



Written evidence submitted by Citizens Advice to the Work and Pensions Select Committee Inquiry on 'the local welfare safety net'

At Citizens Advice we want to see a welfare state that empowers our clients to live meaningful, independent lives, and to move towards work where they can. Benefits and tax credits are the largest area of advice we deliver; we deal with around 2 million related issues each year.

The new energy around the localism agenda is likely to be an important development for the future of the welfare state. With Local Growth Deals, City Deals and the new provisions set out in the Cities and Devolution Bill, local and combined authorities may gain new scope for employment, health and wider support initiatives. For example, there are currently plans for cities such as Manchester and Sheffield to take on a greater role in commissioning employment and support services such as the Work Programme.

Overall, we are seeing some significant and innovative local initiatives, but there are still very challenging circumstances for local authorities. Many local authorities are ambitious about the welfare agenda, both around improving benefit administration and tackling the wider social and economic problems which contribute to demand in the first place. However, they are also facing a challenging fiscal environment both locally and nationally.

Citizens Advice believes the challenge will be to ensure that the localism agenda supports positive reform of the welfare system in the medium term, rather than becoming a vehicle for making blunt spending reductions in the short term. As set out in our [recent work on the future of the welfare state](#), local welfare provision has the potential to be much more than simply a 'safety net' where national policy fails. With sufficient scope, it could provide a more innovative, flexible and integrated approach in areas of welfare provision where centrally-administered policy has struggled. However, at present the evidence suggests that - while there are examples of good practice - local authorities are unable to consistently serve either as a basic safety net or a source of innovation. Issues of resources, communication and the balance between local and national are all relevant.

This submission will:

- Set out some of the challenges we are seeing on local welfare delivery and examples of good practice to mitigate problems or innovate in this area; and
- Consider the principles by which these schemes could be improved and provide recommendations for future development.

It will focus on the areas we have seen recent changes: to the administration of Council Tax Benefit, local welfare assistance, Housing Benefit and discretionary housing payments. Our response relates to England only; some of these areas are subject to different arrangements in Wales.

What are the current challenges and how are they being mitigated?

The last few years have seen a wide-ranging programme of welfare reform, affecting all levels of the system. In some areas, this has involved significant moves towards the devolution to local authorities of responsibilities and funds previously held centrally. The national Council Tax Benefit scheme and parts of the centrally-controlled Social Fund have been replaced by locally delivered schemes and local authorities have also gained new discretionary funds to provide help with housing costs.

Yet this transition has not been an entirely smooth one. In part, this is due to the complexity of welfare delivery, the challenge of communicating new rules and processes, and the understandable anxiety of claimants around any significant changes. Yet it has also been hampered by a very challenging funding environment, with tensions between using local provision to improve delivery in the medium term and requiring it to save money in the short term.

Below, we set out three examples of recent changes to illustrate the way these issues have played out in practice. These focus on changes to the delivery of Council Tax benefits, Housing Benefit and the Social Fund. In some cases, this has created new challenges for our clients, which will need to be addressed. But we have also been keen to identify and disseminate examples of individual local authorities developing effective and innovative approaches likely to set the future agenda; these are set out in our good practice examples and highlighted in our work on [Making Welfare Work Locally](#).

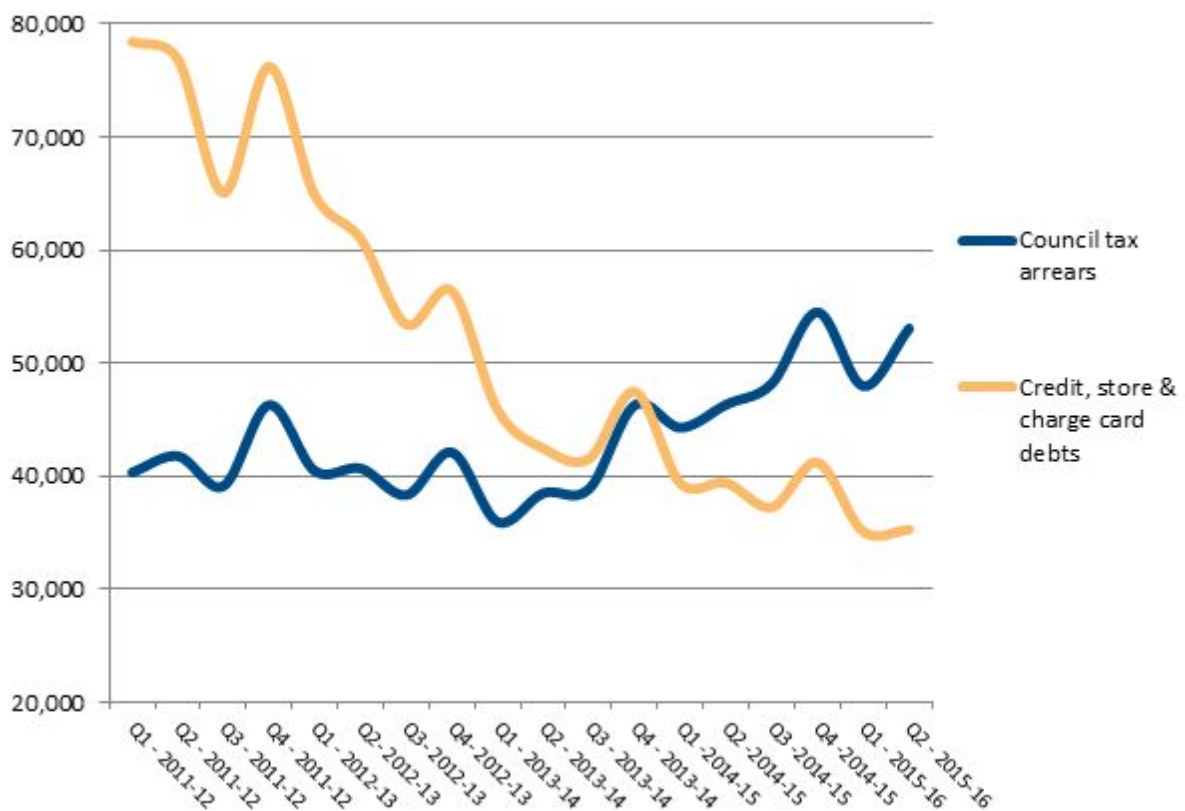
Council Tax Benefit and local council tax support schemes

In April 2013, Council Tax Benefit was withdrawn and replaced by locally-designed Council Tax Support (CTS) schemes. Local authorities have been given some flexibility to design their own support systems, but are also operating under significant funding constraints, along with a duty to protect pensioners.

Citizens Advice has been monitoring this area closely since the changes came in. We were concerned that poor communication of the change was an issue for our clients; [recent research carried out by York Citizens Advice](#) and their partners found that over half (54%) of those surveyed did not know that the scheme had changed and that 86% of respondents felt that they lacked information about the new scheme.

Since this change, Citizens Advice has seen a sharp increase in people seeking help with Council Tax Support; we dealt with over 100,000 enquiries about the new localised schemes in the first year of them operating. Between 2014 and 2015, the number of clients we have seen in arrears with their Council Tax has risen by 14%; Council Tax debt has overtaken credit card debt as the number one debt issue that people seek our help with. Our research in York found that two in three of those surveyed were struggling to pay other bills so they can pay their Council Tax and one in three was paying their Council Tax by taking out other debt.

Trends in Citizens Advice debt issues, 2011-2015



Case Study 1:

Mark came to Citizens Advice seeking advice about his Council Tax payments. He had lost his job four months previously and was now struggling to support his wife and young child on benefits. The reduction in Council Tax Benefit meant he remained liable and had fallen into arrears; he had recently received a summons for arrears of £286. The council had explained that, to avoid a liability order, Mark would need to make monthly payments of £54 per month for the next six months. However, Mark was concerned that he could not afford to make these payments and was afraid that his debt would escalate before he was able to find a job.

How councils decide to structure their CTS schemes can have a significant impact. Analysis of Citizens Advice 2013 data ([conducted by the Institute for Fiscal Studies](#)) found that introducing substantial minimum council tax payments (more than 8.5% of the gross council tax bill) for low income households led to average increases of between 30 and 40% in the number of people seeking our advice on Council Tax debt. While many councils feel they are facing significant funding constraints, there are some beginning to think creatively about the issues.

Good practice 1:

Rushmoor Borough Council in Hampshire was concerned about the impact of Council Tax changes on residents. They identified 2,300 households who would either have to start paying Council Tax or pay more than before and developed systems to support them. This focused on preventative help with budgeting, as well as reactive help if residents fell into arrears. This focused on working with the client to avoid court action if at all possible and reducing the use of bailiffs. Their collection rate for the new liabilities (over 80%) is in fact higher than in many other areas.

Changes to Housing Benefit and Discretionary Housing Payments

Housing Benefit is another area in which we have seen greater localisation in recent years. With restrictions to Local Housing Allowance meaning it has not kept pace with market rents in many areas, the Government has allocated funds for local authorities to provide short-term help with housing costs for those falling behind on their rent.

As these payments are discretionary, the make-up of this help - who qualifies and how much they receive - is decided by the local authority.

The key challenges with the reform have been the structure of the limited funds available and the discrepancies in support; there is effectively no basic minimum standard for accessing help. Funding is allocated on an annual basis, meaning local authorities cannot respond flexibly to need and instead struggle to forecast demand. This has led to disparities in what is offered, both within and between areas, with claimants able to access more or less support depending on the point of the year they apply in some cases. The payments are time-limited - with the intention of allowing a claimant time to adapt to a change in their circumstances - but are not necessarily flexible enough to accommodate this. It is also by no means certain that alternative accommodation is available for claimants.

Case study 2:

Cristina came to Citizens Advice in Sutton for housing advice. She has mental health problems and lives alone with her ten-year-old son. Her private landlord had recently increased her rent by £450 per month; as Cristina's Housing Benefit does not cover this, she had immediately fallen into arrears. Cristina has a social worker who was working with the local authority to secure social housing which meets her needs, but this was taking time and Cristina was advised to apply for a discretionary housing payment in the interim. However, her application was refused. Both the social worker and the housing officer involved in her case expressed surprise at this decision; a discretionary payment might have allowed Cristina's caseworkers time to secure alternative accommodation and avoided the arrears.

Over the last year, Citizens Advice received nearly 17,000 enquiries about discretionary housing payments, over 4,000 enquiries about restrictions to local housing allowance and over 125,000 enquiries about rent arrears. However, we have also seen cases of local authorities taking a more flexible or innovative approach to the challenges of discretionary housing payments (DHP). Some were trying to make the payments more adaptable - assessing household circumstances to decide the most appropriate length of time for an award. Others were trying to ensure DHPs supported progression, making it conditional on wider action, such as engaging in training or employment support.¹

¹ [Citizens Advice \(2015\) Citizens Impact Assessment: Lowering the Benefit Cap \(for best practice examples of discretionary housing payments, see pages 18-19 in particular\)](#)

Good practice 2:

Caerphilly County Council carried out analysis which found over 2,000 households likely to be affected by Housing Benefit restrictions. They modelled the impact of the changes and then worked on preventative measures. They established an advice and support team involving the local Jobcentre Plus, Citizens Advice, and specialist debt, energy and employment support charities. Tenancy Support Officers then went out to work with those affected and help them access the support they needed.

The Social Fund and local welfare assistance

The third area in which we have seen significant change at the local level has been the administration of the Social Fund, which offers help for one-off expenses available to those on low incomes. In 2013, certain DWP-administered elements of the Social Fund, including crisis loans and community care grants, were abolished. Instead, local authorities were tasked with establishing local welfare assistance schemes, while the DWP continued to administer short-term benefit help in the form of Short-Term Benefit Advances (STBAs). Local welfare assistance is now often provided through third sector partnerships, more usually in the form of goods or vouchers rather than cash.

In the last year Citizens Advice received over 9,000 enquiries about social fund loans and over 23,000 enquiries about localised social welfare schemes. Yet, despite the volume of demand we see, recent figures suggest there is a significant underspend on local welfare assistance. This appears to be linked to several different issues.

The first is a lack of easily accessible information, with changes and new local arrangements poorly publicised in some areas. Some local schemes also operate under quite restrictive criteria; for example a claim may only be made if the claimant is already on benefits (which is difficult if they have started started work but have yet to be paid), or the scheme will only accept one application per person each year. Another issue is the switch to delivery of goods rather than money, with some local foodbanks or stores involved in the schemes lacking sufficient stock to meet the level of demand.

Finally, some problems are linked to the continued split between the STBAs administered by DWP and the provisions taken on by local authorities. In some cases, this has created confusion about responsibilities and poor communication from those administering the schemes (both at national and local level), creating a 'pillar to post' situation for some of our clients. This is a particular issue where local welfare assistance schemes will only help those with proof that they have already been refused an STBA.

Case study 3:

Ryan sought help from Citizens Advice following problems with his benefit claim. He lived with his partner and they had made a new joint claim for Jobseeker's Allowance, meaning his individual claim had been stopped. There had been a delay of several weeks while the new claim was assessed, during which the couple had no money at all. Ryan was told by the DWP that he needed to apply to the local authority for assistance. However, Citizens Advice advised him that he should go back to Jobcentre Plus to apply for a short term benefit advance, as the local authority did not provide advance benefit loans. He was turned away by two local Jobcentres, who said they were too busy to deal with his case. Ryan finally contacted the benefit delivery centre who in turn said that he needed to apply to his local authority. Ultimately Citizens Advice needed to provide a referral for an emergency food voucher.

More effective examples of local welfare assistance were those attempting to take a more holistic and responsive approach to short-term crisis support. This usually involved the flexibility to respond appropriately to the immediate problem, combined with measures to support the claimant in the longer term, preventing repeat demand.

Good practice 3:

The Trafford Assist scheme takes an innovative approach to the provision of local welfare assistance. It provides food parcels, fuel vouchers, furniture and white goods through local third sector partnerships, with flexibility for other items or needs to be considered on a discretionary basis. In designing the scheme, the local authority also took the opportunity to improve access to wider services - such as training, childcare or employment help - to people who might only have previously sought help in a crisis; this enables them to secure longer-term stability rather than focusing solely on immediate crisis intervention.

As part of the 'Cooperative Council' programme in Oldham, the Council has sought to mitigate the need for emergency loans and payments through developing partnerships with local social enterprise. With many residents falling into problem debt when household appliances need to be replaced, the Council responded by trying to reduce the problem at source. A local social business partnered with the Council to open a store allowing customers to replace white goods on fairer credit terms. This aims to reduce people's need to turn to high interest loan stores and therefore their risk of requiring emergency help with problem debt.

What is the future for local welfare assistance?

As we have set out, while there are many individual examples of innovative local initiatives, it remains the case that, at present, local authorities are not able to provide a consistent safety net. This is in part linked to a challenging funding environment, but also to instances of confusion around basic principles, such as the balance between the central and local in welfare delivery.

Our examples illustrate the challenge of striking a balance between the advantages and disadvantages of welfare provision at different levels. On the one hand, centralised systems are more likely to offer equality of support and make it easier to enforce common quality standards. On the other, they are typically less responsive and adaptable than local systems. Looking at the future for local welfare assistance, our evidence suggests a number of risks and opportunities.

Opportunities of more locally-administered welfare provision

- **Cross-service working:** Coordinating between different services and sectors to tackle a problem effectively is much easier to carry out at local level. There is greater opportunity for dialogue and innovation that is hard to replicate within Whitehall.
- **Greater flexibility:** Local agencies have more detailed knowledge of the particular problems affecting their areas. Locally-coordinated delivery is therefore often better able to divert resources to target the biggest local challenges - be it youth unemployment or poor quality housing.
- **Engagement:** Welfare provision has been the subject of intense political and public debate in recent years. Locally-embedded services provide the chance to bring these questions closer to the people and communities they affect, allowing for more active engagement on the part of both service users and the wider local electorate.
- **A 'whole person' approach:** All of these elements allow local welfare provision to focus on outcomes rather than process; coherent thinking around healthcare, housing, family and social services, transport, education and money advice can work alongside financial support to assist claimants. This model reflects the way in which we operate at Citizens Advice and, used effectively, can mitigate some of the demand for short-term financial assistance before it occurs.

Risks of more locally-administered welfare provision

- **Confused accountability:** As we have seen in the case of the Social Fund and the shift to a system of local welfare provision combined with STBAs, transitions or splits between central and local can create confusion about who to turn to and where responsibility ultimately lies.
- **Restricted scope to meet demand:** Particularly where powers are transferred from central to local level, there is a risk that new responsibilities are not accompanied by sufficient funding or policy flexibility to improve outcomes. The changes to Council Tax Benefit, as discussed above, illustrate the way this

can occur in practice. This is a particular issue where policy changes are focused on realising short-term savings, rather than improving provision, and the risks can be increased where most localisation of responsibilities is carried out at the decision and under the terms of central Government.

- **The 'postcode lottery'**: A basic principle of the welfare 'safety net' is the idea that there are guaranteed basic standards for access to assistance. However, locally-administered provision increases the risk that these standards may no longer be applied consistently across areas and for all claimants.

We believe that further consideration of the overall framework by which local welfare provision operates, as highlighted by the Committee, should focus on these two areas: mitigating the risks and problems with current provision on the one hand, and expanding the opportunities afforded by local delivery on the other.

To mitigate current risks more effectively, a clearer set of principles underpinning local welfare provision is required. This is about ensuring that a basic 'safety net' cannot be breached and requires a stronger accountability framework between central and local government; as our evidence suggests, this has not always been evident in recent measures to devolve welfare spending. It is also about ensuring that local services have the scope and flexibility to respond to local need. The fiscal backdrop has been a factor, with current problems often linked to financial challenges for local authorities; the funding settlement for local government reached in next month's Spending Review will be important in this regard.

To expand opportunities, we need to create more space for piloting innovative approaches. At the local level, we have seen evidence of a range of new schemes and practices being trialled. We now need more systematic approaches for developing and communicating good practice, as well as identifying what does not work. Gaining the involvement of the wider community in these processes is also vital - particularly consulting with service users, local third sector organisations and other delivery partners.

We believe an expanding localism agenda need not conflict with effective welfare delivery - and could in fact improve it. Where we are not always seeing this at present, the challenges are linked to the need for a stronger accountability framework and clearer division of responsibilities between central and local government, as well as a tendency to use local welfare provision to deliver short term spending reductions. Instead, we need to be thinking about the potential of welfare delivered locally to provide a more integrated and flexible approach, which could actually mitigate demand on welfare spending in the medium term. To realise a more effective system of locally-embedded welfare provision, government should be focused on creating space and a funding environment that allows innovative approaches to be piloted, adopts more systematic criteria for identifying what does and does not work, and more fully involves service users and their communities.