. Developing IT access they say "is part of a nationwide programme that sees greater levels of individual support to help claimants get back into employment.... New computers and Wi-Fi access are being installed across Britain's jobcentres to make sure claimants have the right help to get into work". The DWP has said it is part of modernisation, but for many people the phones were what they say they needed and, as yet, they haven't been replaced, because the key issue is the inability of large numbers of Job Centre users to use IT.

### Access to ICT

9.6 In a rural county such as Cumbria access to ICT equipment for those who don't have home access can sometimes be a problem. DWP offer a range of 'UK online' centres, and some other agencies provide computer and internet access to claimants - these include the Trades Hall Workington, local libraries and independent work clubs. Each Jobcentre also has 'Internet Access Devices' which customers can use in their own time or during an interview with an adviser. These are available for work search, creating CVs and applying for jobs. A Digital Jobcentre roll-out is currently underway which will provide Jobcentres with Web Access Devices and Wifi for claimant use. The expected end dates for this work are: Whitehaven 4/7/14, Carlisle 5/9/14, Barrow 19/9/14, Kendal & Penrith 17/10/14 and Workington end of October 2014. While this is welcome without close coordination with other organisations access in smaller centres will remain a problem.

9.7 Cumbria County Council has recently carried out a co-ordinated mapping process of the gaps in IT access for claimants across the county - related to the Local Support Services framework; an agreement between the Government, local authorities and third sector around additional requirements for UC.

9.8 However access is only part of the issue. People also need the skills to use the kit, the software and platform used has to be fit for purpose and some form of expertise has to be on-hand to get the best out of the experience.

9.9 Cumbria Libraries are seeing more people referred from the Job Centre for job search. But sometimes people referred don't have the necessary IT skills (even although they have been on a basic course) and don't have a computer at home. They are also sent to libraries to get an email address or to fill in benefit forms. Although Libraries offer one hour computer access free, they sometimes can't provide all the support required because:

- clients don't have the basic or relevant IT skills;
- staff don't have the knowledge of the benefit application process;
- security, privacy and confidentiality issues; and
- time constraints (one hour isn't long enough to fill in most forms that can't be saved).

9.10 The number of referrals from DWP to libraries has increased in the last year and staff have developed advice leaflets covering 'how to set up an email' or 'how to write a CV' but often unemployed people need more 'hand holding' or a specialist advisor on welfare benefits.

**People do come to the library because it is more friendly and welcoming and often find the Job Centre threatening –for example in some jobcentres because they have security guards there – and although staff are keen to help we don't have the specialist staff'. Cumbria Libraries Manager.**

#### **Access to service points**

9.11 A number of people Commissioners spoke to complained about the distance they have to travel for appointments both to jobcentres and medical assessments. This is particularly a problem for people with disabilities.

**Medical assessments are held in Lancaster or Barrow. I cannot get to appointments. No transport.**

**DLA claimant, South Lakeland.**

**They asked me to go for a medical in Workington which is 20 miles away. I don't have a car and can't manage on buses even if there was a direct service. I rely on a friend to take me but they don't understand that I can't just demand she takes me on a particular date**

**DLA Claimant, Copeland.**

9.12 Similarly evidence provided to the Commission suggested that DWP has very demanding criteria regarding the maximum travel to work distance jobseekers must consider. Claimants without restrictions (such as lone parents who are only available during school hours) are expected to look for work within a Travel To Work Area of 90 minutes (each way) by public transport. Travel time limits are laid down in the JSA Regulations – see <http://www.legislation.gov.uk/ukdsi/2013/9780111531921> regulation 14

9.13 Travel costs are taken into account when asking claimants to apply for jobs, and 'Better Off' calculations can be completed for claimants to take these into account. Under these criteria jobseekers could be expected to work almost anywhere in Cumbria and beyond.

#### **Ways to welfare**

9.14 One potential platform for wider telephone based access to services is the county's 'ways to welfare' service funded by time limited support by Government (April 2013-March 2015) to help develop other forms of support based on local circumstances and need. The level of funding to the county council is less than the overall funding awarded to people through the DWP and the Government direction was clear in that it did not expect councils to recreate crisis loans and community care grants. The county council believed it was necessary to do things differently and created a dedicated advice, support and information service called 'Ways to Welfare' to help people who find themselves in severe hardship. This service is delivered through the in-house co-ordination service Community Support Team (CST). The programme is significantly different to what was offered through the DWP Social Fund. Rather than making an application for cash, customers call up and discuss their situation with a trained social care worker who advises on the most appropriate course of action for that individual to take in relation to their individual circumstances. The assistance offered is usually in the form of signposting to a community-based support organisation, however, financial assistance or the provision of certain basic supplies/ items may also be offered. This may be a local platform which DWP could consider working more closely with in future. But the Government has withdrawn funding for this service from April 2015 which is another significant concern.

#### **Access in rural areas**

9.15 The Commission has received evidence concerning the particular access problems in rural areas. ACT confirms that over 16000 people in Cumbria in receipt of working age DWP benefits live in rural areas. Similarly over one third of people living in income deprivation in Cumbria live in rural areas.

9.16 Additionally the cost of living in rural areas is higher than elsewhere. JRF found that families in rural areas need £72 more income a week than families in non-rural areas to maintain the same lifestyles – with a minimum hourly pay rate needed of £10 per hour!

9.17 Particular issues identified in respect of people in rural areas on benefits include:

- Access to services (including those designed to support claimants through the transition of welfare reform) – transport, internet connection
- Access to employment – transport, skills, available vacancies, wage levels
- Access to affordable accommodation – availability of alternative, lower cost accommodation

## 10 Support to benefit claimants through the Third Sector

10.1 This section briefly considers the community and voluntary support available to adults on benefits and their families and the way this support has been affected and will be affected through welfare reforms.

10.2 A major concern from evidence gathered has been the significant additional pressure being put on the third sector and its current lack of capacity to support these particularly in relation to vulnerable clients. It is not sustainable nor justifiable to expect the third sector to 'pick up the pieces' of the many reforms planned, particularly where there are significant (and perhaps inevitable) glitches in implementation. One factor inhibiting the potential of the sector is the paucity of external funding, another, in places is skills and capacity which limit provision.

10.3 For most organisations some, or all, of their income comes from public sector contracts or grants, although local agencies including food-banks depend significantly on fundraising through volunteers. Despite commenting on the capacity of the Third Sector to support the welfare reform agenda, one interviewee stated:

**The third sector is going to struggle...It's going to get really tough there's going to a bigger demand on services'**

10.4 One factor impacting upon the capacity of the Third Sector to support people is a shared understanding of the welfare reform agenda. The Cumbria Advice Network (CAN) has played a valuable role in developing a common understanding amongst organisations about key reforms. The future funding of CAN is uncertain. This is a particular concern as the next few years will require regular information sharing and briefing on universal credit implementation. There is real potential for local authorities and their partners – through CAN - to combine their experiences and understandings, and to learn from the successes and failures of different approaches. This could include sharing best practice on-line, coming together physically for training events, for both a strategic overview and front-line practitioners.

- providing independent support for adults claiming or appealing for benefits;
- strengthening voluntary support through food-banks for those unable to afford food; and
- helping for those in or at risk of debt.

### Foodbanks

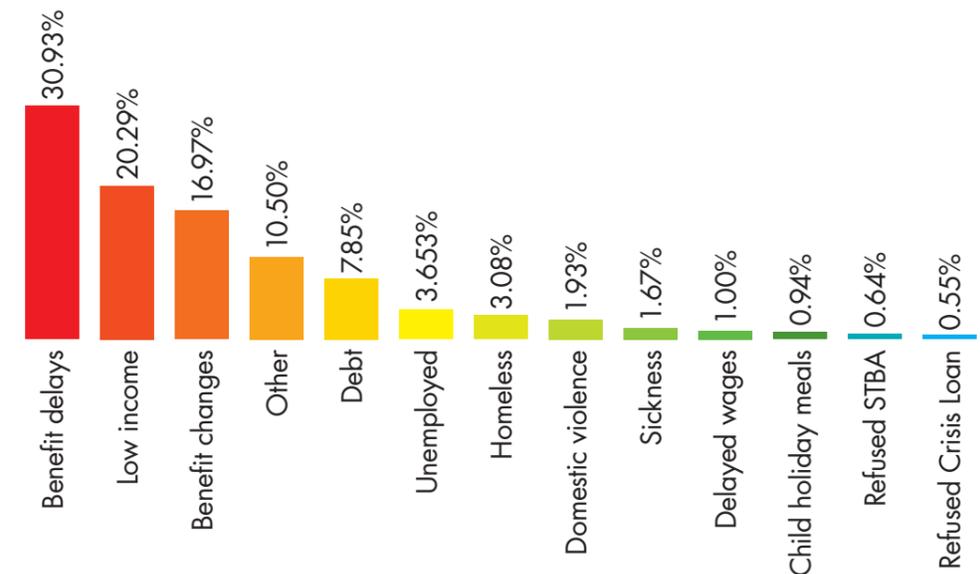
10.5 There has been growth in the provision of food-banks beginning with the financial crisis of 2008, but with a much faster growth in demand in the last few years. Last year saw a 50% growth in demand (Russell Trust 16/4/14). Many UK food banks are co-ordinated by the Trussell Trust, a Christian charity. In 2007–2008, there were 22 food banks in the Trussell Trust Foodbank Network; by August 2012, 252 and 423 by April 2014. Nationally 913,000 people received three days of emergency food supplies in the past 12 months. The Trussell Trust reports that their food banks alone helped feed 346,992 people in 2012-13. Across Cumbria Commissioners heard compelling evidence of a huge growth in demand.

10.6 Five stage process is generally used by food banks

- Non-perishable food is donated by the public
- Volunteers sort and pack food into emergency food boxes
- Frontline care professionals such as doctors and social workers give food bank vouchers to people in crisis
- Food bank vouchers are exchanged for 3 days of food at a distribution centre
- Food banks take time to listen and signpost clients to further support.

10.7 The consensus from food banks is that benefits payments have been a particular problem since welfare changes were introduced just over a year ago with over four fifths of food banks nationally reporting that benefits had resulted in more people being referred for emergency food. More than 30% of visits were put down to a delay in welfare payments, with benefit changes, including sanctions, also very significant. But the second biggest single reason, given by 20% of food bank users, was low income or those who struggle to buy food after making debt repayments and other expenses. Many food bank clients are low income families hit by a crisis that is not their fault such as redundancy, reduced working hours or something as seemingly small as an unexpected bill. Others are victims of domestic violence, people facing debt problems or those hit by illness.

### Primary referral causes in 2013-2014 to Trussell Trust foodbanks



10.8 A similar pattern of growth and distribution of referral causes is apparent in all Cumbrian foodbanks the Commission spoke to.

10.9 Statistics for 2013 for North Lakes and Barrow food banks illustrate even more starkly the dominance of benefit issues in the reasons for referral.

**N Lakes Food Bank Jan 2013 – Apr 2014 inclusive**

Crisis type	No. of vouchers issued	% of total vouchers issued	No. of affected individuals - adults and children	% of total affected individuals
<b>Benefit delays and changes, including sanctions</b>	1992	51%	4144	52%
<b>Low income</b>	703	18%	1542	19%
<b>Debt</b>	320	8%	678	9%
<b>Delayed wages</b>	25	1%	48	1%
<b>Domestic violence</b>	33	1%	88	1%
<b>Homelessness</b>	364	9%	447	6%
<b>Refused crisis loan</b>	41	1%	101	1%
<b>Sickness</b>	51	1%	96	1%
<b>Unemployment</b>	49	1%	97	1%
<b>Other</b>	351	9%	679	9%

**Barrow Food Bank Jan – Nov 2013**

Crisis type	No. of vouchers issued	% of total vouchers issued	No. of affected individuals - adults and children	% of total affected individuals
<b>Benefit delays and changes, including sanctions</b>	1196	63%	2588	63%
<b>Low income</b>	217	11%	538	13%
<b>Debt</b>	102	5%	221	5%
<b>Delayed wages</b>	10	<1%	26	1%
<b>Domestic violence</b>	17	1%	44	1%
<b>Homelessness</b>	45	2%	59	1%
<b>Refused crisis loan</b>	38	2%	82	2%
<b>Sickness</b>	30	<2%	64	2%
<b>Unemployment</b>	34	2%	74	2%
<b>Other</b>	222	12%	410	10%

10.8 Demand for food banks is expected to increase even further as more changes to welfare come into effect.

10.11 Many Cumbrian food banks are hosted by churches in partnership with the wider community. They operate on the “frontline” model, giving out food directly to the hungry. Most of the food given out is donated by the public, including schools, churches, businesses and individuals. The Trussell franchise and most other food banks have procedures which aim to prevent long-term dependency on their services, and to ensure that those in need are referred to qualified outside agencies. Unlike soup kitchens, most food banks operate a referral system and are unable to help people who come in off the street without a referral. Vouchers are handed out to those in need by, health visitors, CAB, some Jobcentres and housing officials. The voucher can typically be exchanged at the food bank for a package of food sufficient to last three days.

10.12 People who use food banks are usually grateful both for the food and for the fellowship and kindness they receive. Understandably some find it humiliating to have to ask for food. In one rural area in Cumbria food parcels are delivered by volunteers to claimants’ houses in order to preserve confidentiality in a close-knit community.

10.13 Responses from both care professionals and beneficiaries confirm that the food banks’ are invaluable for people in dire need and to prevent the escalation of short term crisis into crime, housing loss, family breakdown and mental health problems. But if the welfare system operated effectively this provision should not be necessary.

In Barrow for example over a two year period there was a significant growth from under 100 clients in 2011 to by December 2013 over 100 issuers of vouchers and 1400 people fed. Cumbria County Council funded a benefits advisor 3 days a week and amongst the large number of voucher issuers the Jobcentre has been very helpful. Over 100 volunteers are involved but most only able to give limited time; and there is some difficulty recruiting individuals willing to undertake specialist roles.

10.14 In most areas where Commissioners met food bank organisers there were concerns about food bank capacity/sustainability issues and in managing outreach to smaller settlements where it is felt there is hidden and unmet need. The question was often asked whether food banks are expected to take on responsibility to provide a long term safety net for those without the money to feed themselves. Commissioners believe this is essentially an issue of Government policy but that the Cumbria Leadership Board needs to review the impact of this policy locally.

**Local support for people in crisis when Government fails**

10.15 The Commission observed that for many people support organisations such as CAB and MIND were the only hope when they are sanctioned, their benefits are stopped, they need information and advice to understand the system or challenge decisions. The volume of people asking for such advice and support continues to grow while at the same time the support voluntary organisations get from local authorities and grant giving trusts appears to be reducing. The Commission heard reports of big increases in numbers of clients referred and self-referring to MIND, CAB and disability organisations. There is no statutory responsibility to offer advice and support. Often a complex network of support organisations that is difficult to navigate. And as with food-banks the voluntary sector seems to be filling a need the statutory sector do not address.

10.16 The Low Commission which reported in January 2014 called for a fresh approach to social **welfare law provision**. This independent commission, led by cross-bencher Lord Low, called for urgent reforms to ensure ordinary people can get the help they need to deal with employment, debt, housing and other social welfare law problems. The Low Commission was the biggest inquiry of its kind into the impact of cuts in funding for social welfare law advice. In its report the commission called for **a national strategy for advice and legal support**, to replace the current piecemeal approach, which it believed is failing to protect the poorest and most vulnerable. It also called for a **£100m implementation fund** with half the money coming from central Government, and half raised from other sources, including a **levy on payday loan companies**. Other recommendations included:

- creation of new, cross-departmental ministerial post, to oversee implementation of advice and legal support strategy;

- restoring legal aid for housing cases so people can get help before they face imminent eviction; and
  - urgent reform of the ‘safety net provisions’, introduced by the Legal Aid, Sentencing & Punishment of Offenders Act, which are proving unwieldy and unworkable.
- 10.17 Lord Low, who chaired the commission, said: ‘Our report makes sobering reading and we are calling on political parties of all stripes to recognise the need to act before we reach crisis point. All around the country we found advice agencies buckling under the strain, and ordinary people left with nowhere to turn.’ Amanda Finlay, commission vice-chair and former legal services strategy director at the Ministry of Justice, said: ‘In these days of austerity, we realise hard choices have to be made. But just cutting legal aid is not the answer. The problems still remain. We should follow the example of other countries who have reduced legal aid but recognised that help is still required, and invest in better information, advice and support.’
- 10.18 Locally the Commission found some cynicism about DWP’s willingness to work constructively with the third sector.
- One development worker said: ‘DWP talked about an ‘open door’ for financial support to [a community enterprise and partner organisations]. Yet when asked to support specific projects always find a reason why this is not really needed or appropriate’.
- Another organisation said: ‘DWP are realising that they need voluntary organisations, but it’s not a ‘cosy’ relationship! The Job Centre sends clients to use the telephone and to photocopy benefit forms but they have little understanding of the financial pressures we are under’.
- 10.19 Last year DWP’s District Discretionary Fund in Cumbria was c£800,000. The main areas of spend were on provision including Adult Education (Training courses), health support (eg The Croftlands Trust) and ‘funds approved at adviser discretion’ these usually covering travel expenses, some licences and clothing for work. Additionally external organisations are supported through a ‘flexible support fund’.
- 10.20 **There appears to be a benefit for DWP in operating more collaboratively with other agencies – for example the County Council – which has considerable experience of working with and commissioning services to support vulnerable people. Why is this section in bold?**
- 10.21 Evidence provided to the Commission suggests some short-term actions which could be further supported including:
- making direct resources available towards welfare rights support groups who are most likely to see an increase in demand in the lead-up and following the implementation of welfare reform;
  - targeting specialist advice on groups most at risk of losing income through the reforms particularly disabled people receiving benefits and social housing tenants; and
  - building and strengthening effective partnerships with employment support providers.

## Debt and financial crises

- 10.22 Low income is a significant problem in Cumbria. More than 30,000 households in Cumbria have an income of less than £10k; since 2009 this number has increased by over 10,000 and is above national levels. Barrow currently has the highest proportion of households (16.8%) with an income of less than £10k in the county. Benefit changes – especially those to Incapacity Benefit will reduce the numbers of people on benefits on Cumbria in the next 2 years. The Centre for Economic and Social Research evaluation of Incapacity Benefit changes estimates that just over 5000 Incapacity Benefit claimants in Cumbria will lose their entitlement to this benefit by 2014. These claimants will probably find their household income under considerable stress upon loss of benefit. The shift to up-rating all benefit payments by the Consumer Price Index will reduce the value of benefits over time, and put additional pressure upon lower income households in Cumbria in receipt of benefits.
- 10.23 CAB is a key support organisation for many people in financial hardship. They offer a holistic welfare service looking at housing, food and benefits, supporting the client to claim. CAB regularly draft letters for clients and supports appeals to DWP. Many people are referred by other organisations including DWP. There are 5 CABx in CAB Cumbria and one funding contract with Cumbria CC. It would be sensible, if DWP were considering funding any element of advice and support that they built on this existing contract.
- 10.24 The ESA introduction has generated a lot of appeals and in the absence of direct legal support to appellants CAB has filled the gap. Their appeals against ESA ruling currently have an 89% success. CAB also have had a large number of ‘Bedroom Tax’ cases, many of which involve taking disabled people out of adapted housing to a smaller house which then has to be adapted. CAB also help many people on zero hours contracts and on low pay. CAB have repeat clients: they know the community and understand their needs. 50% of clients in debt have jobs versus 50% who don’t. CAB tend to know health clients (ie those with physical or mental disability) best. People often come initially for advice and help with finance. But many health cases are complex and require considerable support. In terms of both generic and specialist support this organisation has a key role in responding to future welfare changes including Universal Credit.
- 10.25 Another organisation with a vital role to play is credit unions. Recent research (DWP 2012) suggest that their expansion to support increased numbers of lower-income households potentially offered:
- a bank account to some of the 1.4m households who do not have a transactional bank account (1.3m of whom are estimated to be DWP customers);
  - affordable credit to some of the 7m households typically accessing high cost sources; and
  - personalised financial advice and support to those who do not receive support from other sources.

Detailed discussion with a leading financial inclusion expert for the current study confirmed that Credit Unions could make an important contribution in the context of welfare reform, through the provision of bank accounts, ‘jam jar’ accounts, secured housing allowance; and schemes, and personalised financial advice and support.

- 11.26 Evidence received confirmed that greater numbers of people in Cumbria are finding it increasingly difficult to avoid being cut-off from what most of us would think of as essential financial systems and processes such as bank accounts, home contents insurance, access to affordable credit and basic financial literacy. Many benefit recipients are living with a problematic credit history, high levels of debt and reliance on extortionate credit from doorstep lenders. An easy path to the Doorstep Lender has become all too evident because:
- people on low incomes do not have financial reserves to cover unexpected debts or emergency needs;
  - over 60% of tenants of social landlords cannot get a loan from a high street lender; and
  - the only lender that can be used, is the doorstep lender
- 10.27 It is estimated that over £3 million is out on loan in Cumbria through doorstep lenders. Government has withdrawn crisis loans to help with emergencies and there appears to be some reluctance in allowing advance payments to claimants although short term benefit advances (see para 5.29) is available. Access is limited by a reliance on on-line applications after phones were taken out of job centres. Often delays in processing applications – particularly where they are complex – can cause additional hardship. Perhaps it is a truism but it was said by a number of claimants that high interest lenders are more helpful than DWP.
- ‘Why is WONGA so much cleverer than DWP? They know when I will need extra cash after a domestic crisis’.**
- 10.28 Part of the solution is generally recognised to be access to alternative sources of credit such as Credit Unions. Cumbria County Council’s ‘Debt in Cumbria’ Review of 2008 recommended that to support those who find themselves in the grip of a debt crisis there was the need for local authorities to recognise the important role of Credit Unions in steering people towards cheaper borrowing and better management of their financial affairs. Credit Unions provide a safer and cheaper option for people to borrow money with much lower levels of interest compared to that of doorstep lenders and loan sharks. They are local, ethical and know what their members want. Profits are returned directly to the members, not third party shareholders and therefore remain in the community. For Credit Unions to be effective long-term they will have to offer a range of financial products and services to suit different segments of the market. This can only come about through the creation of a modernised Credit Union brand recognised as mutual and local, and as offering quality financial services to all.’
- 10.29 After significant support from Cumbria County Council and others, much has been done in the last 5 years to develop stronger credit unions across Cumbria and the priority is to continue growth, developing membership, mobilising savings and achieving the financial efficiencies that will lead to sustainable businesses.
- 10.30 But the potential to support households affected by welfare reform is hampered to varying degrees by limited resources, high transaction costs, ineffective IT systems, increased financial risk in offering services to a greater proportion of low-income households, and the (basic) requirement that customers can afford to make loan repayments. There remains considerable scope for greater presence of credit unions in Cumbria, more awareness of the services offered and financial outcomes achieved, and closer relationships between credit unions and third sector organisations in the county.

## 11 Conclusions

- 11.1 Many local organisations – councils, social landlords, the voluntary, community and faith sectors – will have a role in helping citizens to meet the considerable challenges of welfare reform, in addition to changing their own operational processes. During evidence gathering key themes emerged:
- Concerns over the **implementation of welfare reform**, in light of the pace of change, limited guidance on the details of particular reforms, a lack of reliable data regarding affected households, backlogs for processing benefit claims and how effective the local support framework will be in reducing the administrative burdens caused by welfare reform. The Commission believe, if reforms are to be successfully implemented, DWP will need to ‘up its game’ and work more closely with local agencies
  - Concerns over the **net financial impacts of welfare reform on households**, which for some will result in a significant loss of income and will be concentrated in particular communities. ‘Place blindness’ is not something the CLB should acquiesce to.
  - In terms of **specific welfare reforms the Commission believe some areas require legislative changes** - about the impacts of under-occupancy penalties, the need to improve support vulnerable for adults and the perverse impact of benefits sanctions.
- 11.2 The Commission believe that the Cumbria Leadership Board has a key role to play in ensuring that initiatives to reduce adverse impacts of the reforms are coordinated and focussed.
- The Voluntary, Community and Faith Sectors**
- 11.3 A major concern is its current lack of capacity in the 3rd sector to support additional demands, in relation to welfare reform clients, particularly vulnerable clients. One factor inhibiting its potential is funding, which is external to the sector. Another, in places is skills and capacity which limit provision.
- 11.4 One factor impacting upon the capacity of the Third Sector to support people is a shared understanding of the welfare reform agenda. The Cumbria Advice Network (CAN) has played a valuable role in developing a common understanding amongst organisations about key reforms. The future funding of CAN is uncertain. This is a particular concern as the next few years will require regular information sharing and briefing on universal credit implementation. There is real potential for local authorities and their partners – through CAN - to combine their experiences and understandings, and to learn from the successes and failures of different approaches. This could include sharing best practice on-line, coming together physically for training events, for both a strategic overview and front-line practitioners.
- 11.5 In terms of support for vulnerable adults, CAB’s briefing paper on the 2012 Autumn Statement summarised the position well: ‘If the introduction of PIP causes additional demand for help in line with that caused by ESA, it will be very difficult for bureaux to meet this need. At the same time most bureaux will lose funding for their specialist benefit advisers from next April, due to the withdrawal of Legal Aid funding for most benefit advice’ (Citizens Advice, 2012). The demand for services is increasing but there is no obvious funder to help meet the demand.

11.6 One crucial concern is that of partnership with other sectors and agencies. Credit Unions are an example, cited by DWP as a potential solution for some of the issues raised by welfare reform. However DWP seems to have no plans to directly support this sector.

**The integrating role of local authorities**

11.7 Recent research on Scottish councils’ decision-making in the face of austerity (Asenova et al, 2013) advocates including a broader range of disadvantaged groups to the commonly-applied Equality Impact Assessments (EIAs) in order to help local authorities consider and mitigate adverse impacts, rather than having their decision-making dominated by risk relating to statutory duties. At present EIAs seldom consider the many of the vulnerable people identified in this report. This may be something the Leadership Board may wish to consider as part of their future monitoring of the impact of reform.

11.8 Analysis in preceding sections gives some useful pointers in considering future activity in relation to any future monitoring and measurement which could include:

- behavioural responses to welfare reforms (from claimants, landlords and other bodies) will have a crucial impact on how welfare reform works out locally. These need to be captured, but will occur over a lengthy period.
- social impacts of welfare reform could be felt locally including homelessness; health; education; and crime.
- changes affecting demand for support and advice services provided by local authorities, social housing organisations, and voluntary sector bodies.
- impacts on housing markets which suggest the value of collecting social housing data including void rates, lettings and arrears as well as housing market tenures changes

11.9 Combined, this suggests the need for a monitoring framework capture these different responses to welfare reforms. The Leadership Board may wish to consider arrangements for monitoring the impact of welfare reform as it develops across Cumbria, including opportunities to provide direction and support in response to longer term impacts.

11.10 The results of welfare reform will not end with the implementation of Universal Credit in the next year, and Commissioners believe the Leadership Board has a strategic leadership role to play, negotiating approaches which cross local authority and other service boundaries.

11.11 Different organisations are already collecting and monitoring data to identify trends. Unless these different datasets are compatible there is a danger that they will not allow a clear strategic picture to emerge. Some degree of county level co-ordination is crucial.

**Department of Works and Pensions**

11.12 DWP is facing daunting challenges in implementing the welfare reform agenda. The Commission has made a number of specific policy and implementation recommendations which it believes will improve outcomes for individuals, local organisations and DWP. Understandably there has been considerable focus on developing their back office platform – the ICT and call centres to allow an integration of information about clients.

11.13 However there is a real danger that this inward focus will make the organisation more remote from the organisations locally that they need to work with and the clients they need to engage with if the reforms are to be successful. This will require significant investment in three areas: staff development, better working with other organisations, and using local knowledge to improve their service.

11.14 A consequence of the focus on systems and software seems to have been an undervaluing of the need for judgment in determining allowances. Too often vulnerable people have been made more vulnerable through poor judgment and applying rules unthinkingly to perverse effect. The Commission believes that closer working with other agencies and shared learning by managers and front line staff (including call centre staff) would help improve performance.

**Shared learning**

11.15 Above all there is a need to come together to work in partnership. Where this is happening, it appears to be working well. The Cumbria Advice Network has organised a number of successful events to share such intelligence. Similarly housing providers and advice services being notable allies in mitigating adverse effects have worked together to develop local solutions. However, there could be other bodies who could and should be brought on board, to share approaches to driving this agenda.

**Recommendations**

11.16 The Commission makes the following recommendations following consideration of the evidence collected from benefit claimants and organisations across the county:

**The Commission asks Central Government to review current policy in four areas:**

13 **Universal Credit** To secure successful implementation of welfare reforms and reduce risks associated with this policy’s future implementation the Commission recommends changes to the proposed payment rules including:

- d continuing making payments to individuals rather than one payment per family;
- e continuing weekly/fortnightly rather than monthly payments; and
- f continuing to pay landlords direct.

14 **Sanctions** The Commission recommends Government instigate a change in rules concerning sanctions to ensure that penalties are never disproportionate and avoid making the vulnerable more vulnerable, and ultimately reliant on foodbanks and other charities to avoid destitution.

15 **Disability benefits** The Commission asks Government to expedite changes which will reduce delays and complexity in the assessment and interview process for PIP and the Work Capability Assessment (WCA). To increase DWP’s capacity the Commission asks Government to consider implementation of PIP over 5 years rather than the shorter period currently proposed.

16 **Housing ‘under-occupation’** To reduce hardships caused by ‘under occupation’ rules the Commission asks Government to consider the following policy changes:

- allow flexibility locally in the setting of Local Housing Allowance (LHA) rules;
- should Government not be willing to consider local flexibility, to mitigate

adverse local impacts the Commission asks Government to retain transitional arrangements for a 3 further years, and exempt 2 bed houses from the LHA policy.

**The Commission asks the Department of Work and Pensions (DWP) to consider, within a local improvement programme, four recommendations concerning its practices, to:**

- 17 expedite reviews currently underway to reduce delays in processing claims and appeals, and make necessary changes both to procedures and commissioning to allow this;
- 18 avoid the disproportionate use of sanctions by making changes to training and procedures at adviser level;
- 19 become more 'user friendly' and as part of this process re-install claimant access to telephones, and publish a manageable local timetable for future benefit changes; and
- 20 liaise more effectively with the Cumbria Leadership Board (CLB) and the third sector to identify vulnerable clients and ensure assistance, advocacy and support services are provided as outlined below.

**To minimise local hardship arising during the implementation of welfare reforms, the Commission asks the CLB and DWP to coordinate and commission assistance, advocacy and support by:**

- 21 identifying and sharing information about vulnerable households;
- 22 shared commissioning of advocacy, financial, legal and ICT assistance for vulnerable people; and
- 23 developing and growing the capacity of credit unions.
- 24 To reduce the future risks to vulnerable people during the implementation of welfare reforms, the Commission asks the CLB and the Third Sector Network Executive to monitor progress using a local action plan.

## 1 Appendix Commission Membership

James Newcombe (Chair)	Bishop of Carlisle
Susie Bagot	Chair, Francis C Scott Charitable Trust
Tim Cartmell	Retired solicitor and Trustee Cumbria Community Foundation
Caroline Hoggarth	Head, Greengate Infants School, Barrow in Furness
Sue Page	Former Chief Executive of NHS Cumbria
Frank Peck	Professor, University of Cumbria
Willie Slavin	Former Junior School Headteacher and Chair Howgill Family Centre and Trustee, Cumbria Community Foundation

The work of the Commission and production of this report was coordinated by the Deputy Chair of the Cumbria Third Sector Network.

Cumbria Third Sector Network is the mechanism for involving third sector organisations in communication, lobbying and influencing, planning and representation.

All Network representatives are openly elected into their positions and together they represent in excess of 6,000 organisations in the county.

Cumbria Third Sector Network has membership of the Cumbria Leadership Board and it seeks to bring the knowledge and capacity of Cumbria's Third Sector to address the needs of the county whenever possible.

The production of a report of this scale is a significant undertaking. It would not have been possible without the commitment and involvement of many already hard pressed people and organisations.

It is not possible to thank every person individually, however it is important to thank and recognise the following:

- All of the organisations and people that hosted visits by the Commissioners, presented case studies and reports and supported service users and clients to make testimonies;
- The Commissioners;
- The Support team; Clare Killeen, Rachel McLay, Mark Graham (Cumbria County Council), Helen Boothroyd (Churches Together in Cumbria), Carolyn Otley (Cumbria CVS/Cumbria Third Sector Network), Dave Roberts (Diocese of Carlisle);
- The report's author Stuart Pate (volunteer);
- Cumbrian Newspapers for provision of images.

It has been a privilege to work with everyone on this project and I fervently hope our recommendations will lead to positive action.

Andy Beeforth OBE, Chief Executive, Cumbria Community Foundation and Deputy Chair, Cumbria Third Sector Network.

## 2 Appendix Methodology Used

### Areas of investigation

The Commission undertook its investigation in two complementary ways: desk research and qualitative research

**Desk research:** To provide an overall context, the Commission identified sources which could illustrate the economic and social impact of welfare reform across Cumbria and where possible the impact on incomes and earnings. From this a short section was included to contextualise the local impact of reforms allowing the Commissioners to focus on the most important local impacts for later stages of its investigation.

Additionally desk research considered any major concerns of the implementation of welfare reforms which helped Commissioners frame questions for local organisations and individuals.

**Qualitative research:** This allowed Commissioners to collect intelligence from key local bodies in the public and third sectors and from individuals, to better understand the key policies implemented and planned: to describe what was done, when and with what stated purpose, and to assess both delivery and changes in outcomes in relation to the goals set. This was done in three ways by:

A **Requesting written submissions** from key local agencies

B **Structured interviews with key agencies** to:

- understand the impact in Cumbria of changes to benefits and related services;
- understand hardship experienced as a consequence of changes to benefits etc
- appreciate benefits experienced as a consequence of welfare reforms etc
- appreciate emotional and wellbeing consequences of changes

C **Structured Interviews with individuals** and focus groups affected by welfare reforms to:

- understand the impact in Cumbria of changes to benefits and related services;
- understand hardship experienced as a consequence of changes to benefits etc
- appreciate benefits experienced as a consequence of welfare reforms etc
- appreciate emotional and wellbeing consequences of changes

### Areas of focus

Given the limited resources available to the Commissioners there was an understanding of the need to focus on a relatively small number of topics where research suggested impacts (both positive and negative) were greatest. Options for areas considered included:

- experience of availability and value of information about changes and signposting to generic and specific services
- experience of advice and support offered, its scale and value
- experience of changes in economic and social wellbeing amongst different

- cohorts: school leavers, 18-24, young families, older adults, pensioners, etc
- experience of changes in benefits and reassessment of those with disabilities including incapacity benefit; employment and support allowance, severe disablement allowance and income support on the grounds of illness or disability
- experience of barriers to employment eg new skills and “confidence coaching”, financial support provided for the transition into employment, physical and mental health barriers to employment, transport
- experience of changes to housing benefits, entitlement criteria, reduced housing availability with potential increase in money problems and risk falling into rent arrears
- experience of support in the move into employment
- experience of in-work support and measures aimed at increasing working hours/earned income
- overall impact on living standards to date – what this has meant cumulatively to households in terms of increased income/reduced income/no change
- experience of online job search and claims – access to online services/ IT skills and support available
- differential impact of welfare reforms in rural communities
- experience of changes to service access such as proposal that universal credit applications would only be available via the www.
- impact of specific welfare changes and the overall impact on health and wellbeing
- access to and experience of crisis support
- experience of debt support available through Citizen’s Advice Bureau and other local agencies

To provide a way of dealing with this multiplicity of issues Commissioners tried to group related topics. Inevitably some topics were given priority and some omitted. For example since many benefits to older people have been maintained or enhanced (eg the ‘triple lock’ on pensions) this was one area Commissioners did not feel it valuable to focus attention on. Initial research suggested ‘bundling issues under six main headings:

- changes to assessment regimes;
- impact for in-work and unemployed adults and their families;
- impact on young adults;
- impact on adults with disabilities;
- impact of changes to housing benefit; and
- impact on rural communities and accessibility to services.

These issues are reflected in the report produced.

**The evidence gathering process:** Commissioners met organisations and individuals on four separate days. Details of organisations and individuals interviewed are outlined in Appendix 3. The bulk of interviews were conducted by Commissioners or subsets of no less than two members. Generally Commissioners used open questions. These are most useful in unstructured or semi-structured interviews and helped respondents express their opinions, attitudes and develop viewpoints as they require a response with more depth and offer more opportunity to be a flexible investigation. Commissioners had the experience and skill to draw out suitable responses.

Commissioners used pro formas to note key issues and comments made during interviews. These were collected at the end of each session and summaries shared.

Additionally written information was received from a number of local organisations. Details of these are outlined in Appendix 3.

### **Reporting and developing recommendations**

After collating and analysing this research, the main conclusions and recommendations were summarised and published.

### 3 Appendix

## Contributors who gave evidence to the Commission

The Commission gathered evidence through face to face interviews and group sessions and by collecting written submissions of specific issues.

Four evidence gathering sessions were held:

#### A Barrow evidence gathering session 4th February 2014

- 1 Four Groves Community Association
- 2 Action for Children
- 3 St Marks Church
- 4 St Johns Church (group discussion)
- 5 Furness Carers
- 6 Barrow Foodbank
- 7 Barrow CAB
- 8 Barrow & District Disability Association

#### B Kendal & Penrith evidence gathering session 10th March 2014

- 1 South Lakes Housing
- 2 DWP
- 3 Age UK South Lakeland
- 4 Eden Housing Association
- 5 Carlisle and Eden Mind
- 6 East Cumbria Family Support
- 7 Lyvennet Community Trust
- 8 Manna House

#### C Carlisle evidence-gathering session 18th March 2014

- 1 Alston Foodbank
- 2 Carlisle Foodbank
- 3 Disability Association Carlisle and Eden
- 4 Community Law Centre
- 5 Impact Housing, Carlisle
- 6 Cumbria Gateway
- 7 The Croft farm
- 8 Carlisle City Council

#### D West Cumbria (Cleator Moor, Whitehaven and Workington) evidence gathering session 12 May 2014

- 1 DWP
- 2 Whitehaven CAB
- 3 Whitehaven Community Trust
- 4 Phoenix Enterprise
- 5 Howgill Children's Centre
- 6 Impact Housing, Workington
- 7 Inspira
- 8 Cumbria Library service

Written Evidence was submitted by

- 1 Age UK – Carlisle and Eden
- 2 DWP
- 3 Impact Housing
- 4 CAB
- 5 Action for Communities
- 6 Cumbria County Council
- 7 The Baptist Union of Great Britain, the Methodist Church, the Church of Scotland and the United Reformed Church
- 8 Barrow Borough Council
- 9 Methodist Church, Barrow
- 10 St Mark's Church, Barrow
- 11 Barrow Foodbank
- 12 North Lakes Foodbank
- 13 Elim Church, Carlisle
- 14 Windermere Methodist Church
- 15 St Johns Church, Upperby, Carlisle

Advice on specific aspects of the current reforms and their implementation was also provided by:

#### Martin Telford

Project Manager, Cumbria Advice Network and Manager, Allerdale Citizen's Advice

#### Mike Muir

Chief Executive, Impact Housing

## 4 Appendix

### Schedule for implementation of welfare reforms

Date	Change
April 2008	Introduction of LHA as basis for HB in PRS, based on median rent in the BRMA for size of property needed by claimant's household. Single people under 25 restricted to rent levels in shared accommodation.
October 2008	Introduction of ESA as replacement for IB, and introduction of the more stringent 'work capability assessment' administered by Atos.
April 2011	LHA rates reduced to 30th percentile of local rent levels; 5-bedroomed rate abolished. Up-rating of benefits restricted to CPI level. Child benefit frozen. Changes to tapers and eligibility for WTC and CTC.
April 2011- April 2014	Migration of existing IB and SDA claimants to ESA. 'Unfreezing' of NDDs for HB and up-rating over 3 years to bring them up to where they would have been had they not been frozen in 2001. Sept 2011 EMA abolished in England. Jan 2012 LHA age for self-contained accommodation rate moves from 25 to 35.
April 2012	New lone parent rate IS claims limited to those with children under 5. Further changes to WTC and CTC. Contributory ESA time-limited to 52 weeks. Jan 2013 Child benefit withdrawn from individuals earning more than £50,000.
April 2012	Changes to Tax Credit thresholds introduced.
October 2012	Revised sanctions regime for Jobseekers Allowance claimants introduced.
November 2012	Requirement to undertake online Universal Jobmatch service for Jobseekers Allowance introduced.
December 2012	Revised sanctions regime for Employment and Support Allowance claimants introduced.
April 2013	1% cap on up rating of most working age benefits introduced for 3 years. Universal Credit pathfinders for new, single claimants begin in parts of Greater Manchester. Size criterion for housing benefit in social sector introduced. Council Tax Benefit abolished and localised council tax assistance schemes introduced. Replacement of Disability Living Allowance by Personal Independence Payment for new claimants begins in pilot areas – including Cumbria. Crisis loans and Community Care Grants replaced by local welfare assistance schemes.
September 2013	Implementation of Household Benefit Cap completed.

October 2013	Universal Credit for new, single claimants rolled out to Hammersmith. Reformed appeals rules for all DWP benefits introduced. National roll-out of new Claimant Commitment for Jobseekers Allowance and Universal Credit claimants begins. National roll-out of Personal independence Payment for some existing DLA claimants (those reporting a change in circumstances, those turning 16, those whose fixed-term claim is coming to an end, and self-selectors) begins in Wales, West Midlands, East Midlands and East Anglia.
Spring 2014	Beginning of roll-out in Cumbria of PIP to some existing DLA claimants from 3rd February 2014. Re-assessment of Incapacity Benefit, Severe Disablement Allowance, and Income Support (on the grounds of illness or disability) claimants for Employment and Support Allowance completed. Further roll-out of Universal Credit for new, single claimants to Rugby, Inverness, Harrogate, Bath and Shotton completed.
October 2014	One Jobcentre in Cumbria and Lancashire area to begin Universal Credit roll-out.
October 2014	Modified Pension Credit introduced for pensioners with children.
October 2015	Re-assessment of all existing DLA claimants for eligibility for PIP begins.
April 2016	Flat rate state pension introduced.
2016	Re-assessment of existing Disability Living Allowance claimants for eligibility to Personal Independence Payment completed . Modified Pension credit to replace Housing Benefit for pensioners to begin roll-out.
2017	National roll-out of Universal Credit to all claimants completed.
2018	National roll-out of Personal Independence Payment completed.

## 5 Appendix

### Details of statistical sources and methods used to produce estimates of the financial impact of welfare reforms

(Source: Beatty & Fothergill (2013))

#### Housing benefit: (1) local housing allowance

Rules governing assistance with the cost of housing for low-income households in the private rented sector.

##### Nature of reforms

- Maximum rents set at 30th percentile of local rents, rather than 50th percentile, from 2011-12
- Caps on maximum rents for each property size, with 4-bed limit, from 2011-12
- Abolition of £15 excess formerly retained by tenants paying below maximum LHA rent, from 2011-12
- Increase age limit for shared room rate from 25 to 35, from January 2012
- Switch from 30th percentile rents to CPI indexation for LHA, from 2013-14

##### Total estimated loss

£1,645m a year by 2014-15 (Source: HM Treasury).

##### Methods and data sources

- Total loss arising from 30th percentile, size caps and £15 excess (£1040m pa) allocated to local authorities on the basis of DWP estimates of the number of households affected and the average final loss (Source: DWP Impacts of Housing Benefit proposals: changes to LHA to be introduced in 2011-12).
- Loss arising from increase in age limit for shared room rate (£215m pa) allocated to local authorities on the basis of estimates of the numbers losing and average loss per week in each authority (Source: DWP Housing Benefit equality impact assessment: increasing the shared accommodation rate age threshold to 35).
- Loss arising from CPI indexation (£390m pa) allocated to local authorities on the basis of the number of Housing Benefit claims in the private rented sector in each authority in August 2012 (Source: DWP).
- Number of affected households based on number of Housing Benefit claimants in August 2012 in the private rented sector in each authority and the national share receiving LHA (Source: DWP).
- NB All LHA recipients affected by shift to CPI indexation.

#### Housing benefit: (2) under-occupation

New rules governing the size of properties for which payments are made to working age claimants in the social rented sector (council and housing association).

##### Nature of the reform

- Limit Housing Benefit payments to working-age households in social rented accommodation to a level reflecting the number of bedrooms justified by the size and age composition of the household, from 2013-14.

##### Total estimated loss

£490m a year by 2014-15 (Source: HM Treasury).

##### Methods and data sources

- Estimated number of households affected in each region (Source: DWP Impact Assessment)
- Housing Benefit: under-occupation of social housing, June 2012 update) allocated by region to each local authority on the basis of the number in social housing claiming Housing Benefit in August 2012 (Source: DWP).
- Financial loss allocated to each local authority on the basis of estimated number of affected households (see above) and estimated average loss per claimant in each region (Source: DWP Impact Assessment, June 2012 update).

#### Non-dependant deductions

Deductions from Housing Benefit, Council Tax Benefit and other income-based benefits to reflect the contribution that non-dependant household members are expected to make towards the household's housing costs.

##### Nature of reform

- Up-rating the deductions in stages between April 2011 and April 2014 to reflect growth in rents and increases in Council Tax since 2001, when the deductions were frozen, and subsequent link to prices.

##### Total estimated loss

£340m a year by 2014-15 (Source: HM Treasury).

##### Methods and data sources

- Estimated 300,000 claimants affected (Source: DWP Equality Impact Assessment: income related benefits: changes to the non-dependent deduction rates) allocated on the basis of the number of Housing Benefit and Council Tax Benefit claimants in each local authority in August 2012 (Source: DWP).
- Financial loss allocated to local authorities on the basis of the estimated numbers affected (see above).

#### Household benefit cap

New ceiling on total payments per household applying to wide range of benefits, including Child Benefit, Child Tax Credit, Employment and Support Allowance, Housing Benefit, Incapacity Benefit.

##### Nature of reforms

- Total household benefit payments for working-age claimants capped so that workless households receive no more in benefit than the average weekly wage, after tax and national insurance, from 2013-14, administered through Housing Benefit payments.

**Total estimated loss**

£270m a year by 2014-15 (Source: HM Treasury).

**Methods and data sources**

- Loss allocated to local authorities on the basis of the number of individuals in each authority in receipt of a letter notifying them that they may be affected by the benefit cap (Source: DWP).
- National total of 56,000 households expected to be capped in 2013/14 (Source: DWP Benefit Cap (Housing Benefit regulations 2012): impact assessment for the benefit cap) allocated to local authorities in proportion to letters of notification..

**Council tax benefit**

Paid to households on low incomes to offset Council Tax bills, in whole or in part.

**Nature of the reform**

- 10 per cent reduction in expenditure by HM Treasury and transfer of responsibility for the scheme to local authorities, from 2013-14.
- Reduction in entitlement only permitted for working-age households; entitlement of pensioner households fully protected.
- Some local authorities in England have chosen not to pass on the reduction to claimants, in whole or in part, absorbing the cut within their budget. In Scotland and Wales the devolved administrations have made arrangements that avoid the reduction falling on claimants.

**Total estimated loss**

£490m a year by 2014-15 (Source: HM Treasury) of which an estimated £340m a year is being passed on to claimants.

**Methods and data sources**

- Number of households affected and average weekly loss, by authority, from statistics assembled by the New Policy Institute, as updated on 7th February 2013 at [www.npi.org.uk](http://www.npi.org.uk). The NPI calculations are based on information assembled from each local authority.
- The NPI data shows that some local authorities in England have chosen not to pass on the benefit reduction to claimants, in whole or in part, absorbing the cut elsewhere within their budget.
- Where the NPI identifies only 'minor changes' the impact has been set to zero.

**Disability living allowance**

Payments intended to help offset the additional financial costs faced by individuals of all ages with disabilities, including those both in and out of work.

**Nature of reform**

- Phased replacement of Disability Living Allowance (DLA) for working-age claimants by Personal Independence Payments (PIP), from 2013-14
- Introduction of more stringent medical test and regular re-testing
- Reduction in number of payment categories

**Total estimated loss**

£1,500m a year by 2017-18 (Source: DWP Impact Assessment Disability Living

Allowance reform), adjusted for inflation and revised implementation timetable.

**Methods and data sources**

- Anticipated reduction in national caseload of working age to 1.7m (Source: DWP Impact Assessment) represents a 23 per cent reduction in anticipated numbers in absence of reform.
- Numbers affected refer to the 23 per cent reduction in claimants, allocated on the basis of stock of working age DLA claimants in each local authority in February 2012 (Source: DWP). Additionally, a number of claimants in receipt of PIP instead of DLA may experience a reduction in payment.
- Financial loss allocated to each local authority on basis of reduction in claimant numbers (see above).

**Incapacity benefits**

Out-of-work payments to men and women of working age with health problems or disabilities, including Employment and Support Allowance (ESA) and its predecessors Incapacity Benefit, Income Support on grounds of disability, and Severe Disablement Allowance.

**Nature of reforms**

- Introduction of ESA for new claimants and a new, tougher medical test (the Work Capability Assessment), from October 2008.
- Applying the Work Capability Assessment to existing incapacity claimants from autumn 2010 onwards, and migration to ESA if not deemed 'fit for work'.
- Time-limiting to 12 months non-means tested entitlement for ESA Work Related Activity Group, from 2012-13.
- New conditionality for ESA Work Related Activity Group.

**Total estimated loss**

£4,350m a year by 2015-16, comprising: £2,600m a year from time limiting of non-means tested entitlement (Source: HM Treasury estimates for 2014-15, revised to take account of inflation and additional numbers affected by 2015-16) c. £1,750m a year from remaining measures (see below).

**Methods and data sources**

- By 2015-16, an estimated 700,000 will be affected by time limiting non-means tested ESA entitlement. Of these, 40 per cent are anticipated to lose benefit entirely and the remaining 60 per cent will experience a reduction in payment (Source: DWP Impact Assessment, Time limit contributory Employment and Support Allowance to one year for those in the Work-Related Activity Group).
- By 2014 an additional 550,000 are estimated to be denied ESA by other elements of the reforms, of which 30 per cent will not claim alternative benefits (Source: Beatty & Fothergill 2011, Incapacity benefit reform: the local regional and national impact, CRESR, Sheffield Hallam University).
- Numbers affected by local authority allocated on the basis of methods in Beatty & Fothergill (2011) based primarily on DWP claimant data, DWP impact assessments and DWP evidence from pilot areas.
- Financial loss arising from time limiting allocated in 3:1 ratio between those losing benefit entirely and those retaining benefit at reduced rate, on the basis of estimated numbers in each group by local authority.
- Financial loss arising from other elements of the reforms estimated to be two-thirds that arising from time limiting, given of numbers affected and proportion

expected to be denied benefits (Treasury or DWP estimates have not been published). Loss allocated in 2:1 ratio between those denied benefit entirely and those claiming other benefits at a lower rate, on the basis of estimated numbers in each group by local authority.

### Child benefit

Paid to households on the basis of the number of children up to age 16 or, if they remain at school or in further education, up to 19.

#### Nature of reforms

- Freeze benefit rates for three years from 2011-12, instead of up-rate with inflation
- Withdrawal of benefit from households including a higher earner (threshold at £50,000 and taper to £60,000), from January 2013.

#### Total estimated loss

£2,845m a year by 2014-15 (Source: HM Treasury)

#### Methods and data sources

- Numbers of families in receipt of Child Benefit, by local authority in August 2011, from HMRC (Source: HMRC Child Benefit Statistics: geographical analysis). NB All recipients affected by freeze.
- Financial loss arising from freeze (£975m pa) allocated on basis of number of families in receipt of Child Benefit in each local authority (see above).
- Financial loss arising from withdrawal of benefit from high earners (£1,870m pa) allocated on basis of number of families in receipt of Child Benefit multiplied by an index of median earnings in the three years 2010, 2011 and 2012 of residents in each local authority relative to the UK average (Source: Annual Survey of Hours and Earnings). County averages used where earnings data for districts is unavailable.

### Tax credits

Payments through the tax system of Child Tax Credit (CTC) and Working Families Tax Credit (WFTC) to lower and middle income households.

#### Nature of reforms

- Adjustments to thresholds, withdrawal rates, supplements, income disregards and backdating provisions, from 2011-12 onwards
- Changes in indexation and up-rating, from 2011-12 onwards
- Reductions in childcare element of WFTC, from 2011-12
- Increase in working hours requirement for WFTC, from 2012-13

#### Total estimated loss

£3,660m (net) a year by 2014-15 (Source: HM Treasury).

#### Methods and data sources

- Overall loss allocated on the basis of the total number of families in receipt of CTC or WFTC in December 2012, by local authority (Source: HMRC Child and Working Tax Credits Statistics: geographical analysis).
- All families in receipt of CTC or WFTC affected by one or more of the changes.

### 1 Per cent up-rating

Annual up-rating of value of benefits.

#### Nature of reform

- 1 per cent up-rating (instead of by CPI) for three years from 2013-14 for main working-age benefits, and for two years from 2014-15 for Child Benefit and for Local Housing Allowance within Housing Benefit

#### Total estimated loss

£3,430m a year by 2015-16 (Source: HM Treasury)

#### Methods and data sources

- Total loss divided equally between DWP-administrated benefits and HMRC-administrated benefits (Child Benefit, CTC, WFTC), reflecting split of overall expenditure on relevant benefits (Sources: DWP and HMRC).
- HMRC benefits loss allocated on basis of total number of families in receipt of CTC or WFTC in December 2012, (Source: HMRC Child and Working Tax Credits: geographical analysis).
- DWP benefits loss divided 75:25 between working age benefits and Housing Benefit, reflecting split of overall expenditure on relevant benefits (Source: DWP).
- DWP working age benefits loss allocated on basis of non-employed working age benefit numbers in February 2012, by local authority (Source: DWP).
- Housing Benefit loss allocated on basis of estimated expenditure on claimants in the private rented sector, by local authority, derived from overall Housing Benefit expenditure data for 2011/12 and share of claimants in the private rented sector in August 2012 (Sources: DWP).

## 6 Appendix

### Revised Jobcentre staff actions for late attenders in respect of 'sanctions'

The guidance below was provided by the Cumbria Area Department of Works and Pensions in May 2014.

The regulations governing what happens if a claimant attends late or fails to attend an appointment vary according to the benefit they are in receipt of.

#### JSA claimants

##### "Treat as straightforward"

This refers to a list of circumstances where a claimant's lateness or failure to attend an appointment can be excused by the adviser who sees them without a need to refer to the Decision Maker. The list is:

- Part time fire brigade members, lifeboat crews members and emergency duties
- Members of the Reserve Forces
- Open University residential course
- Discharged from a prison, remand centre or youth custody institution
- Attending a job interview abroad
- Domestic emergency
- School holidays
- Parenting order/contract or child excluded from school
- Victims of domestic violence and abuse
- Employment or training programmes
- Employment related course
- Temporary periods of sickness
- Absence abroad accompanying partner who receives a pension or disability premium
- Person who normally looks after a child is unavailable
- The person who normally looks after the child is temporarily absent from the UK
- Claimant is taking a child abroad for medical treatment
- National Health treatment abroad
- Claimant attending court or tribunal
- Detained in custody

**This list is not exhaustive e.g. domestic emergency could cover a partner being admitted to hospital or a flood in the house.**

##### Attending on the correct day but at the wrong time:

- Claimant may be referred to an adviser to discuss the reasons for their lateness.
- The appointment will be rebooked.
- Claimant may be issued with a warning letter (ES19) which states that if they are late to the rebooked appointment, a decision maker may look at their case. These are usually issued if a claimant has repeatedly attended late.
- Case would not be referred to a decision maker **unless** the claimant is attending late for **an appointment that they had already been issued an ES19 for.** These cases must be sent to the decision maker **unless** they can be treated as straightforward.

##### Attending on the wrong day:

- Claimant will see a member of staff who will gather information as to why the appointment was missed.
- All cases are referred to a Decision Maker unless they can be treated as straightforward.
- If a claimant has not made contact within 5 working days of the missed appointment, their claim will be closed.

#### ESA claimants

If a claimant attends late, but on the correct day a member of staff will see if an adviser is immediately available or rebook the appointment if they are not. The first action advisers must take when an ESA claimant fails to attend a mandatory appointment is to try and make contact with them to establish whether they had "good cause" to miss it-in the first instance by phone. If they make contact and the claimant can attend later in the day, no action would be taken. If the adviser cannot make contact by phone then a letter is sent to the claimant's home address asking them to make contact. It is for the adviser to determine whether a claimant has shown good cause for failing to attend and each instance should be considered on its own merits. Therefore, there is no set definition of good cause but examples could include:

- Claimant had a short-notice medical appointment to attend
- Public transport was unavailable and the claimant had no other means of travelling
- Suffering from any disability or health condition, which prevented them from attending on the day
- Claimant was attending the funeral of a relative or close friend.

This list is not exhaustive and all the customer's personal circumstances must be considered.

If good cause is not demonstrated, then the adviser must refer the case to a decision maker. In cases where the adviser has not been able to contact a claimant after they have failed to attend a mandatory interview, a visit by DWP staff should be considered, in order to safeguard those claimants with fluctuating mental health conditions.

#### IS claimants

If a claimant attends late, but on the correct day a member of staff will see if an adviser is immediately available or rebook the appointment if they are not.

The first time a claimant fails to attend a mandatory Income Support interview, good cause is automatically accepted so long as we are able to get in touch with them within 5 days (regardless of why the appointment was missed).

This automatic good cause can only be accepted once and only for the first failure to attend. If the failure to attend is for a subsequent interview, then the adviser must try and make contact with the claimant to gather evidence to establish whether they had "good cause". If the customer can attend later the same day then no action would be taken.

If the adviser cannot make contact by phone then a letter is sent to the claimant's home address asking them to make contact. The adviser will use the same criteria described above to determine good cause. If good cause cannot be established then the case will be referred to the decision maker.

### Work Programme Participants

Work Programme providers (WPP) have their own procedures for referring customers to DWP decision makers if they are late or fail to attend. These procedures can be obtained from individual Work Programme providers (A4E and Ingeus). However, DWP decision makers still make their decisions based on the JSA/ESA regulations, regardless of the source of the referral.

## 7 Appendix Narrative evidence of problems with the current PIP & WCA

### Cases illustrating the extensive delays in processing claims and dealing with appeals to decisions

#### Case 1 PIP – delays in handling claims

Clients still waiting for decisions to claims submitted in June, July and August 2013 (at mid-March 2014) Carlisle Housing Association

#### Case 2 – PIP referral

Timescales are extremely long for some PIP claims. Initial phone call to PIP made on 13th September 2013 – this gentleman had had a bad stroke and had already been in hospital for 12 weeks, he found it very distressing to be on the phone to the PIP people (this process takes at least 20 mins), he was struggling to get his words out and comprehend what he was being asked. He got extremely tired during the process and it was not a nice experience to see him struggling. PIP form was sent in on 18th October 2013 (they had taken ages to send his form out). After numerous phone calls and emails to ATOS, he finally had his face to face assessment on 17th January 2014 and he was finally awarded his PIP award on 14th February, 5 months after the initial phone call. Some of my colleagues have clients that are still waiting a year after the initial PIP claim went in. Carlisle Housing Association

#### Case study 3 Delays and lack of accountability

People know that assessment is coming but they never know quite when they're going to be called in for a reassessment and exactly what the outcomes are going to be. A tenant with severe mental health issues who encountered severe difficulty securing an interview at home and getting a decision after the assessment between August 2013 and March 2014.

The chronology below suggests practical problems in the process:

- 13/8/2013 application for PIP sent to DWP.
- 11/11/2013 contacted DWP – they had a system problem and said they would call back – no call back.
- 12/11/2013 contacted DWP and signposted to Atos.
- 12/11/2013 contacted Atos who were reluctant to discuss. Informed them of FoA which was sent with an application form to DWP. Told claim was still within timescale however there was a backlog.
- 04/12/2013 called Atos who said customer was due to be given an appointment to attend an assessment centre. Stressed we had asked for a home visit due to mental health issues. Spoke to capacity manager who agreed to change appointment to a home visit.
- 09/12/2013 customer was contacted and offered appointment which she declined as she wasn't well.
- 11/12/2013 customer contacted again and given appointment of 16/12/2013. Customer contacted HA distressed and confused about date and time. HA re-contacted Atos to clarify.
- 11/12/2013 contacted Atos who told HA that no appointment had been made

and it must have been DWP who contacted customer. Contacted DWP who said not them it must be Atos.

- 12.12.2013 contacted Atos and again told no appointment. This process continued 3 times that day without any resolution.
- 12/12/2013 contacted DWP (ESA) and told last contact with customer was in July so must be Atos.
- Re-contacted Atos, demanded to speak to manager and clarified that it was Atos but that someone making appointments had not been logging these on computer. Confirmed appointment 16/12/2-13 1pm-3pm. Hours later customer contacted HA who told them appointment had been cancelled. Too late to contact Atos.
- 16/12/2013 contact Atos to check appointment. Definitely cancelled but systems down. Contacted Atos and asked to speak to someone who made appointments. Transferred to capacity team who said they had the appointment which had not been cancelled on the system. Said someone would ring. No one rang. Rang again but put on hold for 20 minutes and then cut off. No HCP arrived at customer's house between 1 and 3pm. No further contact from Atos.
- 14/01/2014 Called Atos re HCP visit and told need to wait for availability.
- 05/02/2014 assessment finally carried out at customer's house. HCP said would get outcome within 2 weeks.
- 03/03/2014 contacted DWP – assessment still with Atos.
- 03/03/2014 contacted Atos – assessment in final stages before sending to DWP.
- 17/03/2014 contacted DWP – waiting to make a decision, may take a further 2 weeks .

#### **Case 4 - long delays in implementation cause worry and uncertainty**

Adult in Barrow with severe physical disabilities from birth (wheelchair bound with minimal movement in one arm; can't move legs) and has claimed benefits for 19 years. Worried and uncertain. Not sure what awaits him and his family. Atos medical on the horizon . He is stressed and now wary of volunteering for disability association as this might count against entitlement although has found this very rewarding. Very knowledgeable about the system but still feels he is 'at the mercy of someone else's judgment'. Wife works part time and with young child to look after but took out new mortgage before aware of changes so now worry a lot. On anti-depressants now because of the worry - long delays in decision making

#### **Case 5 - Atos assessment**

Moving from employment and support allowances is a joke. People are told they are fit for work by Atos and often appeal. There is a four week referral period. Here a percentage of people sign up for job seekers allowance just to get money because they are desperate but that amounts to them saying they are really fit for work. Housing Association worker, Carlisle

#### **Cases illustrating problems in processing claims and confusion of accountability**

##### **Case 6 - PIP assessment – failure to correctly identify an individual who should have been subject to 'special rules'**

A Barrow client who had been asked to confirm that their condition was terminal. Until then the client had not known as his GP and consultant felt that knowing would have an adverse effect on wellbeing. Terminally ill cancer patient has been now waiting 10 months for a decision.

##### **Case 7 - ESA - process failure**

Client with mental health problems moved house, her family advised the DWP. She did not realise that her ESA had ended until she got letters from the bank. She contacted DWP and was told her certificate had run out. She got a new medical certificate backdated and sent it to DWP. Heard nothing, called them back and they said they had not received certificate. She got a copy. Sent it to DWP. Contacted them again and they said that even if they received it they would not pay her. She couldn't cope. Did nothing until she got an appointment with Housing Association. Had no income November 2013 to March 2014 other than DLA. Housing Association contacted DWP. Her claim had been cancelled as she failed to attend WCA. Housing Association asked which address appointment was sent to and even although they confirmed they knew she had moved it was sent to her old address. Housing Association sent 3rd copy of medical certificate and it is with a decision maker (March 2013).

##### **Case 8 - ESA - process failure**

2 brothers sharing a home they own. Both with serious mental health and various social issues. Neither can cope with mail and both failed to return ESA50 so neither have any income. Only came to light when Police were involved. Housing Association has had to speak to GP, get medical certificates DWP will not send out paper forms and clients do not have a phone. Housing Association had to print off ESA1s and get police to get them signed so Housing Association can submit claims Carlisle based Housing Association

##### **Case 9 - ESA – poor communication**

Letter which is supposed to be a decision letter but does not read as though it is a decision. ESA response that the system cannot be updated due to cost as universal credit is due to take over so they know letters are not appropriate but can't do anything about it.

##### **Case 10 - ESA – process failures**

Evidence sent to DWP for appeals not being dealt with and not being included in appeal papers.

##### **Case 11 - PIP – process failures**

Housing Association submitted a PIP form 2 August 2013. Rang PIP team and told it was still with Atos waiting for an assessment appointment. Phoned Atos and was told 'it's a slow process, it's not a core benefit and not intended as a source of income... it is a supplementary benefit and not like DLA where every initial claim was rejected and only those with the brass neck to appeal got anything'.

##### **Case 12 - ESA – process failures**

A client with severe mental health problems also has limited mobility, low vision and hearing loss and is a lone parent. Received an ESA50 in January 2014 after making a claim in October. Housing Association completed and returned it on 22 January even if exactly the same.

##### **Case 13 - process insensitive to individual's condition and inflexible**

- Adult with rare condition plus anxiety/depression 'reassessed for everything'. Has four children and partner/carer moved from incapacity benefit to ESA 'they don't believe me' and feel penalised because of medical condition. Anxiety requires organised regime but 'messed about' by DWP. Times changed and when confused and don't turn up at new time money is stopped. Interview but not at home and caused more anxiety.

**Cases illustrating a failure to provide additional support required by adults with mental health issues**

**Case 14 - A single man ex offender ex drug user mental health issues.**

Will be under occupying by 1 bedroom and due to lose £11.00 per week. He is on Employment Support Allowance (ESA) but benefit ceased due to DWP claiming they had not received a sick note. Tenant went for 4 weeks without any benefit and was unable to get clarification from DWP why benefit was stopped. Currently has deductions from benefit of £10.65pw due to previous over-payment and crisis loan. He is being pursued by Npower for £580 who had passed issue to debt collector who was sending threatening letters. Can't afford to have heating on. Has a court summons for non-payment of a TV licence. He had not eaten for several days when visited by housing association worker and was feeling at the end of his tether. His Housing Association (HA) spoke to DWP who reinstated benefit. HA spoke to Npower and the debt collection agency. Unfortunately for this tenant pre-payment meter was the only alternative for this tenant. Salvation Army provided food parcel.

**Case 15 – additional support required by a family with learning difficulties**

Couple living in Fletchertown without transport. Both have mild learning difficulties and are due to lose £12 per week due to under occupancy. Household was in receipt of ESA but moved to JSA. Appealed against decision and all benefits including housing benefit were suspended. They have no other income and were denied further crisis loans due to having already received maximum of 3. They are unable to manoeuvre through DWP call centres, unable to understand why benefit had ceased and unaware of the appeal procedure. Were waiting for something to happen! DWP advised asking neighbours for food. Couple were eating crab apples from a tree in the garden as their only source of food. Female tenant is also diabetic.

**Case 16 - Change causing worry and temporary loss of benefits**

Individual has severe anxiety who doesn't deal with change easily. Being reassessed for income support, housing needs, council tax and incapacity all at once. "Got myself in a flap and can't even get my shoes on but they don't believe me. I was being penalised. I had to go to a complete stranger and then they started messing my benefits and mixed up my bills. Doctor was nice but had never seen a condition like mine before. I had to prove I was in pain, with a degenerative condition. Why do they not believe me? I have been panicking for months"

**Case 17 - Sanctions being applied to adults with learning difficulties who genuinely miss appointments because of their condition.**

"If you do not turn up in time you will lose your benefit. Would have been better if they came to me".

**Case 18 - Disability assessment**

Agoraphobic client could never leave house but assessed as fit for work.

**Case 19 - Lack of understanding of the impact the process has on claimants**

Paperwork - benefit people helped but I dreaded the decision letter coming and impact on partner who looks after me.

**Case 20 - Criticisms of assessment process for fitness to work**

On crutches but told fit for work - benefits cut so ended up at food-bank.

**Case 21 - Assessment process being applied to individuals who are obviously incapable of productive work causing needless worry**

Six years ago woman had a car accident and broke spine. Wheelchair bound. Institutionalised for 8 months while waiting customised accommodation. Can't sell original house and now paying 150% council tax. Can lift one arm so DWP advisor said she'd lose benefits unless she 'told porkies'. Lives in fear that she will be judged a scrounger.

**Case 22 - fear of authority**

Family couldn't pay bills and had taken doors off to burn because they had no money. Afraid children might be taken into care and wanted to look after their own family.

**Case 23 - PIP referrals**

Timescales are extremely long for some PIP claims. PIP form was sent off from here on 25th November and apparently sent onto ATOS on 29th November, this is nearly 4 months ago. The initial phone call to PIP was made on 1st November 2013, 5 ½ months ago. This lady is still waiting for a face-to-face assessment. She has been told she is in a Queue with no timescale of how long she will have to wait. Carlisle Housing Association.

**Case 24 – PIP referrals**

Timescales are extremely long for some PIP claims. PIP claim form was sent in on 27th February 2014, she received an assessment date for 25th March, this was cancelled at the last minute and rescheduled for 14th April 2014. Yet we are told the assessments are done in date order. Why can GP and consultants information and letters not validate a person's claim instead of them having to wait for a face to face assessments. Carlisle Housing Association.

**Cases illustrating difficulties and insensitivity in managing complex cases**

**Case 25 - adult 'P' who suffers from physical problems**

Would be nice to be dealt with by person who seems to understand you? But it's usually someone typing in a PC not giving eye contact. There's no-one there to build a relationship with and no knowledge of who you are. For example DACE phoned the Jobcentre to notify the benefits advisor that I could not attend a 1.30pm meeting. The advisor was on lunch when DACE phoned at 12.10pm. They phoned again at 1.05pm and because it was less than 30 mins to my appointment, the advisor would/could not allow the appointment to be cancelled. A sanction was imposed and my benefits stopped. I had [help] to write a letter explaining why I couldn't attend and I did this straight away. Later that week I received letters cancelling all ESA, Housing benefit, Council Tax benefit. DACE spent a lot of time contacting DWP and sorting that out, but it's all very worrying. My experience is that physical problems often cause mental health problems. DWP should understand this. I have deteriorating discs and have more surgery to think long and hard about. I've gone from physical hard work to being disabled by back and leg and having to apply for benefits. I use a walking pole. I want the system to treat people as people not numbers.

**Case 26 - 'K' who suffers from clinical depression and anxiety.**

'K' Suffers from clinical depression and anxiety. I always do what I'm told by professionals. Never been told my illness is for life. I feel I've improved because

of the support from CAB and Mind because I volunteer. It's helped that someone supports and understands. [Because of my health] I have big gap on my CV, and because I was volunteering it helped me with last appeal. This was under the new system but it was more or less the same. 1st time I had to go to appeal. 2nd time because of help from Mind and my sister (a good letter writer), they looked at evidence, and I didn't have to go to appeal. The interview lasted 20 minutes. Must have been tick boxes, how could she [Atos] do a full assessment in 20 mins. In the report it said I carried a big handbag, as if that counts. She asked how did I fill in my time. I answered 'I knit' as the occupational therapist suggested knitting. In report she used knitting as 'evidence' that I can concentrate. She asked 'do you watch TV'. She asked what. I told her, very selective viewing because of my history eg nature programmes. So I was left with feeling she doesn't understand what clinical depression is? How could she understand my problems?

My psychotherapist wrote a letter on my behalf. But they still sent a letter saying I'm fit for work. Less money till appeal which took 6 months. In that period of time they give less benefit. It's horrible, terrible, you hear on news 'they've all got huge TV's etc. I think if I've got A'B'C to pay for I'll pay A & B and C has to wait. Can't afford bills. They say people are out partying, I'm not partying. If I want to do something I have to save up for a long time. £60 per week when on appeal. Since bedroom tax, have to pay £20 for that.

Without support of family I can't imagine how I'd have survived that 6 months.

But 3 months after appeal the process starts again. I've got another letter, another assessment. (K is upset and tearful at this point). Sister's been a great help, she has said I wouldn't have to go alone. But the appointment was at very short notice and she couldn't attend. 9.00am Sunday appointment. Went to my doctor with the letter. Got snotty letter (threatening sanctions if I did not give reasons for non-attendance).

Every time I get on my feet they knock you down. They should make sure they give you someone who understands – training, expertise. The GP has been a great help and has been with me all the way at every step. It's been hard work, medication. Long process, no quick fixes. How can someone in 20-25 mins understand when it's taken so many so long.

When volunteering with Mind I feel happy there and safe. Otherwise I'm stuck in my house. When I'm in, I don't see anyone. People know about this and yet they're doing nothing.

When you've got to go to appointments, you phone. Sometimes they're polite. Other times get 'jobs worth'? 'No, these are the rules. Penrith Job Centre send people to Carlisle place or Penrith. DWP call centre I said please don't send me to Carlisle. I said he'd said it could be Penrith. I asked why. He said it was because of his 'quota' was for Carlisle. On day I had to go there. Someone from MIND came with me.

They don't communicate well. No warning, so people can plan. They changed my payment day. I got up went to garage, £10 fuel. Card declined. Went home and phoned to be told your payment day's Monday. Would have been good to know. Emergencies loan, how much do you want? £10 would be good. Told no, £6 is what we can pay you as a single person. Every time they knock me back.

### Case 27 'M'

M lives on her own in a one bedroom flat in Carlisle. She had been on ESA but following an assessment this was stopped. She was without benefits for 6 months but her ESA was eventually reinstated after support and intervention from local agencies particularly MIND. She found the Atos assessment and dealing with DWP very difficult and would not have coped without considerable support.

Atos interview was hard, having to figure out where it was and then going along. He asked lots of questions. It was hard going. I can't answer questions – find it difficult. They said I didn't qualify for benefits and I had a 6 month wait until these were sorted out. I borrowed a lot of money off friends and that's how I got by. And living off just bread. I went to a food-bank. Salvation Army were helpful. Also Mind (Alex Chalmers from Mind) and my GP can't remember name. I got through appeal and won. Got [benefits] backdated and paid friend back. Tempted to use moneylenders but managed to avoid that. I get support from Mind (Alex) and CPN but hardly ever see him, so that's useless. Psychotherapy – waiting – don't know how long. I volunteer at Mind 2 days a week.

When I have to phone benefits office? Alex from MIND will do that for me. To make it better they could give more support and advice. When I got a letter for an appointment [Atos medical] Alex said no don't attend. But I was in fear and attended and it was then he stopped benefits. I think I'd be dead by now, but that's not the point. Whenever you turn things are changing. But Alex does it all – makes notes about how many times, she has phoned up and eventually sorted things out. The letter re ESA declined 0 points was on 4/7/2013. But it took till April 2014 to get benefits re-instated and to get put in 'Support Group' for ESA.

I don't think the person who did the medical assessment even cared. Many people don't even understand what is going on around them and can't cope.

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## Acronyms used in the Report

<b>ACT</b>	Action with Communities in Cumbria
<b>Atos</b>	Atos Healthcare conducts assessments on behalf of DWP
<b>BRMA</b>	Broad Rental Market Area
<b>CAB</b>	Citizens’ Advice Bureaux
<b>CB</b>	Child Benefit
<b>CPI</b>	Consumer Prices Index
<b>CTB</b>	Council Tax Benefit
<b>CTC</b>	Child Tax Credit
<b>CTC</b>	Child Tax Credit
<b>DCLG</b>	Department of Communities and Local Government
<b>DHP</b>	Discretionary Housing Payment
<b>DLA</b>	Disability Living Allowance
<b>DWP</b>	Department of Work and Pensions
<b>EMA</b>	Education Maintenance Allowance
<b>ESA</b>	Employment and Support Allowance
<b>Has</b>	Housing Associations
<b>HB</b>	Housing Benefit
<b>IB</b>	Incapacity Benefit
<b>JRF</b>	Joseph Rowntree Foundation
<b>JSA</b>	Job Seekers Allowance
<b>LHA</b>	Local Housing Allowance
<b>NDDs</b>	Non Dependent Deduction
<b>ONS</b>	Office for National Statistics
<b>PIP</b>	Personal Independence Payment
<b>PRS</b>	Private Rented Sector
<b>SDA</b>	Severe Disablement Allowance
<b>UC</b>	Universal Credit
<b>WCA</b>	Work Capability Assessment
<b>WRAG</b>	Work Related Activity Group
<b>WTC</b>	Working Tax Credit



