

Royal Borough of Kensington and Chelsea

Shadow Health and Wellbeing Board  
Welfare Reform Task and Finish Group

***Report of local impacts of welfare reform  
and recommended mitigating actions***

December 2012

## Executive Summary

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Radical reform of the welfare system is underway that affects residents of Kensington and Chelsea who are either already in receipt of benefits, or who are likely to become dependent.

The most significant change so far has been the imposition of a cap on housing benefit for residents living in the private rented sector. This has progressively affected just over two thousand households since April 2012, and eighteen hundred of these will see a £25 or more reduction in their weekly household income as a result. For illustration, a couple with one child, with £495 per week rent (the price of a two bed flat in Earl's Court) and with one parent working 35 hours weekly on London Living Wage, will have to fund a rental 'gap' of £276 a week to remain in their property due to housing benefit being capped at £219 a week. As a result, they will be using £276 of their £330 income and benefits to meet this shortfall. This leaves just £54 a week of disposable income for the family.

This renders living in the Borough unaffordable for many, and there has been a consequent increase in residents presenting as homeless and being moved to temporary accommodation outside the Borough. This has implications for future support of both vulnerable adults and children at their destination and here, as family caring arrangements may be disrupted with knock-on effects for services, or efforts around particular households e.g. the Troubled Families initiative may be confounded. If, in future, households leave the Borough in large numbers and are replaced by younger households without children, then forecasting of demand for both Adult's and Children's services must take account of this.

However the expected migration has not yet happened and some households are managing to remain in Kensington and Chelsea for a variety of reasons. These households are likely to be under considerable and growing financial stress with debt, potential fuel and food poverty and mental ill-health as consequences.

These impacts will become more severe as a result of further changes in the pipeline such the Universal Benefit cap of £500 per week (£350 for single person households) for 'workless' households (i.e those working less than a specified number of hours) to be imposed in April 2013. Around 800 households in the Borough will be affected by this of which over half have at least one dependent child.

Existing systems offer some mitigation against the impacts and there have been enhanced efforts, albeit with limited success, to make contact with affected families and to prepare them for the changes. However the status quo has not been designed to meet the challenges created by welfare reform and the report recommends further analysis by commissioners and a collaborative approach to improving some aspects of services. Key amongst

these are debt advice, data matching to target efforts on those most vulnerable, and efforts to get people into work.

The Shadow Health and Wellbeing Board is provided with this information on welfare reform, the numbers of households affected and the likely impacts, to enable Board members to consider the implications of this on local commissioning and service provision.

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## Aims of the report

This report is the outcome of work undertaken by a Task and Finish Group convened at the request of the Shadow Health and Wellbeing Board (HWBd). It presents the following:

- A brief summary of **changes** to the welfare system
- Analysis of **who this is affecting** or is likely to affect
- An assessment, carried out by key partners, of the likely **impacts** of these reforms on the local population
- A summary of current **mitigating actions** implemented to support this process of change and a set of **proposed future mitigating actions** for addressing or alleviating local impacts of current welfare reform

The topic of welfare reform is key to the HWBd, given that a significant and growing number of people are already being affected by the changes, and that the impact on health and wellbeing is likely to be substantial for those affected. This is likely to result in changes to the local planning and commissioning of services and may have financial consequences.

# Section 1: Changes to the Welfare System

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## 1.1 Key points

In 2011, the Government embarked on a reform of the welfare system. Given the characteristics of the local housing market, with market rents much higher than the London and England averages, a disproportionate number of households in the Borough are affected. This is currently an issue for those receiving Local Housing Allowance, where shortfalls against high local rents after the introduction of the cap are so significant that they are unlikely to be met by landlords reducing rents or households increasing income. The LHA is used to work out how much Housing Benefit a household can receive. The impacts of financial shortfall are discussed in later sections of this report.

RBKC Housing, and Benefits and Revenue Departments, utilising data provided by the Department of Work and Pensions (DWP), have identified the total number of households likely to be affected by the welfare reform changes relating specifically to housing. In June 2012 a change in legislation enabled linking of DWP data with local council datasets, allowing further identification of specific population groups impacted by the changes.

There may be a number of 'overlaps', where households are affected by multiple welfare changes.

*NOTE: In the context of this report, "workless and 'out-of work' families will mean families who are not eligible for working tax credit. The eligibility rules for working tax credit changed in April 2012, requiring couples with children to work 24 hours a week, rather than 16 hours (lone parents can still only work 16 hours a week).*

## 1.2 Local Housing Allowance (LHA) rate

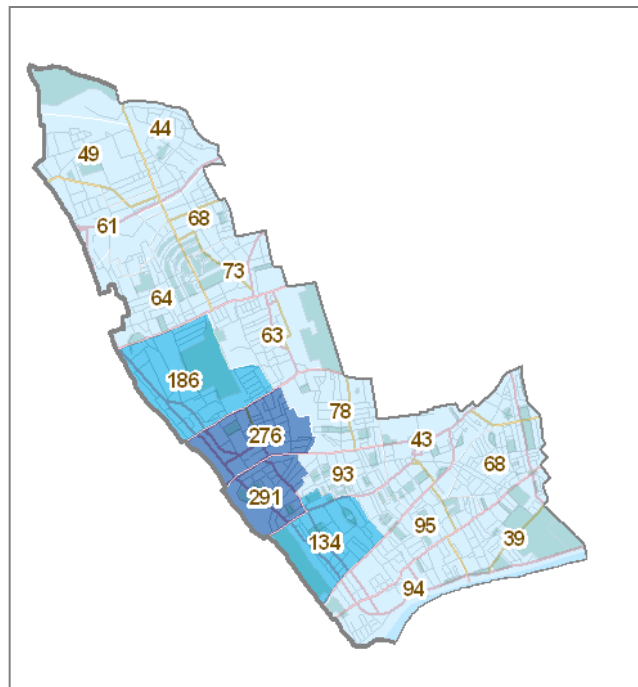
Since 1 April 2011, there has been a limit on the size of property and the maximum rent councils can pay via the Local Housing Allowance (LHA) to people living in private (tenanted) accommodation. The LHA is used to work out how much Housing Benefit a household can receive. For existing tenants, these changes have been phased in during 2012. Changes have included:

- The introduction of caps on LHA so that rates cannot exceed £250 for a one bedroom property and up to £400 for a four bedroom property.
- LHA rates set at the 30th percentile of rents in each Broad Rental Market Area, rather than the median 50th percentile.
- The removal of the five bedroom LHA rate so that the maximum level is for a four bedroom property.

### Numbers affected:

- Just over two thousand RBKC households are subject to the LHA cap.
- Just under 800 are working households, and around 1,200 are workless households.
- 800 households have at least 1 dependent child.
- Losses vary between £0.55 - £1,600 per week, with 1,800 having a loss of £25 per week or more.
- The three worst affected wards are Earls Court, Abingdon and Holland, with the largest number of cases with a £200+ per week shortfall. (numbers are much lower in areas of social housing such as St Charles, Golborne and Notting Barns - see Map 1 below).
- The impact of the LHA cap on *working* households in the borough is illustrated by Chart 1 below, identifying very low levels of remaining weekly income following the cap. The amount of remaining weekly disposable income available after paying a typical rent ranges from £47 to £127. This demonstrates that working households are likely to struggle to remain in the borough, or fall into increasing debt, if they stay and are not able to negotiate rent reductions

**Map 1: Number of households with a shortfall of £25 per week or more after changes to LHA**



**Chart 1: Weekly total income and rent outgoings for couple family with one child renting in RBKC by level of earning (rental cost of £495 per week)**



### 1.3 Universal Credit

The Government is integrating the following benefits into a single benefit called universal credit:

- Housing benefit
- Child and working tax credits
- Income-based jobseeker's allowance
- Income-related employment and support allowance
- Income support

Universal credit will be run by the DWP, via the Jobcentre Plus. Entitlement to universal credit will be dependent on the claimant agreeing to a tailored regime of conditionality. It will usually be paid monthly in arrears, as a single payment to one member of the household. This itself will be a major change for some recipients. The Government intends to make budgeting tools available on-line to help people to manage their money.

Universal credit will usually be claimed through an on-line account that each claimant will need to set-up. The Government intends to make support available to help people to access Universal Credit on-line, and there will also be a telephone channel.

Because all of these benefits are combined, and because it can be claimed on-line, universal credit will be simpler to claim than current benefits. It will also be easy for people to see how much better off they will be if they start work, or if their earnings increase, as only one benefit will be tapered-away (unlike the current world where the claimant must calculate the impact of changes on a number of benefits).

It is planned that most employed claimants will not have to report changes in their earnings. Instead these will be fed-in automatically via the HMRC's new Real Time Information system, which is being developed concurrently with universal credit.

Universal Credit will be rolled-out over the period October 2013 to October 2017. At first, only new claims in selected areas will be affected. But from April 2014, all new claims for the above benefits will be for Universal Credit instead and during the period 2014-2017, claimants already on the benefits listed above will be transferred to Universal Credit.

## 1.4 Overall Benefit Cap

This cap will be administered through Housing Benefit (HB) until the household is migrated onto Universal Credit, meaning that the HB payable will be restricted where people are subject to the cap. The key impacts are:-

- A fixed cap on total weekly benefits for workless households set at £350 for single person households and £500 for all others, based on UK median earnings to be implemented between April and September 2013.
- Where a household's combined living cost benefits and housing benefit exceeds the cap their benefit entitlement will be reduced to the cap. (Working households will not have their entitlement capped).

### ➤ Numbers affected by the overall benefit cap

- DWP data suggests 800 RBKC households will be affected.
- The 800 households affected includes 37 TMO cases and 72 housing association tenants.
- 456 (57%) of the households subject to the cap have at least 1 dependent child and a total of 1,020 dependent children between them
- Two thirds of those households affected have dependents aged 0-11 (see below):

Age groups	Number of dependents affected	Percent of total dependents
0 to 5	368	36%
6 to 11	356	35%
12 to 15	190	19%
16 to 18	106	10%
<b>Grand Total</b>	<b>1,020</b>	<b>100%</b>

- 250 households affected are receiving transitional protection from the LHA caps. This transitional protection will end on 31 December 2012 and the loss of this additional benefit will mean that the majority of these cases will fall below the overall benefit cap from April 2013.

## 1.5 Single Room Rate

The Shared Accommodation Rate (SAR) currently applies to single people aged under 25 on Housing Benefit in the private rented sector. These claimants are restricted to the rate for a single room in a shared house, rather than the rate for a self-contained one bedroom property.

It is known that the SAR causes considerable problems for young people, with many unable to secure or sustain affordable accommodation and are left facing shortfalls, arrears and homelessness. From January 2012, the Government extended this lower rate to claimants under the age of 35.

There are exemptions for some ex-offenders and for those who have spent three months or more in a homeless hostel.

### **Numbers affected:**

- 378 RBKC residents are affected by the under 35 years entitlement
- Claimants will lose £0.79-£248 per week

## 1.6 Size restriction in social housing

From April 2013, residents who rent from a social housing landlord (council or a housing association) and are of working age will have their Housing Benefit reduced if their home is considered too large. To assess this, the Council will compare the number of bedrooms in the property with the number of bedrooms the households need, assessed as follows:

One bedroom is allocated for:

- each adult couple,
- any other person aged 16 or over,
- two children of the same sex under the age of 16,
- two children under the age of 10 regardless of their sex,
- any other child,
- a carer (who does not normally live with you) if you or your partner need overnight care.

The reduction will be 14% of the eligible rent where the under-occupation is by one room and 25% where the reduction is two rooms or more.

Tenants exempt from this change include people who have reached pensionable age, those residing in temporary accommodation, those who reside in a caravan or houseboats, or those in supported accommodation.

### **Numbers affected:**

- Approximately 1,100 households affected by the social sector size restriction



## 1.7 Council tax benefit, to be replaced by local schemes

Government proposes to replace Council Tax Benefit (CTB) with 'localised support' through councils from April 2013. At present, councils administer CTB locally, based on rules set centrally. Under the new scheme, councils will determine their own discounts (pensioners will not be affected) funded by a fixed grant from Government set at approximately 90% of the current local authority spend.

Kensington and Chelsea has consulted on this and the matter awaits a decision. However, even if the Council absorbs the 10% reduction in funding in the first year of a local scheme, there is no guarantee this will be sustained in subsequent years so reductions in this may well impact on already hard pressed households in the future.

### **Numbers affected:**

- Minimal impact in Year 1, as the Council may decided to absorb the loss and run the same scheme currently in place
- May change in future with potential income reduction for 13,500 claimants

## 1.8 Changes to Incapacity Benefit

A process has commenced by which residents in receipt of Incapacity Benefit are reassessed via a Work Capability Assessment with the aim of determining the individual's ability to engage in work or work-related activity. If the assessment determines that the individual has some capacity to work, then they will be transferred onto Employment and Support Allowance Work Related Activity Group-(ESA WRAG) or invited to apply for Job Seekers Allowance (JSA). If they have no capacity to work they will be transferred onto ESA Support Group. Broadly speaking, individuals moved onto ESA WRAG or JSA will see a diminished income although there are transitional arrangements that will delay the impact of this for some. Those eligible for ESA WRAG who are claiming 'contribution-based' ESA (i.e. not means tested) will face a time limit after which they will be subject to a means test which may reduce their entitlement.

### **Numbers affected:**

- Around 4,355 residents receiving incapacity benefit will be migrating to JSA or Employment and Support Allowance (ESA).
- About 60% of those who migrate to ESA WRAG contribution-based benefit affected by the 365 day limit, are estimated to have access to income related ESA which will make up for some of the loss in benefit.
- The remaining 40% will face time limited JSA or lose their benefit.
- Those not entitled to income related ESA or JSA are estimated to have an average loss of entitlement of £99 per week.

## 1.9 The personal independence payment (PIP)

Conversion from working age disability living allowance (DLA) to PIP begins October 2013 and continues to March 2016. It brings a myriad of changes. In particular, unlike DLA, there will not be any condition or disability that gives automatic entitlement to PIP, although most existing claimants will be covered by transitional protection. The main issue therefore is for new claimants. The changes are complex, but some of those that are key include:

- Loss of severe disability premium (SDP)
- Disability element of working tax credit (WTC)
- Child disability element of child tax credit (CTC) £30 pw approx
- Health condition or disability must have existed for at least 3 months at time of PIP claim and expected to last for a minimum further 9 months
- Attendance Allowance recipients are not affected by PIP
- Children receiving DLA under old rules and approaching 16 will be invited to claim PIP

### **Numbers affected:**

- All of the 5,300 residents in RBKC currently receiving DLA will transfer to PIP between October 2013 and March 2016
- Loss of benefit between £19.55 and £51.40 mobility component and between £19.55 and £73.60 care component
- Loss of additional premiums in other means tested benefits between £14.05 and £55.30pw; for a couple this is £20.25 and £110.60
- Those who previously received benefit after three months now have to wait for six months
- Those who currently qualify under the supervision criteria may lose entitlement.

## 1.10 Social Fund Changes

There will be a significant change to aspects of the Social Fund, particularly in relation to Crisis Loans (interest free loans for people facing an emergency or disaster e.g. loans to young people leaving care to buy items such as clothing and toiletries where they have not yet received welfare benefit) and Community Care Grants (non-repayable cash awards made to help people move back into or remain in the community, or to ease exceptional financial pressure).

Administration will be transferred from DWP to local councils from April 2013 and arrangements are being made for Kensington and Chelsea to do this on behalf of Westminster and Hammersmith and Fulham.

### **Numbers affected:**

- 1,720 awards for both types of grant were made for residents of Kensington and Chelsea between April and September 2011
- There is a risk that the numbers will rise as welfare reform progresses

- Payments, historically cash, will be predominately by voucher or gift card
- Government has allocated the Royal Borough £417,000 for 2013-14 and 2014-15 to meet the cost of a local scheme

## Section 2: Assessment of Likely Impact

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### 2.1 Key points

There are clear indications of numbers affected by welfare reform locally, and it is possible to identify what some of the likely impacts of the reforms are on local residents. However, because of the number of variables it is not possible to define the way in which the changes combine to affect individual households.

It is also not clear how those affected by the LHA cap will respond, as those managing to remain in spite of the housing allowance cap are clearly drawing on unknown resources to prolong their stay in Kensington and Chelsea. Intelligence is being gathered as increasing numbers of households are affected. However, the nature of the datasets means that, whilst we know whether those receiving housing benefits stop claiming in the borough, it is not possible to establish whether this is because they have moved elsewhere, or have remained but simply stopped claiming for other reasons.

Whilst calculations suggest substantial shortfalls for those who choose to remain in the borough, evidence suggests low engagement with council services and a 'head in the sand' approach, with low numbers dropping off benefit. Families may be drifting into debt to 'make ends meet' or drawing on finite extended family resources.

As part of the assessment of likely impacts of current and future welfare reform, the Task and Finish Group requested its members (Council, Health, and Voluntary Sector) to identify additional impacts for further assessment, as detailed in an impact matrix tool. External publications, such as UCL Institute of Health Equity report of 2012 provided an evidence base for some of the work.

### 2.2 Inner London Context

Impacts from welfare reform are anticipated to be more significant within Inner London because of high private sector rents. Westminster City Council and the London Borough of Hammersmith and Fulham have also been undertaking work to assess impacts.

#### **Westminster**

Westminster has established a Steering Group chaired by the Strategic Director of Housing, Regeneration and Property. This Group has senior membership from Adults Services, Children's Services, Public Health (including representation from the Health and Well Being Board) as well as Housing and Benefits Services. The Group's function so far has been to ensure that all households are informed of the caps, the options open to them and the support available.

They have identified vulnerable households through, for example, data matching of Housing Benefit and Social Services' records, and have updated the Discretionary Housing Payment (DHP) policy and developed protocols for its use.

This Group will continue to oversee the Council's response to the benefit changes. Westminster City Council Health and Wellbeing Board 'Operational Group' (OP) takes an active interest in this issue and its link to the local Health and Wellbeing Strategy.

### **Hammersmith and Fulham**

Hammersmith & Fulham Council (LBHF) established a special team within its Housing Options Service to tackle the position of households it had placed in temporary accommodation and which were affected by changes to Local Housing Allowances (LHA). The HB Assist Team has been successful in finding resolutions for the majority of households who found themselves in this position and with a large number of these cases, the team was successful in negotiating with landlords to reduce the rent charged down to the cap level to allow the tenancy to be sustained. In other circumstances, the team has arranged a move to more affordable accommodation.

The LBHF Cabinet will soon consider a proposal to extend the role of HB Assist to address the wider and more complex issues raised by Welfare Reform. The scope of the team will be to consider the housing and allied issues relating to those households affected by the total benefit cap and universal credit (amongst other impending changes).

The team will assess what form of intervention, if any, may be appropriate for any one household. This may include providing information about the changes, discussion with landlords, assessing the suitability of Discretionary Housing Payments, or providing direct support to help household members into employment.

### **Royal Borough of Kensington and Chelsea**

RBKC Housing and Benefits departments having been working in a coordinated way from the outset to identify residents affected and to help them understand their choices.

The Shadow Health and Well Being Board established this Task and Finish Group to bring together the impacts and identify current work. The Director of Housing has established a multi-operational group to take forward the recommendations contained within this report.

## **2.3 RBKC Summary of likely impacts**

It is difficult to predict with a high level of certainty what proportion of the impacted residents will migrate out of RBKC or attempt to remain within the borough. If the latter, Housing will continue to see an increase in numbers

seeking assistance which will pose ongoing and increasing challenges in securing temporary accommodation which is unlikely to be in-borough.

An offer of accommodation out-of-borough is more likely but there will be increasing challenges in the ability to procure this within a reasonable distance of Kensington and Chelsea.

There will be staffing/capacity and also demand issues relating to future Discretionary Housing Payments (see below) and these are also drawn from a finite allocation of money from Government.

### Likely impacts of Housing Benefit Shortfall

Housing Benefit shortfall		
Move out of borough	Become homeless	Stay in home
<ul style="list-style-type: none"> <li>• Potential safeguarding issues</li> <li>• Breakdown of formal and informal care arrangements</li> <li>• Educational/work disruption</li> </ul>	<ul style="list-style-type: none"> <li>• Social exclusion</li> <li>• Housed out of borough (safeguarding, breakdown of care arrangements, educational disruption etc)</li> </ul>	<ul style="list-style-type: none"> <li>• Overcrowding: <i>mental health, stress, relationship breakdown, safeguarding</i></li> <li>• Debt: <i>food and fuel poverty, physical and mental health issues.</i></li> <li>• Possible eviction</li> </ul>

## 2.4 Known impact of Local Housing Allowance (LHA) changes

### Numbers receiving LHA

Since November 2011, there has been a reduction in the overall LHA caseload from 2,700 to 2,108. This is the net figure representing the movement into and out of receipt of LHA i.e. those privately renting households who have left the Borough of their own accord or who have found work over the relevant income threshold.

Despite pensioners being affected in the same way as others by LHA caps, the number of pensioners claiming LHA in the borough has increased by approximately 10% over the past 12 months.

### Discretionary Housing Payments (DHP)

DHP are awards made to those customers who have a shortfall in their entitlement to Housing or Council Tax Benefit. These are awarded according to guidelines from Government and are intended to allow time limited support for specific reasons such as completing an educational year or a course of medical treatment.

Basic Government funding for 2012/13 for Kensington and Chelsea is £1.4m, but as a result of carrying forward a small underspend from last year and an

in-year one off addition of £400k from Government, total funds available in the borough for DHPs in this year amount to almost £2m. The Council's funding from Government for 2013/14 has not been announced at the time of writing, but the overall national budget is expected to increase by 300%. Assuming the Royal Borough's allocation increases in the same proportion, the Council is likely to have approximately £4 million to spend.

However there is no certainty that this level of funding will be sustained and it has been estimated that around £11m would be required in 2013/14 to meet all potential demands, so only the most vulnerable can expect to be successful with their DHP applications.

### **Assistance requests**

The housing department at RBKC have recorded a 22% increase in those requiring housing assistance, with an average of 45 private rented sector households approaching due to the LHA changes per month.

Enquires with Kensington and Chelsea Citizen's Advice Bureau (CAB) about LHA have risen to 492 in the first quarter of 2012 from 360 in the first quarter of 2011 (the biggest impact enquiry has been around migration from Incapacity Benefit to ESA, accounting for 466 enquiries in Q1 2012 compared to 203 in Q1 2011).

### **Numbers in temporary accommodation**

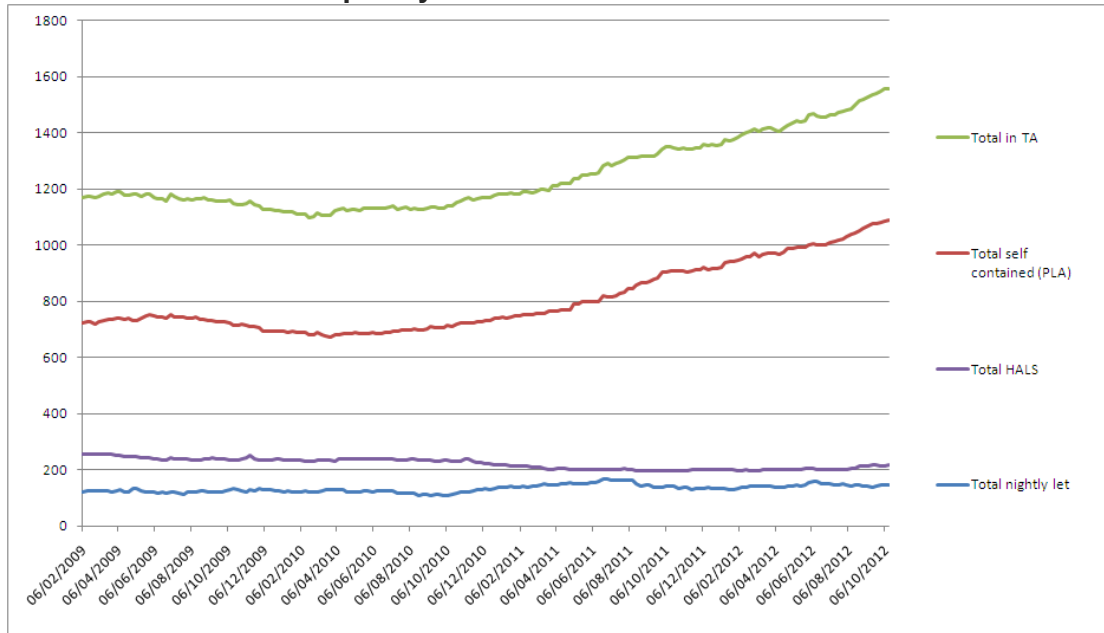
Numbers in temporary accommodation (TA) have been rising steadily irrespective of welfare reform, but the LHA cap has accelerated this. The total number of households now in TA is 1,575, predominantly families. They are housed in different categories of accommodation:

#### **Numbers affected:**

- 1,079 in Private Licence Agreement (PLA) – self contained accommodation procured from private letting agents, approximately 90% of which is out of borough
- 22 in Privately Managed Accommodation (PMA) – self contained accommodation procured through the Brent Framework – all of which is out of borough
- 146 in bed and breakfast accommodation (B&B) – half in and half out of borough, and predominantly for singles (only 3 families are currently being housed in B&B)
- 2 in Nightly Lets (self contained accommodation paid for on a nightly basis)
- 65 in TMO hostels – all in-borough
- 219 in self contained accommodation procured from Housing Associations (HALS) – all in-borough
- 42 in Supported Accommodation – all in borough

Chart 2 below is an illustration of the figures above

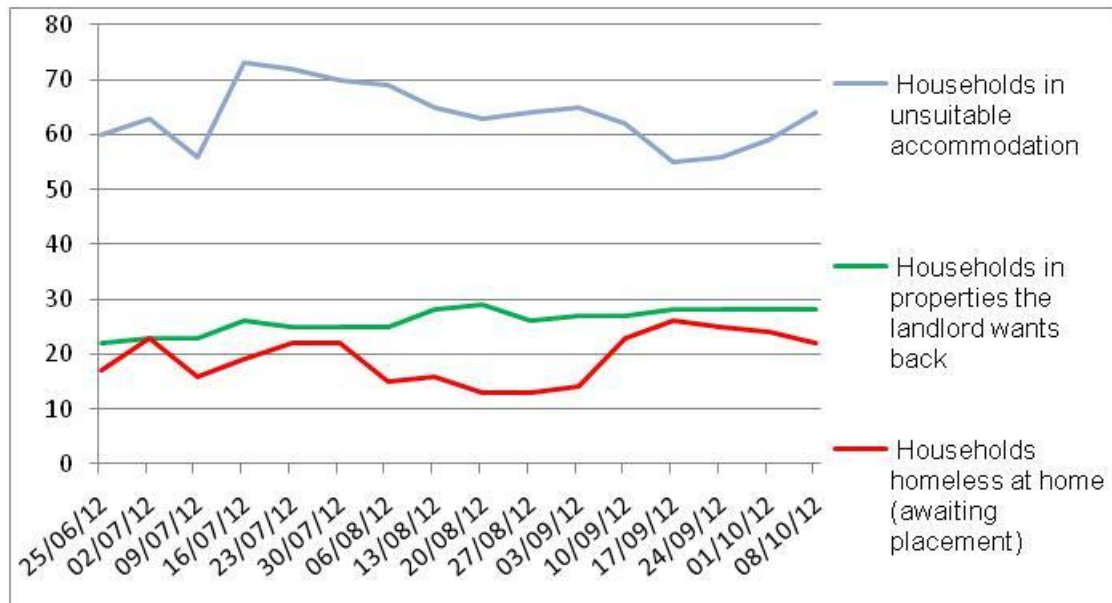
**Chart 2: Numbers in temporary accommodation over time**



**Total nightly let:** Bed and breakfast accommodation and accommodation paid for on a nightly basis.  
**Total HALS:** Self contained accommodation from registered providers (Notting Hill).  
**Total self contained (PLA):** Self Contained accommodation procured through the PRS and leased from Letting agents  
**Total in TA:** total in all forms of TA, additionally including hostels, and supported accommodation

As shown in Chart 3, there are 114 households who are currently residing in unsuitable temporary accommodation, or who have been unable to be housed and are awaiting placement:

**Chart 3: Numbers in unsuitable accommodation or awaiting placement over time**





## **Challenges securing temporary accommodation**

Apart from small pockets of the borough (1 bed accommodation in Inner North London, north of The Westway), the caps will mean that procuring private rented sector accommodation in borough is virtually impossible (as payable levels are significantly below market rents). Furthermore, the Private Rented Scheme (LetStart) in borough has now ceased due to the lack of available housing within the LHA cap, and any future schemes will need to focus outside borough boundaries.

The caps are likely to affect temporary accommodation subsidy, meaning the vast majority of temporary accommodation will have to be procured outside of the borough (it is currently a 35:65 split - in and out of borough). Additionally, with increased competition for accommodation in other areas of London, price rises beyond the LHA level are likely to mean local authorities are forced to subsidise, or more likely look further afield than London.

## **Education**

With migration, education may be disrupted as children may have to move to schools out of the area. Alternatively, families may commute their child across London to sustain their place in the existing school, potentially with a detrimental effect on childrens' education. There could be a significant impact in particular on families with children with special educational needs and disabilities as these children often depend on continuity of provision and stability. Families moving away may be replaced by others moving in although new residents are unlikely to be benefit dependent simply because of the LHA cap and local rents.

The precise impact of the LHA cap on school rolls and childcare providers is not yet known. This is because of a 'lag' in recording data of schools rolls and also because of the high mobility that already occurs in many schools in the borough. Patterns of school roll movement should be monitored and the factors understood.

## **Safeguarding and Children in need**

Tracking and safeguarding children and adults at risk of abuse could be a challenge as the number of vulnerable families moving from RBKC increases. Formal processes are in place for transfer of cases, but it is acknowledged that RBKC thresholds for eligibility for social services may be lower than other areas, hence families may not receive services which they would have done here in the Borough.

Data sharing between Benefits and Revenue and Children's Services identified that four families affected by the LHA cap who had been moved out of RBKC were known to social services as 'children in need', or for safeguarding reasons. Protocols and processes are in place for the transfer of such cases, including notification of the locality social work teams in the new location if appropriate. A further sixty families affected were known to Families Services in the last year, with nine being active cases in Borough.

Schools and children's centres have anecdotally reported that families are contacting them with significant financial difficulties, often requesting letters of support when faced with eviction from their homes. Again, social work teams (either attached to schools or locality-based) have worked with families to support them in their move.

## 2.5 Other potential impact of welfare changes

There are a range of other potential impacts of local welfare reform which also need to be considered:

### **Vulnerable families**

A potential increase in debt and homelessness amongst vulnerable families will destabilise living situations, with potential increase in demand for statutory services, such as to address domestic violence and safeguarding issues. There are also potential impacts on vulnerable people that require safe environments. A move to shared accommodation (as a result of the single room rate) could pose issues e.g. for young people with mental health issues, young people leaving care, and older adults who share their accommodation with other family members or strangers.

### **Childcare as a barrier to work**

Under Universal Credit there will be substantial changes to the structure of support through the benefits and tax credits system for families with childcare costs. It is a positive step that the government has extended support with childcare costs to those working under 16 hours per week, but there is concern that childcare costs are no longer disregarded for the purposes of Housing Benefit (and potentially Council Tax Benefit) under Universal Credit. This could leave some families considerably worse off than they are at present.

For example, tax credits currently cover up to 70% of childcare costs for children in working families. However, many low income working families can get up to 96% of their childcare costs covered through the current benefits and tax credits system. The additional 26% is provided through Housing Benefit and Council Tax Benefit. Under Universal Credit, this additional support will be lost. All those entitled will receive 70% of their childcare costs, potentially leaving some of the lowest income working families having to pay up to seven and a half times as much towards their childcare costs from their own pocket than they do under the current system.<sup>1</sup>

### **Migration/Overcrowding**

Overcrowding and unsuitable accommodation may arise for financial reasons, and are future issues of concern. Situations could arise whereby families may reside together, including older and more vulnerable adults housing younger family members with them.

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<sup>1</sup> The Parent Trap: Childcare cuts under Universal Credit. The Children's Society 2012

## Debt

An assessment of reduced income resulting from individual and multiple benefit changes makes debt an issue of future concern for both workless and working families, (see Chart 1, page 6). It is already known that the elderly population tend to neglect themselves more, a pattern that is also reflected in people with learning disabilities; any further debt pressure or fear of debt is likely to exacerbate this trend. Both these populations are at risk of health inequalities now, and removing more money is likely to have a significant effect on this population.

In addition to the impact on individuals and families, there are potential risks to organisations, including the Council and Registered Social Landlords, relating to potential council tax and/or rent payment arrears.

Advice agencies dealing with debt advice cases (such as the Citizens Advice Bureau and Nucleus) are in a good position to provide a view on the impact of changes based upon the volume and nature of the cases they handle.

- Advice agencies in the borough deal with over 2,000 clients on a quarterly basis.
- Twenty percent of enquiries are directly debt advice related.
- Debt is the second highest area of demand for advice in the borough next to welfare benefits, and in many cases where the enquirer presents with a different primary advice need, there is often a debt or financial component.

The establishment of a credit union in the borough (*Your Credit Union Kensington and Chelsea*) will assist in tackling financial exclusion, encourage improved money management, and provide residents with an alternative to high interest lenders. The Credit Union will not provide debt advice services itself, but it will link with local advice agencies and operate responsible lending policies.

The Credit Union can also play a role in supporting the introduction of Universal Credit, offering an option where recipients need to establish an account to receive the payments. Recipients will need to budget and manage their money effectively and the Credit Union can help by establishing “jam jar” accounts to manage rent and other critical commitments.

Reduced numbers qualifying for PIP at transition from child to adult aged 16 may increase child poverty among families caring for ill/disabled young person aged 16+.

There may be more demand for Section 17 monies from struggling families. A Section 17 (Children Act 1989) payment is made when financial assistance is required to promote a child's wellbeing and to promote their welfare. At a minimum, the move to monthly benefits payments will present a challenge for many families who are perhaps used to budgeting and living ‘day to day’.

## Physical and mental health

A review of available evidence base, including the UCL Institute of Health Equity report of 2012, suggests the following potential population health impacts:

<p><i>Overcrowding/unsuitable accommodation may impact on:</i></p> <ul style="list-style-type: none"> <li>➤ Mental health issues including increased stress</li> <li>➤ Respiratory conditions</li> <li>➤ Children’s physical and educational development</li> <li>➤ Hazardous environments accidents/danger to children</li> <li>➤ Safeguarding issues</li> </ul>	<p><i>Eviction/Homelessness may impact on:</i></p> <ul style="list-style-type: none"> <li>➤ Alcohol/substance misuse</li> <li>➤ Physical and mental health issues</li> <li>➤ Worse health outcomes than the general population so increased health inequalities</li> </ul>
	<p><i>Debt may impact on:</i></p> <ul style="list-style-type: none"> <li>➤ Fuel poverty</li> <li>➤ Food poverty/poor nutritional intake</li> <li>➤ Alcohol/substance misuse and gambling</li> <li>➤ Physical and mental health issues</li> </ul>

In addition, there could be increased demand on primary and secondary care services including:

- Requests for support from GPs and/or mental health services with Work Capability Assessment (the process used to re-assess incapacity benefit) appeals.
- Additional support required by individuals with health conditions (assessed as fit to work) in returning to work –necessitating more collaborative working arrangements between services (employment and health).
- Requests for support from GPs and other primary care staff such as health visitors, in dealing with potential threat of eviction.
- Increased demand on primary, secondary and social care services as a result of informal care breakdown resulting from carers having to migrate.

## Crime

During periods of recession or budgetary hardship for households, crime statistics tend to show an increase in activity. There is not necessarily an increase in offenders but there is an increase in offending as households try to retain their standard of living. The demand for “goods” inevitably leads to the support and functioning of a “black market”.

There are four priorities for the Borough which are: serious acquisitive crime; total notifiable offences; public safety; and public confidence. The risks within

these categories are that crime will increase amongst young offenders/adults 16 to 24 (both as victims and perpetrators), and domestic abuse may rise because of family and financial pressures.

Current response to repeat burglary and/or domestic abuse has been to undertake target hardening. This is likely to become both more critical, given the circumstances whereby choices have become more limited by welfare reform, and harder to do. For example landlords may not grant consent for works if they feel that the existing occupants are unable to stay longer term, and residents may choose to stay in an abusive situation rather than move away from the Borough.

When Universal Credit is introduced, the plan is for it to be paid to one named individual within the household. This presents an increased risk of financial abuse where, for example, a criminal head of household is the recipient.

The Borough's 'Offender Management Programmes' will also be challenged if those who have committed crime or who are at risk of doing so are unable to maintain their current accommodation in the Borough.

The impact of welfare reform implications for crime and disorder was considered by the Safer Surer Policy Board on 22<sup>nd</sup> November 2012.

### **Social cohesion and community structure**

There is a risk of changing population structures in local communities and a potential breakdown of informal networks. One case study found that a household previously resident in RBKC for all of their life recently moved to East London as a result of the LHA reforms. The family had few life skills and little confidence to relocate and settle in a new environment.

## **2.6 Case Studies of those affected by LHA changes**

Four real case studies have been included below, which illustrate the far-reaching impacts on childcare, employment and informal care networks arising from current welfare changes. Whilst these cannot reflect the full range of experiences, they do illustrate some of the issues highlighted in relation to likely impacts, and have also helped shape additional mitigating actions suggested in Section 3.

### **CASE ONE: Temporary solution from Discretionary Housing Payment, but longer-term issues exist for client and Council**

The client, aged 45, had worked but was forced to give up because of physical health problems. Her husband with mental health problems was trying to do some temporary work. They have one child aged 12 and have lived in the same private rented accommodation for 10 years. They currently pay rent of £525 a week and were in receipt of almost full Housing Benefit to cover the rent. Due to the Housing Benefit cuts, this was reduced to £290 a week.

Citizens Advice Bureau assisted them with an application for a Discretionary Housing Payment to RBKC. A time-limited award was made to cover the rent for a period of time on the basis that a search should be made for cheaper alternative accommodation. However, this will not be easy due to the family's health problems.

If the family is unable to pay their rent either because the DHP has run out or because they have been unable to find affordable accommodation themselves, they will potentially become homeless and dependent on the Council to provide them with accommodation.

The special circumstances of this family may suggest they are prioritised for local accommodation because of their health problems, but if local accommodation is not available this may have implications for continuity of healthcare, support/care networks and the child's education.

**CASE TWO: Tenant moved out of borough – significant social and financial impacts on family and cost implications for council and wider society**

The client is a single mother of a seven year old daughter and two grown-up sons (the sons do not live with her). Until recently she worked in Westminster in a relatively low paid job. She has been living in social housing for 32 years and originally lived in a Housing Association flat. She approached the Council about a noisy and aggressive neighbour and was encouraged to access the "Letstart" scheme through which the Council helped her move to private rented accommodation, with Housing Benefit.

When the cap was introduced, she had to give up the privately rented property and present herself as homeless to the Council which subsequently housed her in temporary accommodation in East London. She had to find a new school for her daughter there and to give up her job in Westminster as it was not viable to continue working with the financial shortfall, travel expenses, and lack of support network for her daughter.

There were problems registering her for JSA, which in turn delayed her council tax benefit, so she had to apply for a crisis loan from the Job Centre.

She is angry that the Council convinced her to give up her tenancy originally, to move into something unsustainable and feels her 'heart and soul are in Chelsea', and is pessimistic about the future as she will have a 2-7 year wait to get a council tenancy again.

This case illustrates the cost shunt to the Council through the process of arranging temporary accommodation; to the benefit system through the loss of employment and to the individual in moving her to a higher state of dependency.

### **CASE THREE: Impact on children**

A single mother of a primary-aged child contacted the child's school to seek assistance relating to their child's housing and education. The school-based social worker met with the mother, who divulged that they were facing financial difficulties and that her privately rented flat was no longer affordable because of the limit to Housing Benefit received. The landlord was threatening eviction but the child was preparing to sit her key stage 2 national curriculum assessment.

The school wrote a letter of support, which outlined the child's position and the level of disruption moving house would cause. Nonetheless, the family were evicted and the child now commutes from North East London each day, a journey of approximately two hours each way in an attempt to sustain local links.

### **CASE FOUR: Longer term solution - landlord reduced the rent**

A female client aged 43, unemployed, lives as a couple with a dependent child aged 5. The family are private tenants and their LHA shortfall was £190 per week, due to the reduced cap of £290.

The claimant sought advice on the new rules but the landlord has agreed to reduce the rent to applicable cap of £290, so the family can continue to stay in the home.

The claimant does not have to move, and has not incurred rent arrears or other debts.

## Section 3: Mitigating Actions

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### 3.1 Key points

A range of activity has already occurred to date to support those affected by the welfare changes and particularly by LHA cap. There has not been time to analyse projects to help residents into work or to maintain employment where they have it, but these will be a critical component of ensuring the health and well being of those residents who remain in the Royal Borough.

It is recognised that further mitigation could help those are affected to cope with the changes to their situation. The suggested mitigating actions have been designed to improve the identification of those affected, (particularly the most vulnerable) and to ensure that they are known to key service providers, to support or 'signpost' them to further assistance. Also included are actions to ensure systems are in place to support safe transfer (where transfer is necessary) and suggested approaches for monitoring movements in order to better understand migratory patterns.

Whilst it may only be possible to delay rather than prevent movement out of the borough, co-ordinated action may help to alleviate some of the consequences of the reform such as homelessness, debt, stress, exacerbation of mental health problems and safeguarding risks, all of which may have considerable resource implications for local services.

### 3.2 Improving identification of clients

#### **Action to date**

There has already been work carried out by RBKC Departments to identify numbers and cohort groups impacted and to share data wherever permitted (such as children known to Family Services). Also, social landlords have been given the details of all tenants affected by welfare reform changes such as the Housing Benefit under-occupation reduction.

In addition, all households affected by the LHA changes were invited to meet with the Council to discuss their situation, although few took up this offer.

#### **Potential future action**

The recent opportunity to link data offers substantial scope for further identification of vulnerable clients, either for service planning purposes or for individual follow-up and support.



## Recommendations to HWBd

### Strategic

- Embed continued monitoring (via data analysis) within the Joint Strategic Needs Assessment process, including a requirement to work collaboratively to undertake further and ongoing in-depth analysis using the linked data for planning purposes. For example, establish exact numbers of those affected by age, area, number of children, level of vulnerability. In addition, explore opportunities to expand on current monitoring systems, in order to address other identified gaps in knowledge
- Collaborate across commissioning over the impact of welfare reforms to ensure intelligence of local impacts informs commissioning decisions and service planning/design. For example, continuously assess local impacts on services from population changes/increased demand and facilitate collaborative working between services such as health, employment and benefits agencies. Determine whether/how best to commission the third sector to support families in difficulties i.e. outreach to provide advice, guidance and support to access services

### Operational

- Establish appropriate processes to ensure that the aforementioned data analysis and reporting is used by service providers to produce confidential client-level reports of vulnerable clients to relevant frontline staff to ensure vulnerable clients (e.g. older people and safeguarding cases) can be given enhanced support or signposted to relevant services. (This may require an information-sharing protocol.)
- Arrange for front-line council and Health staff, schools and third sector services to be regularly briefed on the imminent changes (particularly those in October 2013) and how they will affect workless and disposable income particularly within more vulnerable households and those housed in the social rented sector. Include within this a clarification of roles of services and opportunities for joint working, particularly in the light of the joining of health and social care around GP practices.

## 3.3 Prioritising which clients to contact and best use of resources

### **Action to date**

See paragraph 3.2 above

### **Potential future action**

Systems and protocols may need to be set up locally to establish *who* may be eligible for increased support from services, and from which services. The

Temporary Accommodation Placements policy does already provide a framework for prioritising how resources are allocated.

In some cases (e.g. child protection), London-wide protocols on transition of families are followed locally but if the number of vulnerable families placed out of borough (or out of London) in temporary accommodation increases as a result of the reforms, this may present challenges for Children's Services.

The triborough 'Troubled Families' initiative is in its design phase. Councils will work with families to address issues around education, crime and anti-social behaviour, worklessness and potentially other locally identified issues such as health. It is highly likely that many of the Troubled Families cohort will be affected by the welfare reforms and consideration should be given to how to sustain engagement with these families when the welfare reforms may see them move out of the borough.

## **Recommendations to HWBd**

### Strategic

- Establish a prioritisation process for approaching and supporting affected households on the assumption that existing resources are not sufficient to meet the demands of all those affected.
- Where there are safeguarding issues, children in need, children attending early years provision in children's centres, children in borough's schools, vulnerable older people and those in contact with social services, assurance should be sought from the Local Children's Safeguarding Board and Safeguarding Adults Board.
- Ensure that responsibilities around safeguarding and safe transition of clients to other local authority areas are understood and implemented. This includes clarifying what has been agreed around safeguarding at a London level and clarifying local authority ongoing responsibilities when families migrate out of borough and also payment arrangements for care/input provided by receiving boroughs.

### 3.4 Ongoing monitoring of change

#### Action to date

There have been challenges around monitoring the movements of clients affected, and the health and social impacts of the change. Specifically, it is not possible to link the DWP data with health data. Also, there are difficulties tracking clients after they have moved out of the borough. However, the details of those customers impacted by welfare reform changes have been shared with Children and Families services as well as Adult Social Care, to ensure that vulnerable households are identified and appropriate support is offered.

#### Potential future action

Opportunities exist on a pan-London basis to gain a fuller understanding of movements in a wider area than just the tri-borough local authorities.

#### Recommendations to HWBd

##### Strategic

- Request the active participation of the tri-borough Public Health -Health Intelligence team and also RBKC Intelligence team in the programme of London-wide research projects (projects running currently include a programme being lead by UCL) investigating the impacts and migratory patterns of those affected by welfare reform. The Unit is to issue reports to members of the Board for distribution to commissioners to enable relevant services to respond in service planning.

### 3.5 Awareness-building and advice with front line service providers

#### Action to date

Anecdotally, there appears to be a mixed level of awareness of welfare changes amongst front line staff, and a lack of clear understanding of what help is on offer to support clients affected. This is not surprising, as the welfare changes are complex and fast-moving.

Housing services have contacted affected households with a range of support, including advice sessions. However, the advice sessions have been poorly attended, and it is accepted that there may be cultural barriers to approaching council services for advice – they may be seen as “the bearer of more bad news”. This may be in contrast to contact with peer groups, or voluntary sector organisations.

A Worklessness Coordinator is currently based in the Housing Department, ensuring that housing providers are linked into local agencies and tenants are signposted to services.

The Housing Department has also been working with the Housing Benefit Department to develop a web-based guide to welfare reform that can be made available for staff.

### **Potential future action**

Because in many cases, affected households appear to be showing resistance to accepting the change, information, signposting and support delivered to them from non-council agencies may be more effective in securing their engagement than the current model.

Home visits from the Housing Department have been offered to older people, and more extensive use of this mechanism could be explored where people are identified as needing additional assistance.

Using more complex analysis of those affected it may now be possible to target awareness building among the most affected schools/health visiting teams/ children's centres etc.

At the outset, welfare reform advice sessions with front line social workers and other Council staff took place. The sessions included benefit advice and signposting offered by front line professionals. It is proposed that these sessions are expanded to include the wider front line community health, education and social care staff.

### **Recommendations to HWBd**

#### Operational

The HWBd to:-

- ensure that existing debt and employment advice and support is rationalised and made available at all points where those affected by welfare reform are presenting with their problems
- produce and distribute a coherent package of written and electronic material for front line workers, detailing what the changes are, and what services are on offer to support households where welfare changes are the trigger for their problems. This should include e-mails or pages on websites, with signposting to services for support around moving home, who to contact if in debt etc
- implement information sessions for front line workers most likely to be working with vulnerable residents to equip them to identify those impacted by welfare changes, to disseminate information and to signpost to further assistance (currently data sharing cannot be implemented to identify health service users). As noted before, include within these sessions the opportunity to clarify the role of different services providers and to explore more collaborative working on this issue

- consider implementing outreach information sessions for residents in primary care/community settings
- explore potential for Community Champions Programme, Health Trainers and similar initiatives to disseminate information to affected residents and encourage attendance at information sessions. In addition explore the potential for these programmes to assist residents to access additional information/advice services

### 3.6 Support into employment

#### Action to date

RBKC residents can access a variety of agencies and organisations providing help them prepare for, seek and gain work. There is a mix and a range of provision, from the mandatory programmes that the Jobcentre can refer claimants to, through to projects and support delivered by local voluntary providers. The Economic Development Team brings coordination to this provision through the RBKC Worklessness Network. Central Government funded support includes:

- The Work Programme, for the long term unemployed
- Families Programme, addressing a range of barriers to employment faced by family members, a qualifying adult enables support to be provided to other members.
- The Youth Contract, featuring incentives to employers and additional support for disengaged 16-17 year olds
- Day One Support, to provide work placements for 18-24 year olds who have a lack of a work history

The Council funds two current projects providing back to work advice and support, including Workwards delivered by Nova New Opportunities and a construction focused project BUILD, delivered by Kensington and Chelsea Council. Both accept unemployed and economically inactive residents.

The current Housing and Worklessness Project seeks to improve the links between housing providers and organisations offering employment support. The project is working with housing providers to increase their commitment to activity, to help tenants prepare for and seek work. Closer referral links are currently being developed between housing providers and three lead employment organisations (Nova New Opportunities, Clement James and Kensington and Chelsea College).

Other Council-backed actions include the publication of an annual Jobs and Training Guide, and for the past five years the organisation of a Jobs Advice and Training Fair with around 40 exhibitors and between 400-600 residents attending.

## **Potential Future Action**

There is potential for stronger engagement and referrals to employment support from advice agencies and officers dealing with benefit claims.

There is also potential for monitoring the performance of the DWP Work Programme in supporting our residents, particularly in its success in working with those furthest from the jobs market.

### **Recommendations to HWBd**

#### Operational

- To avoid the risk of duplication link into and make use of established networks of employment support.
- Encourage closer working between services and agencies such as that being explored in the Housing and Worklessness project

## Section 4: Appendix – Terms of Reference

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### Local Impact Assessment of Welfare Changes

#### Task and Finish Group Terms of Reference

**Accountable to:** Shadow Kensington and Chelsea Health and Wellbeing Board

**Links to:** JSNA Steering Group

**Chair:** Paul Morse Director of Revenues and Benefits

#### Membership

Paul Ellary - Revenues and Benefits

Amanda Johnson - RBKC Housing

Ian Elliott – Tri- Borough Children’s Services

John Jeremy - RBKC Adult Social Care

Henry Leak – RBKC Adult Social Care

Dominic Baker - RBKC Intelligence Team

Mark Ward – Community Safety Partnership

James Hebblethwaite - NHS INWL Senior Health Intelligence Manager

Patricia Griffiths - NHS INWL Senior Public Health Manager

Mary Gardner - KCSC Child Poverty Lead/Third Sector/Advice Services Representative

Charles Barber – Kensington Citizens Advice Bureau

(The designated representative of each Department/Organisation will nominate a representative to attend in his/her absence to ensure continued input and to enable effective and timely implementation).

**Frequency of meetings:** Monthly

**Role and Function:** The Task and Finish Group will bring together key partners to implement a comprehensive assessment of the impacts of welfare reform changes on the local population and on service planning, commissioning and delivery.

The expected outcome is a report to the Shadow Health and Wellbeing Board which details possible mitigation strategies.

#### Key Objectives:

1. To map local population cohorts likely to experience a change in circumstances as a result of changes to housing benefit, incapacity benefit reassessment and/or universal credit.

2. To implement an assessment of the impact of welfare changes on population cohorts and also on services
3. To determine local monitoring systems for tracking outcomes.
4. To develop strategies for mitigation which are collaborative, coordinated and ensure maximum effectiveness.
5. To produce a report for the Shadow Health and Wellbeing Board that can usefully inform local service planning and commissioning