

evidence



All change for social housing

Liz Phelps examines controversial proposals for social housing reform

With 1.8 million households on waiting lists, the need for more social rented homes is undeniable. But the remedy which is being proposed in the Localism Bill strikes at the heart of what makes social housing such a highly valued resource – its security of tenure and affordable rents. The reforms reduce individual choice, and transfer power from tenant to landlord. As such, they sit uncomfortably within the wider objectives of the Localism Bill.

Firstly, councils will be able to prevent people from registering on waiting lists if they do not consider them to be in housing need. This might include those reluctantly renting in the private sector who are looking for a social tenancy. As a result, waiting list numbers will no longer reflect the true demand for social housing.

Secondly, the Bill removes the right of families and vulnerable households accepted as homeless, to refuse an offer of private rented accommodation as 'settled' accommodation. Given the poor quality and lack of security in the private rented sector – itself a significant and growing source of homelessness – it is not surprising that homeless households in 'priority need' often refuse such an offer. Yet the Bill includes no proposals

for private rented sector reform, to make the sector more acceptable to homeless households.

Thirdly, the Bill gives social landlords the power to offer 'flexible' fixed term tenancies for as little as two years. Landlords will then be able to decide whether the tenant's circumstances merit a renewal of the tenancy, or whether they should be evicted to make way for another household in greater need. This massively disempowers social tenants, and undermines wider objectives to promote the value of work, increase tenant involvement, and promote mixed communities.

Finally, in order to fund more social housing, tenancies will be let at up to 80 per cent of market rents. Low-income tenants will therefore be funding the supply of new social housing through their rent, and the housing benefit budget – which the DWP is so desperate to cut – will be used to fund new housing supply. Larger families may well find that these higher rents result in their being caught by the DWP's planned £500 benefit cap.

These proposals fundamentally change the face of social housing. We are therefore very concerned that they have been rushed through with only a truncated consultation process, and no opportunity for

ministers to consider the responses before the Localism Bill began its journey through the parliamentary process.

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Ringling the changes

Cathy Finnegan argues that stronger regulation of non-geographic telephone numbers is needed to address failures in the market and protect low income consumers

Do you know how much it costs to call an 0800, or 'freephone', number? What about phoning a so-called 'lo-call' 0845 number? The names given to these 'non-geographic' number ranges reflect the original intentions behind them, which were that the former would be free and the latter would cost the same as a local call, regardless of the location of the caller. But things have changed and these names can now be very misleading.

With the advent of mobile phones and the recent proliferation of both fixed and mobile phone providers, the cost of such calls is no longer so predictable. For people calling from a mobile phone, calls to both these types of number can now cost up to 40p per minute. A reasonably modest ten minutes spent on hold followed by a two minute conversation can therefore cost nearly £5. For someone who lives on a low income, this can represent a substantial sum, and as the numbers are often the only way to call essential services, there is frequently no choice but to use them.

To make matters worse, many people do not have a clear idea of the amount they will be charged. Messages which state 'calls cost x from a BT landline, but calls from mobile phones may cost considerably more' are far from adequate. Competition within this market is clearly not working to keep prices down. Regulatory action is needed to address both the lack of transparency and the levels of charges. For those who rely on pay as you go mobile phones, credit can be used up

very quickly, meaning that phone calls may be unexpectedly cut off before they are finished. For those with contracts, unexpectedly high bills can, at best, prove a nasty surprise, and at worst may precipitate or worsen a debt problem.

A CAB in the South East saw a woman who had come for money advice because she had multiple debts. She was trying to contact HMRC (an 0845 number) to resolve problems and pass on information about her tax credits, but was finding it difficult to do so because her phone credit kept expiring before she was able to complete her calls. The extra telephone expenses were adding to her financial problems and causing her more stress and anxiety.

Non-geographic numbers are often used by Government departments, including for benefit application and enquiry lines, as well as essential service providers such as banks and utility companies. Many of these organisations initially made the decision to use non-geographic numbers in order to improve accessibility and reduce cost for their customers. However, changes to the telephone market – particularly the rise in mobile phone use – have altered the consequences of this decision. People on low incomes are particularly likely to be reliant solely on a mobile phone, with one in five consumers in social groups D and E in this situation, compared with only one in ten in groups A, B and C 1. This makes the level of these charges particularly unfair.

A CAB in the South East told us about their client who had recently

made a claim for tax credits that she then needed to follow up. The client needed to call an 0845 number from her mobile and on more than one occasion she was put on hold for 40 minutes and then cut off without being answered. She spent over £40, and this made her existing financial hardship worse.

In a recent national survey of over 3,800 CAB clients, 30 per cent of respondents said they had contacted a government helpline three or more times in the last six months, and 15 per cent said they had done so more than six times in the last six months. This frequency of calling makes high call costs even more detrimental.

Sometimes people can be put off calling these sorts of numbers because of the potential costs, which can be difficult to estimate, since it is often unclear how long they may be kept on hold, or how long the call may last. Our survey found that 74 per cent of respondents who only had a mobile phone had been put off calling a government or other helpline – such as their bank, gas or electricity company – because of the high call costs. It is difficult to estimate the impact that a failure to make these calls might have, but where a problem needs to be resolved, inaction or delay is likely to make the situation worse.

The costs associated with calling these numbers from mobile phones can also force people to seek alternative ways to make calls. For example, they may have to rely on friends or families, make trips to a phone box, or visit their local CAB

1. *Communications market review, Ofcom, 2010*

to make calls. In our survey, 15 per cent of all respondents, and 20 per cent of respondents who only had a mobile phone, had asked their local CAB to call a helpline on their behalf because they could not afford to do so themselves. This is not only time consuming, disempowering and inconvenient for individual consumers, but it also uses valuable CAB resources in the form of staff and volunteer time.

Citizens Advice has long campaigned for call charges to 'non-geographic' numbers, including 0800 and 0845 numbers, to be revised, and in January 2010, the DWP announced a significant improvement, by negotiating with the main mobile phone providers, to enable most of the key benefits helplines to be free of charge. This was only a start, however, and at the end of last year the communications regulator, Ofcom, published a very welcome consultation proposing to simplify and improve the current regulation governing these numbers.² This proposed making calls to 0800 numbers free from mobile phones and improving transparency of charging for other non-geographic numbers, including 0845.

0800: Making freephone numbers free

Making 0800 numbers free from all phones is an eminently sensible proposal that has the potential to considerably reduce consumer detriment. As Ofcom rightly notes, there are potential dangers, but these are not insurmountable.

Mobile phone providers currently make a profit from calls to 0800 numbers, and if this were no longer possible, providers could attempt

to make up for this elsewhere, for example, by charging higher prices for other mobile services (other types of call, subscription charges, handsets etc). But this change could actually represent a better deal for consumers in general. If people who call non-geographic numbers from their mobile phones, who are more likely to be on low incomes, are paying over the odds for such calls, they are therefore cross-subsidising other elements of the mobile phone market. This is not in the best interests of low income consumers, nor does it lead to transparency or effective competition. This situation is strikingly similar to the way that unauthorised overdraft charges operate in personal current accounts, where the charges paid by vulnerable people on low incomes largely subsidise the 'free' banking enjoyed by many more affluent customers.

Another danger is that organisations which use 0800 numbers might stop using them if the costs that are currently borne by callers were transferred to them. Making 0800 numbers free to all callers could fail to achieve the intended benefits for consumers if it led to a mass move away from using these numbers, or to blocking of calls from mobiles by call recipients. However, some of this impact could perhaps be mitigated by exempting charities and providers of essential public services from paying higher charges to receive calls on freephone numbers from mobile phones.

0845: Transparency is not enough

For other non-geographic numbers, such as 0845, Ofcom intends to improve transparency of charges. It is concerned that the lack of consumer awareness is causing detriment, and suggests that by improving

knowledge and understanding – and thus competition – the market failures can be addressed. However, while improving transparency would be a positive step, it seems unlikely that mandating the provision of additional pieces of information will – on its own – address the market failures of non-geographic numbers. In the financial services sector, where increased disclosure has often been mandated or encouraged as a response to problems, there is ample evidence of the failure of this approach.

Furthermore, consumer choice and competition is often constrained by factors other than a lack of knowledge. The need to make calls to non-geographic numbers may be difficult to predict. They may only arise, for example, if a bank fails to make an expected payment or a fuel supply is disrupted, or if a person's circumstances change necessitating a benefit claim. Even where there is some choice initially, by the time they need to make a call, these consumers are already 'locked in' to dealing with their particular service provider and their existing phone company.

Conclusion

Greater levels of intervention are required to improve the framework for delivery of non-geographic calls. We hope that Ofcom will take decisive action and set a maximum price for each number range. This would clearly be in alignment with its principal duty to further the interests of consumers and citizens and, in performing this duty, to have regard to vulnerable consumers and those on low incomes.

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2. Simplifying non-geographic numbers: Improving consumer confidence in 03, 08, 09, 118 and other non-geographic numbers, Ofcom, 2011

Still out of order

Alex MacDermott looks at the impact of the charging order process on consumers, and the steps creditors can take to reduce the harm

Charging orders are a legal way of forcing someone to repay what they owe. They effectively turn unsecured debts into secured debts that have to be repaid on the sale of the property they are secured against.

Creditors who hold charging orders can force the sale of the property the debt is secured against, by way of an order for sale. So, as most charging orders are secured against a person's home, this effectively means that the person's home is at risk if they fail to keep up payments on any debts – including their credit card, store cards or water bills.

This comes as quite a shock to consumers, who pay higher rates of interest for unsecured credit products, and don't expect their homes to be at risk if they fall on hard times, but are still able to keep up payments towards their mortgages.

The process by which charging orders are obtained – which includes a county court judgment, an interim charging order application and a final charging order hearing – is also stressful and confusing for consumers.

Taken together, the implications and complexity of charging orders places creditors at a significant advantage over consumers, as they're always better placed to understand what's going on and have near limitless resources with which to fund court action.

So it is not surprising that when faced with a charging order, some consumers take drastic action:

In the South East a client who owned her home out-right sought advice because a creditor wanted a charging order, despite the fact she'd never missed a payment due under the terms of a county court judgement. The client's house was worth £250,000 and the debt was only for £7,800. Because she found it so stressful, the client planned to sell up and move into a mobile home, even though she was ill and this type of accommodation might make her health problems worse.

In the North West the partner of a CAB client facing a charging order stepped in and repaid the debt. The family could ill afford to make the lump sum payment of over £1,300, but faced with the stress of court action and the threat of losing their home, they went against advice and did it anyway. So while one creditor got paid, another lent more money to someone who wasn't really able to repay it.

A client who was in negative equity went to another CAB in the North West as one of his creditors was seeking a charging order. The creditor in question was actually owed less than the client's other creditor, and after the client missed a couple of payments, they would not accept a fair share of his disposable income. Instead they rejected his offer of £40 and went back to court twice – eventually forcing the client to increase his offer to £77.22.

As these cases show, some consumers are extremely vulnerable when faced with harsh debt enforcement practices. They often take action that isn't in their own

best interests, borrow money they can't afford to pay back, or repay the debt at a rate they can't afford. In some cases, the charging order can prevent them from moving on with their life:

A client visited a bureaux in the West Midlands for help accessing the Mortgage Rescue Scheme. Under this scheme struggling homeowners can effectively sell their homes to a registered social landlord and then rent them back, saving them from the horrors of repossession. Unfortunately one unscrupulous lender had already secured a charging order against the client's home, and because they would not be repaid in full after the sale – because the client was in negative equity – they refused to let the rescue go ahead.

Some creditors want charging orders so badly they go back to court to ask for the terms of the original judgment to be changed. If they're successful, the person instantly breaks the terms of the new order and they get their charge:

A client visited a CAB in Derbyshire as he was having problems with a creditor. With the bureau's help, he made an offer to repay the debt. This was accepted by the creditor, but they still wanted a charging order. So they issued a county court money claim, which the client responded to with the same offer of payment. The court agreed this was all he could afford and entered the judgment for the amount offered. The creditor wasn't happy with that, so went back to court again. At the time of writing the client had not missed

a payment but had to go before a judge to have his case heard.

Our 2009 report, *Out of order*, set out our evidence of charging orders and orders for sale, and called for better protection for consumers.¹

Since then the coalition Government has committed to providing “more protection against unreasonable charging orders and ensur[ing] that courts have the power to insist that repossession is always a last resort, and ban orders for sale on unsecured debts of less than £25,000”.²

But so far nothing’s happened and creditors have been free to carry on as before: since June 2009 over 125,000 charging orders have been made and 840 orders for sale have been granted.³

The number of orders for sale is low, and the number of charging orders made has declined since 2008, but the consumer detriment has not gone away and there is nothing to stop creditors using these methods again, once the housing market picks up and people have more equity.

The Office of Fair Trading (OFT) has taken action against four firms over the way they use charging orders,⁴ but they haven’t spelt out how firms should use charging orders and orders for sale, especially in more complex cases like these:

A single parent came for help in the West Midlands. One of her sons had autism and she suffered from depression, arthritis and alcoholism. She was simply unable to deal with her debts. Her other son, who no longer lived with her, found an

eviction notice in amongst her other papers. After some investigation it turned out that one of her creditors had successfully applied for a charging order, an order for sale and a warrant of eviction for previously unsecured debt of around £3,500. Despite the client’s engagement (albeit extremely late), the creditor was simply not willing to suspend the eviction. Instead the client, her son and the CAB had to make several costly, stressful and time consuming court applications to stop the eviction and set up an affordable repayment plan.

Regulation or not, we believe that firms should take decisive action and ensure that their high level policies are matched by their everyday practices.

We’re always told that charging orders are used to ‘secure a creditor’s interest’, not to force people to pay more. And we’re constantly assured that no one would ever apply for an order for sale, and even if they did, they’d never actually evict someone.

If they truly mean what they say, firms should have no problems adopting the following best practice process:

- Everyone’s ability to pay should be objectively assessed using the common financial statement.⁵
- If the person pays what they can afford, this should be accepted for up to one year, so they can concentrate on overcoming their financial difficulties or putting right whatever went wrong.
- If the person’s situation does not improve within that year, creditors should clearly explain

why they want a charging order, what a charging order is, how one is obtained and where the consumer can seek further advice.

- This explanation should include a commitment that once the order is in place, the client won’t be asked to pay more, but they can increase or reduce their payments should their circumstances change.
- The creditor should clearly explain that they will never apply for an order for sale.
- When the order is drafted, the creditor should ensure that it contains a clause which allows for the repayment amount to be varied by agreement between the creditor and the consumer, without the need to go back to court.
- No paper work should refer to “further action” being taken, as the only further action that can be taken is the application for an order for sale.
- Regardless of how far through the process they are, if the consumer engages, further enforcement action should stop, and their engagement should be rewarded with an affordable repayment plan and suspension of further action.

This would match what creditors say, and would ensure the use of key elements – such as the enforcement restriction order and statutory debt management plan regimes – which may never be implemented otherwise.

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1. *Out of order – CAB evidence on the use of charging orders and orders for sale in debt collection*, Citizens Advice, 2009

2. *The Coalition: our programme for government*, HM Government, 2010

3. HM Court Services statistics, Q3 2010/11

4. oft.gov.uk/news-and-updates/press/2010/119-10

5. For more details of the common financial statement see cfs.moneyadvicetrust.org/

Driving growth, or empowering rogues?

The Government wants to “drive economic growth and create jobs” by watering down the legal rights of workers. [Richard Dunstan](#) reports on what Citizens Advice fears may simply become a ‘charter for rogues’

In January, the coalition Government launched a consultation on a range of reforms of the employment tribunal system.¹ Announcing the consultation exercise from 10 Downing Street, the Prime Minister pulled no punches when setting out the thinking behind the initiative:

“Speak to businesses and they’ll say that the balance of rights is tilted far too much in favour of employees over employers. They say it’s become far too difficult to hire and fire workers, and far too easy for those workers to make unscrupulous claims against them. This not only costs our businesses a lot of money, but it takes up a huge amount of time and effort too. Vitally, it makes businesses think twice before taking people on. I’m determined we shift some of that balance back.”

The opening paragraphs of the press notice issued by the Department for Business, Innovation & Skills throw further light on the mindset of ministers and those to whom they have been listening most:

“The [proposed reforms] are designed to give businesses more confidence to take on workers and support growth. Tribunal claims rose to 236,000 last year – a record figure and a rise of 56 per cent on 2009 – and business has to spend almost £4,000 on average to defend itself against a claim. Concerns have been raised by business that ... it is too easy to make unmerited or vexatious claims.”

But will the proposed measures really “drive economic growth and create jobs”? Or will they just make it even easier for rogue employers to gain an unfair competitive advantage by exploiting their workforce?

Perhaps the most controversial of the proposed reforms is an extension of the qualification period for workers to be able to bring a claim of unfair dismissal, from the current one year to two years. The consultation paper sets out the Government’s estimate that this would reduce the number of tribunal claims by between 3,700 and 4,700 a year – that is, by as little as 1.6 per cent.

It is not easy to see how such a modest reduction in the total number of tribunal claims would “give businesses greater confidence to hire new staff” and so “fire up economic growth”. Indeed, the Chartered Institute for Personnel Development (CIPD) suggests that “such a move would do nothing for jobs in the short-run against a backdrop of weak economic growth, and would at best have only a limited impact on the economy’s underlying job creation potential”.² But Citizens Advice is concerned that an unknown – but quite possibly significant – proportion of these ‘lost’ claims would have been brought by low-paid workers who have been mistreated or exploited by a rogue employer – a vulnerable group on which both ministers and the consultation paper are disappointingly silent. Indeed, we would view any such extension of the ‘unfair dismissal’ qualification

period as little more than a charter for rogue employers, who would then have up to two years, rather than 12 months as now, to exploit a worker and then dismiss them just before they complete the qualification period.

In fact, any suggestion that the number of employment tribunal claims is spiralling out of control due to a wave of ‘vexatious’ and ‘speculative’ claims is, as the TUC has noted, ‘disingenuous and misleading’.³ The vast majority of the 236,000 claims made in 2009/10 were multiple claims covering large groups of workers, often brought by trade unions in relation to disputes over equal pay or working time. The number of such claims has indeed increased significantly in recent years, but such *multiple* claims cannot easily be categorised as ‘vexatious’, ‘baseless’ or ‘speculative’.

However, the number of claims made by *individual* workers – amongst which one would expect to find the supposedly growing number of ‘vexatious’ and ‘speculative’ claims of which employers (and now ministers) so noisily complain – is actually lower than it was ten years ago, having fallen slowly but steadily over the first half of the past decade and then flat-lined. It did increase by 14 per cent in 2009/10, but given the economic downturn and the resulting wave of redundancies at that time, this is hardly surprising – and certainly provides no justification for eroding

1. *Resolving workplace disputes: a consultation*, BIS/Tribunals Service, January 2011

2. CIPD news release, 10 January 2011

3. TUC briefing, 13 January 2011

the legal rights of workers.

The consultation paper also proposes a doubling of the upper limit on a costs award (which a tribunal can make against a claimant deemed to have pursued a claim with no reasonable prospect of success) from the current £10,000, to £20,000. It suggests that this will “encourage parties who pursue weak claims to think carefully before initiating tribunal proceedings”. However, the paper also notes that “anecdotal evidence suggests that in many cases, where the claimant is unrepresented, [employers] or their representatives use the threat of costs sanctions as a means of putting undue pressure on [the claimant] to withdraw from the tribunal process”.

In fact, the evidence of such intimidatory practice is not simply ‘anecdotal’: in 2004, a Citizens Advice report set out detailed evidence from the casework of Citizens Advice Bureaux on the all-too-common use of such unjustified threats to intimidate low-paid workers, pursuing relatively low-value claims, into withdrawing their claim.⁴ Recent evidence from bureaux indicates that such intimidatory practice remains widespread and is even routine on the part of some employer representatives.

Furthermore, as 84 per cent of all costs awards made by tribunals are for less than £4,000, and all but eight per cent are for less than £8,000, there is no substantive, evidence-based case for increasing the £10,000 upper limit. But doubling the limit to £20,000 would undoubtedly strengthen the hand of unscrupulous employers and their legal representatives when seeking to intimidate low-paid,

unrepresented claimants pursuing a relatively low-value claim.

At the time of writing, the Government is shortly expected to launch a further consultation, this time on the introduction of an employment tribunal application fee. Some employers’ bodies have called for a fee of up to £500. There can be no question that any significant application fee – and especially one of £500, the equivalent of two weeks’ wages for someone on the national minimum wage – would constitute a substantial barrier to justice for low-paid workers who have been mistreated or exploited. Employers’ bodies have argued that such an application fee is needed to deter the ‘spurious and baseless’, ‘vexatious’ or ‘speculative’ claims that they claim (without presenting any substantive evidence) are ‘clogging up’ the tribunal system.

However, the last major review of the employment tribunal system, the Gibbons Review in 2007, concluded that “weak and vexatious cases make up only a small minority of tribunal claims”.⁵ And tribunals already have extensive powers to deal with this small minority of cases: they can require a deposit of up to £500 in a seemingly weak case, can strike out a vexatious or misconceived claim, and (as noted above) can award costs of up to £10,000 against a claimant deemed to have pursued a claim with no reasonable prospect of success. Despite its stated commitment to policy-making that is “based on sound analysis [and] evidence”, the Government has not set out any evidence that these existing powers and mechanisms are not used effectively and consistently by

tribunal judges.

Furthermore, it is not obvious how an application fee of up to £500 would solve the problem of which employers (and now ministers) complain. The British Chambers of Commerce (BCC) states that it typically costs a business £8,500 to fully defend a tribunal claim, but ‘only’ £5,000 to ‘settle it by paying off’ the claimant. The BCC, the CBI and other employers’ bodies argue that this has led directly to the system being ‘clogged up’ with ‘speculative’ claims by those seeking an easy £5,000. But, if it really is that easy to extract £5,000 from an employer by making a groundless claim, it would surely be worth it – to those minded to do so – to pay a fee of £500 and make a ‘profit’ of £4,500.

The coalition Government prides itself on being a ‘listening’ government. We hope that ministers will now listen to our concerns and think again. But if they don’t like what they hear from us, and others like us, then perhaps they should reflect upon the advice of one Human Resources Director, quoted in the *Daily Telegraph* on the very day that ministers launched their consultation:

“The one simple thing government could do in the employment sphere to help create jobs is: nothing. A period of stability where employers don’t have to worry about the latest changes and adapting policies and procedures but just get on with focusing on doing the day job would be a blessed relief.”⁶

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4. *Employment tribunals: the intimidatory use of cost threats by employers’ legal representatives*, Citizens Advice, March 2004

5. Para 4.39 of *Better dispute resolution: a review of employment dispute resolution in Great Britain* (the Gibbons Review), DTI (now BIS), March 2007

6. Keith Luxon, HR Director of Veolia Water, quoted in ‘Employer’s Charter leaves the job undone’, *Daily Telegraph*, 27 January 2011

Coping with housing benefit shortfalls

Christie Silk considers the implications of the forthcoming LHA cuts from a case analysis of CAB clients

As part of the £18 billion benefits cuts programme, the Government plans to reduce the housing benefit budget by around £2 billion a year by 2015. Claimants who are private tenants in receipt of local housing allowance (LHA) will be the first to feel the impact of these cuts, as the first wave is introduced from April 2011. On average, LHA claimants will lose £12 week from the April cuts, and losses will be far higher in high cost areas of London.

The immediate impact will be that tenants will face shortfalls between their LHA and the rent they have to pay their landlord. Such shortfalls are nothing new in the housing benefit system – DWP figures show that 49 per cent of LHA claimants already face shortfalls averaging £24 per week¹ between their benefit and their rent; the April cuts will come on top of this.

Advising on private tenant rent arrears is one of the fastest growing areas of CAB housing advice, up 26 per cent in 2009/10 from the previous year. It is clear from CAB case evidence that shortfalls put huge strains on claimants’ budgets, increasing poverty and often tipping them into rent arrears and even eviction.

To gain greater insight into the impact of shortfalls on claimants’ lives, we analysed the cases of 207 CAB clients who approached a CAB with LHA shortfalls between July and December 2010. On average, clients paid weekly rents of £127 and had weekly shortfalls of £36.

Although all the clients had shortfalls (on average, amounting to 30 per cent of rents), only 30 per cent had arrears, suggesting that they prioritised rent payments. But as a consequence, almost 40 per cent had cut back on daily expenditure, most commonly on food, housekeeping and fuel. Clients had also stopped paying bills, repaying credit and reduced spending on child, disability and travel related costs. Strategies used were to borrow from family or friends, increase their overdrafts, use credit cards and apply for budgeting or crisis loans.

A Lincolnshire CAB saw a father who moved accommodation after a relationship break-down. He couldn’t pay his bills or buy food because he was struggling to meet the shortfall. This meant he couldn’t afford for his children to come to stay.

The evidence suggests that even current LHA rates don’t provide sufficient support for some households, and the forthcoming LHA cuts are likely to increase the problem, furthering poverty and debt.

The DWP has argued that claimants facing unmanageable shortfalls will have a number of options to help them cope. However, as outlined below, our case analysis suggests that these options will create their own set of problems.

Discretionary housing payments

Where a claimant faces a shortfall, they can apply for a discretionary housing payment (DHP) to make up

the difference. In recognition that these LHA cuts are likely to result in rent arrears and homelessness, DWP has significantly increased local authorities’ DHP budgets – by £130 million over the next four years.

However, one of the most striking findings from our case analysis was how few people knew of the existence of DHPs. We found that 88 per cent were not receiving any DHP and the main reason – given by 40 per cent – was because they weren’t aware of them.

A Welsh CAB advised a man who had mental health problems. Although his rent was at the lower end of the local market, he had a weekly shortfall of £20. The client was in arrears, even though he prioritised rent payments. He had to borrow from family and friends to afford fuel and food. He hadn’t applied for a DHP because he hadn’t heard of them.

If DHPs are to be a key plank in mitigating the impact of the cuts, it is critical that their existence is better promoted amongst claimants. It would be inexcusable if vulnerable households faced eviction because they weren’t aware of the help available.

Barriers to moving home

We are pleased that the DHP guidance is being amended to emphasise that DHPs can be used to help with moving costs. Our case analysis showed that the cost of moving was often a reason why

¹ DWP, *Two Year Review of the Local Housing Allowance, 2011*

claimants felt unable to move to cheaper accommodation.

However the main reason for not moving was because clients couldn't find cheaper accommodation in the local area (30 per cent of clients who tried to move gave this reason for not doing so).

A retired couple were finding it difficult to cope with a weekly shortfall of £50 and had to use their savings to pay for bills and food. They had been refused a DHP. They searched for alternative accommodation but couldn't find anything within the LHA rate.

Clients whose children were in local schools were reluctant to move because changing schools would be disruptive to their education. CAB clients who were non-resident parents were anxious to continue living near their children.

The limited availability of suitable, affordable accommodation is of particular concern for people with disabilities or long term health problems. Forty one per cent of clients were in this group, of which almost a quarter said that they couldn't find – or didn't look for – cheaper accommodation because of a health or disability related reason.

Single claimants under 25 are disadvantaged by current LHA regulations which cap their LHA at the average rent for shared accommodation. This shared room rate (SRR) restriction makes no allowance for the fact that shared accommodation may simply not be available in the area or that sharing may not be suitable for vulnerable people. On average, the shortfalls of single under 25s in our case analysis amounted to 40 per cent of their rents – 14 per cent higher than that of other households.

This suggests that many were in fact living in self-contained one bedroom accommodation, rather than sharing. The DWP proposal to extend the SRR restriction to single people aged under 35 from 2012, will push a further 88,000 people into this trap, without providing any additional accommodation to meet this new demand.

Will landlords reduce their rents?

The Government hopes that landlords will reduce rents to levels which are affordable under the reduced LHA rates. Amended guidance will make it easier for local authorities to pay HB directly to landlords to encourage rent reduction. Easier access to direct payments won't, however, change the situation for vulnerable claimants whose HB is already paid to the landlord.

While it is impossible to predict how landlords will behave, our analysis suggests that this expectation may be over optimistic. Almost three quarters of clients didn't even try to negotiate lower rents, mainly because they were concerned about the landlord's reaction, fearing that it would increase the chances of eviction. Many felt they weren't in a position to negotiate because they were in arrears, or simply because they were HB claimants.

Of the cases reviewed, only 26 clients tried to negotiate with their landlords to reduce their rents, and only four of these made any progress. Clients felt that their landlord was unsympathetic to their situation and some felt pressurised to move.

The low success rate of client-led negotiations suggests that LA homelessness prevention teams

may need to take a lead in any negotiations on rent reduction.

A London CAB client had a weekly shortfall of £50. She had a disability and thought it would be difficult to find affordable, suitable accommodation. The client tried to negotiate lower rents with the landlord, who had refused. The client was subsequently awarded DHPs for two months while the local authority tried to negotiate with the landlord.

Clients were also reluctant to ask for a rent reduction where they felt the amount was the 'going rate' for the accommodation given its size and location.

Conclusion

Our evidence demonstrates how LHA shortfalls can lead to poverty, debt and eviction. Shortfalls will become a reality for many more households and it is essential that they are supported to stay in their homes or helped to move to suitable, affordable accommodation. The Government's proposed support strategies will face significant challenges. The increased funding of DHPs is welcome, but it is essential that they are widely promoted. Direct payments may encourage some landlords to reduce their rents, but tenants may need official support to negotiate successfully. Building policy on the hope of behavioural change is a high-risk strategy – and the consequences of failure will inevitably be borne by tenants themselves.

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Serving those who serve?

Lizzie Iron explores the findings from a survey of clients with Forces connections

Since 2008, the Royal British Legion and the Royal Air Force Benevolent Fund (RAFBF) have jointly funded Citizens Advice to provide fast-track benefits and money advice services for clients with a connection to the Armed Forces. The service involves 38 bureaux, with 43 full-time equivalent caseworkers across England and Wales.

The service has consistently met its targets for numbers of clients seen, and has significantly exceeded targets for financial gains made for clients – total financial outcomes for 2009/10 amounted to £23,681,570, including debts written off, benefits gained, and grants or other income achieved, for 8,131 clients.

Advisers found that the service involved considerably more complex casework than routine CAB work. The perception of advisers was that these clients also had higher incidents of mental health problems. In order to quantify this information more accurately, we asked advisers to survey their clients for a period of four weeks between July and August 2010.

Twenty six bureaux completed surveys, giving a total of 311 client responses. Clients were asked if they – or their partner – were diagnosed with any of certain conditions, or if they thought they were experiencing any of them: there was a noticeable difference between the levels of diagnosis and the levels of perceived problems, with just over half the respondents (54.3 per cent) having no formal diagnosis, but just under half (46.3 per cent) saying they were not experiencing any of the listed problems. The list included post-traumatic stress disorder (PTSD), anxiety disorder, depression, adjustment disorder, bi-polar disorder, psychosis, dementia/alzheimers, and 'other'. The conditions most commonly diagnosed or experienced were depression, anxiety disorder and PTSD.

Problem	Diagnosed	Thought they were experiencing
Depression	29%	40.9%
Anxiety disorder	14.7%	20.1%
PTSD	12.6%	13.9%

Of 50 respondents who specified a problem under 'other', 30 (60 per cent) were diagnosed with medical

or physical problems, and 20 (40 per cent) with other psychological problems, including alcoholism. Of 29 who thought they were experiencing some 'other' problem, approximately half were psychological.

Respondents were asked when the condition had started, and whether there had been a specific trigger: 120 free text responses were received, of which 23 (19 per cent) said they had had the condition for between five and ten years, and eight were long-term problems; 28 (23 per cent) considered it to have begun on discharge from the Forces, and five said it had started while in Service; 31 (25.8 per cent) identified a specific trigger, which included family problems, redundancy or work-related problems, and debt-related difficulties.

Resettlement support

The Forces offer a range of resettlement services, the scale of support being based on an individual's length of service. The survey asked whether the client or partner had received resettlement provision before leaving the Forces. Of 294 responses, 104 (35.6 per cent) said they had not; 61 (20.9 per cent) said they had; 71 (24.3 per cent) said they did not remember; and for 58 (19.9 per cent), the question was not applicable. For those who received resettlement provision, the main forms of support were: preparation for civilian employment, including retraining or skills development; lump sum financial provision; general information; practical preparation for civilian life, and help with housing.

Respondents were also asked if they felt supported after leaving the Forces: 221 answered the question, of whom 74.7 per cent (165) said they did not feel supported, and 25.3 per cent (56) said they did. Fifty nine free text responses described the support received, which included financial support and pension provision, as well as support from charities – predominantly the Legion, and also SSAFA, the Citizens Advice Benefits and money advice service and Combat Stress. Only one respondent mentioned use of NHS services.

A further question asked what support clients would like to have received: of 96 relevant responses, 19 (19.7 per cent) said they did not think they needed any support; 26 (27 per cent) said they would have liked more help adjusting to civilian life; 19 would have liked support

with employment, and 19 with emotional issues; while 13 specifically mentioned housing, and 9 said financial help would have been useful. (Some responses included more than one subject).

The evidence from this brief study suggests that:

- depression and anxiety are under-diagnosed problems in this client group
- re-settlement provision for Service personnel appears to be targeted in the right areas of support, but does not reach all Service leavers
- individuals seen by bureaux tend to seek support from charities rather than statutory services.

Other military organisations most commonly used for referrals are The Royal British Legion, SSAFA, the Veterans Agency and Combat Stress.

As British military personnel continue to deploy to conflicts across the Globe, we must make sure they receive the support they need when they come home. Thanks to funding from the Royal British Legion and the RAF Benevolent Fund, the Citizens Advice Benefits and money advice service will continue serving those who serve.

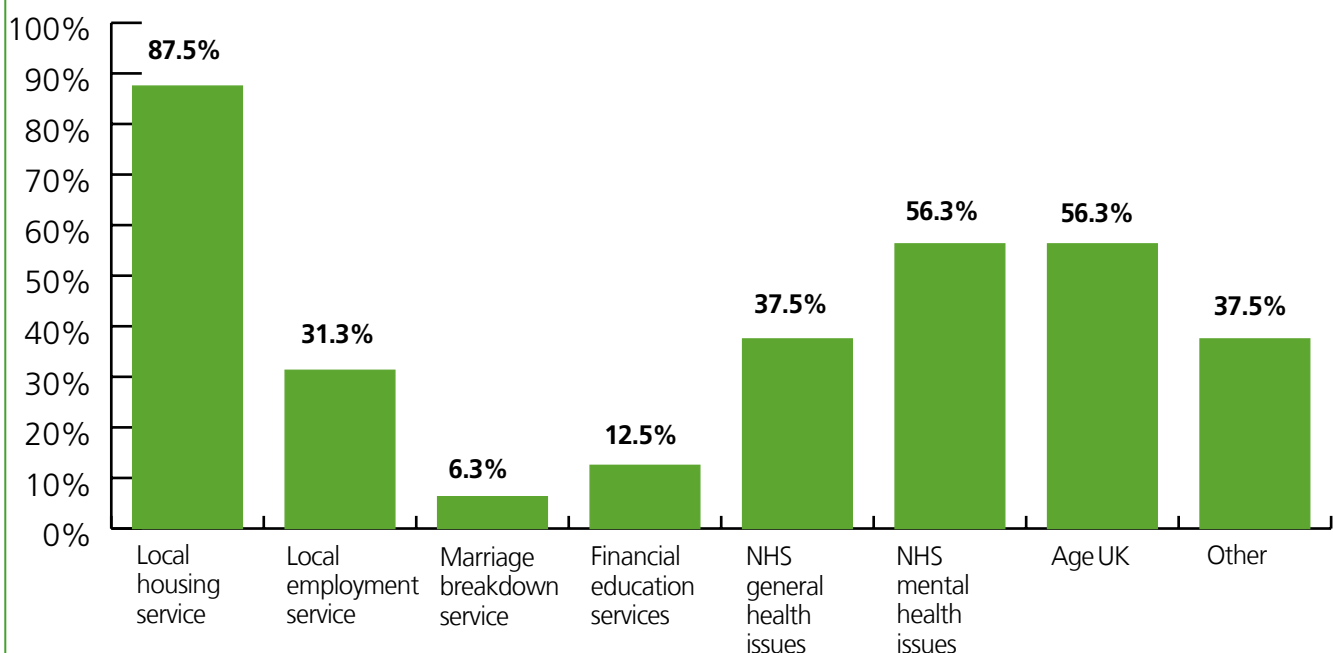
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Referral facilities

We conducted a follow-up survey to ask bureaux about their experiences of referral opportunities in their areas, and received responses from 22 bureaux in Anglesey, Cambridgeshire, Cleveland, Cumbria, Denbighshire, Devon, Hampshire, Kent, Lancashire, Merseyside, Wiltshire, North Yorkshire and South Yorkshire.

Although numbers are small, this survey gives some idea of the follow-on services commonly needed by clients using the benefits and money advice service. The most common referrals are to local housing services, followed by NHS services for mental health issues, and Age UK – reflecting the proportion of older people seen by advisers in this project.

Please select the civilian organisations which you generally use for onward referral (of Benefits and money advice service clients) in your area



Evidence reports published in the last six months

- **Access for all** (March 2011)
The importance of inclusive services, which are accessible to all users and potential users.
- **Cashing in** (March 2011)
The problems of cold calling and charging up-front fees, by consumer credit businesses.
- **Uncivil recovery** (December 2010)
Major retailers' use of threatened civil recovery against those accused of shoplifting or employee theft.
- **Fair welfare** (September 2010)
Client experiences of support into work.

Recent briefings and responses to consultation papers: January-March 2011

- Responses to the DoH consultation on liberating the NHS (January).
- Responses to DECC's consultations on the Warm Home Discount (January), and Warm Front scheme (February).
- Response to CLG consultation on the future of social housing (January).
- Response to the Dilnot commission call for evidence on the future funding of care and support in England (January).
- Briefing on Universal Credit (February).
- Response to MoJ proposals for the reform of legal aid in England and Wales (February).
- Response to BIS call for evidence on principles of economic regulation (February).
- Response to DWP consultation on disability living allowance (February).
- Response to HM Treasury consultation on early access to pension savings (February).
- Briefing to the Office of the Public Guardian on the operation of Appointees (February).
- Comment on MoJ Proposals for reform of civil litigation funding and costs (February).
- Comment on scope of OFT market study into off-gas grid network (February).
- Response to Ofcom consultation on simplifying non-geographic numbers (March).
- Comment on draft OFT guidance for creditors on mental capacity (March).
- Parliamentary briefing for 2nd reading of welfare reform bill (March).
- Response to Ofgem consultation on fixed term offers (March).
- Super complaint to OFT on cold calling by consumer credit businesses (March).

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