

Work and Pensions Committee

Oral evidence: Benefit cap, HC 1477

Wednesday 31 October 2018

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Members present: Frank Field (Chair); Ruth George; Steve McCabe; Chris Stephens.

Questions 69 - 140

Witnesses

I: Rob Gowans, Policy Officer, Citizens Advice Scotland, Marc Francis, Policy and Campaigns Director, Zacchaeus 2000 Trust, Josephine Tucker, Head of Policy and Research, Child Poverty Action Group, and Laura Dewar, Policy Officer, Gingerbread.

II: Claire Horton, Service Improvement Lead, Active Inclusion, Newcastle City Council, Mark Fowler, Director of Community Solutions, London Borough of Barking and Dagenham, representing London Councils, and Graham Bourne, Head of Revenues and Benefits, Brighton and Hove City Council.

Written evidence from witnesses:

[Citizens Advice Scotland](#)

[Zaccheus 2000 Trust](#)

[Child Poverty Action Group](#)

[Gingerbread](#)

[Newcastle Council](#)

[London Councils](#)

[Brighton and Hove Council](#)

Examination of witnesses

Witnesses: Rob Gowans, Marc Francis, Josephine Tucker and Laura Dewar.

Q69 **Chair:** Rob is going to join us as soon as he can. Would you like to introduce yourselves and then Ruth will kick off our questions?

Marc Francis: I am Marc Francis from Zacchaeus 2000 Trust. We are a welfare rights charity, anti-poverty charity, including helping quite a lot of people who have been affected by the benefit cap in inner London.

Josephine Tucker: I am Josephine Tucker, Head of Policy and Research at Child Poverty Action Group. We campaign on child poverty and also run an early warning system collecting frontline evidence from welfare rights advisers as to what they are seeing on the ground.

Laura Dewar: I am Laura Dewar. I am a Policy Officer at the charity Gingerbread, the leading charity working with single parent families. Over 800,000 single parents access our website and advice and information, so we get to hear the impact of the benefit cap through them.

Q70 **Ruth George:** Welcome. The benefit cap provides a strong financial incentive for claimants to move into work but obviously a majority of claimants are not responding in that way. I will let Rob come in and sit down and then I will address the question to all of you. We are only just starting.

Chair: Rob, would you like to introduce yourself?

Rob Gowans: I am Rob Gowans. I am a Policy Officer at Citizens Advice Scotland.

Ruth George: Thank you for travelling down. The benefit cap provides a strong financial incentive to move into work but a majority of claimants are not responding in that way. As an overview, in your opinion, what are the main barriers that they face? We will start with Marc and then go along but do not feel you have to repeat what the person before has said.

Marc Francis: I guess from the Zacchaeus 2000 perspective and the perspective of our clients, we would not agree necessarily that it is about a strong financial incentive. We would say that something like a tax credit is a very strong financial incentive. We would say that the benefit cap is actually a sanction, a punishment for people, and in the initial rollout, its initial phase, the £500 a week, that impact was only felt by larger families or families that were living in the private rented sector in London. We do not accept that premise that it is a strong financial incentive. We think other things are very good financial incentives for people to move into work.

The one thing that I would say about the lower cap is that impact—that sanction—is being rolled out much more widely around the rest of the country now as well, particularly in other urban areas. We are London



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based. We only help people in London, but we are seeing it and I know other agencies are seeing it as well.

On the point about what the figures are, the IFS has confirmed DWP's statement previously that it is a 5% impact, a 5% improvement in people moving into work. We recognise that obviously there is some beneficial impact in terms of people moving back into work, but it is the collateral damage of all those other households that are impacted in the meantime, particularly for the children and for families with disabled members in their household that we are most concerned about.

Josephine Tucker: According to the latest benefit cap statistics only around 19% of capped households are claiming Jobseeker's Allowance, which means that the remaining 81% have already been assessed as not required to seek work, either for health or disability reasons or due to caring responsibilities for young children. Even the job seeking group are under a quite strong conditionality regime, requiring them to make all efforts to look for work.

Given especially that 81% statistic, I find the logic of the benefit cap rather unclear in supposedly being a work incentive. Obviously those particularly affected are the parents of young children, especially single parents of young children; a new mother can be capped from the day that her new child is born. We know there is no free childcare available until your children are two. Even with older children, it can be very difficult finding childcare that matches available jobs or vice versa.

In our analysis of some specific cases who have come to us, and of people looking for what jobs are out there in their area for their qualifications and hours where they could reasonably still manage the childcare, the numbers of those jobs are relatively small in some cases.

The Government's own review of the original higher benefit cap found that two-thirds of capped families felt that they had significant barriers to work, mainly childcare and health. As a result, more people responded to the cap by cutting down on essential spending than they did by looking for work.

I would quite like to give one example of a case study we have collected, if I may, just showing some of the people who are being affected by the cap: a single mother with two children who gave birth to twins, which took her over the threshold for the benefit cap. She had been working 16 to 20 hours per week previously, which she managed to combine with caring for her older children, but she was on a zero-hours contract and therefore received no maternity pay or benefits from her employer.

She also had to stop working two to three months before the end of her pregnancy due to health complications, meaning that she did not qualify for the benefit cap grace period. One of her twins has health problems that have required stays in hospital.



She simply does not feel the babies are old enough to be placed in formal childcare, particularly with those health concerns. Childcare for two babies under one is obviously extremely expensive. She already shares her bedroom with the twins, so downsizing is not an option. She has considered moving to a cheaper area but this would mean her children moving away from their contact with their father and the loss of support from other family members who help out, including looking after the other children when she is in hospital with one baby.

This family were initially granted Discretionary Housing Payments but have been told that these are going to run out. This family have lost over £200 a week due to the benefit cap, over £10,000 a year, and it just really exemplifies: what kind of a work incentive is it meant to be providing this mother?

Q71 **Chair:** Laura and Rob, do you have anything different to add?

Laura Dewar: Yes, just that 72% of capped households are single parents—this is a very big issue—and 76% of those have a child aged between nought and four, a group of parents who are not expected under broader welfare rules to look for and secure work.

In terms of the availability, the two main areas, there might be an incentive but the practicalities are that there is a dire shortage of part-time work and there is not a match of available childcare. Thirty-one per cent of capped single parents have a child under two. There is no free entitlement for that age of child. Also, there is lack of availability. The Family and Childcare Trust found that over half of local authorities in England and Wales did not have sufficient childcare for children under two.

Research by Timewise constantly shows year on year the lack of part-time work. It talks about quality part-time work, so that is paying the equivalent of £20,000 a year. It found that only 10% of jobs would pay that pro rata.

We have done analysis of the DWP's own website, which was formerly known as Job Match and is now called Find a Job, and I would urge all of you to look at that for your own constituencies because if you put in part-time jobs you will see the type of jobs that there are. Even if something is a part-time job on that site—and we found that less than 10% of jobs across the country are part time—if you look in detail at those jobs, very often they are at weekends, they are overnight, they are shift work, so those are not going to be suitable. Those are not going to be jobs that this group of parents can move into.

Rob Gowans: The majority of people affected by the benefit cap in Scotland are lone parents with three or more children. From CAB clients that have been affected, they have just found it impossible to move into work because of their childcare responsibilities.



Q72 Ruth George: What impact would you say the cap is having, particularly on claimants of ESA and Income Support who are not able to seek work?

Rob Gowans: In terms of the impact, the most common impact that we found is rent arrears. People who have been affected by the benefit cap are quite often accruing rent arrears. They had not had rent arrears before. We have had instances where people have had to be referred for food parcels. We found some impacts on family life, for instance people who are unable to move in with their partner because they would be affected by the benefit cap, and at least one case where the stress of the benefit cap caused a relationship to break down.

In terms of people with disabilities and health conditions, in some cases the associated stress has made their health conditions worse. It is also preventing people finding settled accommodation; for instance, moving out of refuges or trying to find a flat that is not overcrowded.

Laura Dewar: I can give you snapshot examples from our helpline. Obviously, we get people who phone us and are affected by the benefit cap, and there are examples of people who have a £25 shortfall or a £50 shortfall, and obviously cannot afford to heat their homes. They cannot afford basic necessities.

I want to give you one example of a parent that I met in August of last year through my work. I went to her home and I spent the afternoon with her and her four children. She was recently separated from her husband. She has four children, including the youngest two, who are twins, who are 18 months old.

If I could just quote from what she said to me, at that time she was affected by the benefit cap. As I say, I visited her in her home, a pretty modest terraced house in a town in Hampshire, which was previously a council property, now owned by a private landlord. She was facing eviction when I saw her in August 2017.

"The last time I saw you I was being evicted, August 2017. That happened. Me and the kids packed up and were officially homeless. Off I went to the council who managed to find us a two-bedroom ground floor flat, private rented. It was filthy and very, very mouldy. We spent three months there. The kids slept in the bedrooms while I slept on my mattress in the living room. Unfortunately, I ended up having to bin it as it got extremely mouldy. We spent Christmas there and I had to change the boys' school, which has affected their learning. We have now moved to a three-bedroom top floor maisonette. The kids are very upset and we have no garden."

When I spent time with the family their second eldest child was four and he was very excited because he was starting school the next month, in the September, and since then he has been to three primary schools.



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When we talk about the impact of the benefit cap, I think it is important to see that things are not necessarily solved by the benefit cap or someone moving to cheaper accommodation.

Josephine Tucker: Just to give you some sort of figures first, in terms of the scale of losses families are seeing as a result of the benefit cap. Some modelling analysis, which we carried out together with the Institute for Public Policy Research—published last year—found that, as a result of the benefit cap, both the original cap and the lowering of the cap, we will see around 200,000 more children in severe poverty. That is below 50% of median income. That is with Universal Credit fully rolled out.

Our “Cost of a Child” research, carried out by Professor Hirsch at Loughborough University this year, found that by 2021, thanks to a combination of rising costs and the lower benefit cap, a family with three children on out-of-work benefits will have barely a third of the money that the public has agreed through the minimum income standard—a well-researched process, costing a basic no-frills but acceptable standard of living in this country. That family will have barely a third of their needs—

Q73 **Chair:** Ordinary claimants would have how much of that?

Josephine Tucker: I don’t have that figure to hand but I would be happy to provide that afterwards. Sorry about that.

Of course the main losers in this case are children, cases reported to our early warning system. Parents talk about this kind of enormous stress of having to choose between putting money towards rent and essentials for your children, saying, in some cases, this worsens mental health difficulties. They are cutting back on healthy, fresh food and other essentials. They are cutting off internet subscription in some cases, which affects children’s ability to do research for their school projects. Of course, it also does not help parents to look for work.

Some have no money to take children out on public transport. They worry about paying for Christmas and birthdays. We have come across people who, before the lower cap was introduced, were in rent arrears and had set up a repayment arrangement trying to get themselves back on their feet. They were just about managing that but, with the lower cap, have found that impossible to manage with their homes again put at risk.

Some people have found themselves unable to bid for new, cheaper properties because they are in such rent arrears that they are not given priority in that process. We have heard cases of people spending money that is meant for kinship care allowances for children in kinship care and child maintenance payments on rent just to manage.

Marc Francis: To add to that, in terms of the ESA claimants, the DWP’s own figures show that 43% of the households that are capped are losing



more than £50 a week and that is not really a manageable sum for a family. We would argue it is especially not a manageable sum for those people that are single, on employment support, in the work-related activity group. Those people, as you know, have been found with limited capability for work and our view is that they should not be capped, but around 8,000 of the households that are capped at the moment are in that position where the head of the household is on employment support allowance, WRAG, so we think there is a particular problem there.

One of the issues for those people, particularly if they are single people, is about where that extra money is going to be coming from. It is not right, it is not appropriate, that families are forced to use Child Benefit to top up rent in those kinds of circumstances. Neither is it right that people who are disabled are required to use money from ESA to top up their rent.

Obviously, from our perspective, if they are disabled there is always the chance that they might be entitled to Personal Independence Payments, and that is something our advisers always look to do. In fact, I think it is something that councils are increasingly looking as well to try to get those households exempt. But we know—the Committee has looked at the issue of disability benefits a lot—it can be a very long process.

Chair: We will come on to that in a minute, Marc.

Q74 **Ruth George:** You say £50 a week is not manageable, but we have 3.2 million families who are facing losing that under Universal Credit as well. I hope that the Department will be looking to learn some of the lessons from the benefit cap and the impact.

You mentioned, Marc, that you support families in London and urban areas. Are there—anyone who works in other areas of the country—particular challenges for people on the benefit cap who are not in metropolitan, urban areas that may have more options for jobs and social housing? The lower benefit cap is going to hit people in the shire areas as well now.

Chair: If you haven't, might you look for cases for us so we can get that contrast?

Laura Dewar: The case I quoted in Hampshire, so that is obviously out of London. I didn't mention it, but I should add that Sue has now moved into the maisonette and she is still capped, so she has moved twice and is still capped.

Rob Gowans: In terms of when the benefit cap was reduced, the numbers of people affected in Scotland increased dramatically. While the most people capped are in Edinburgh and Glasgow, there are people capped around the country. If they are in rural areas, it can sometimes be particularly difficult. Travel times are a particular issue, but so is affordable and flexible childcare—flexible childcare is particularly difficulty in remote rural areas of Scotland.



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Q75 Chris Stephens: How effective have Discretionary Housing Payments been in mitigating the impact of the benefit cap requirements? Obviously, in Scotland, the Scottish Government mitigating the bedroom tax should have been some help but how do you think DHP has helped mitigate the impact of the cap?

Rob Gowans: In Scotland it has been helpful. As you mentioned, the Discretionary Housing Payment is devolved. The Scottish Government have put money into it—aside from the money used to mitigate the bedroom tax—just under £11 million to local authorities, and they have particularly asked them to consider the benefit cap and the rollout of Universal Credit. That amount does not cover all the benefit cap losses.

Q76 Chair: It does not?

Rob Gowans: It does not cover all the benefit cap losses.

Q77 Chair: Even with the Government adding additional monies to the monies they get from the British Government, people are still affected by the cap?

Rob Gowans: Yes.

Q78 Chair: Do you know what sort of proportion that is?

Rob Gowans: I think the DHP budget would cover about half of benefit cap losses.

Q79 Chair: Do you know the amount the Scottish Government are able to add of that other half?

Rob Gowans: Basically, from last April, the DHPs are now entirely devolved, so it would be Scottish Government money and then local authorities can put money on top of that. There is an amount set aside to fully mitigate the bedroom tax, which has ceased problems with that.

The issues with DHP and the benefit cap is that sometimes the awards can be short and there can be a lot of pressure around the end of the financial year, but it is certainly helpful in mitigating.

Q80 Chair: Laura, anything to add?

Laura Dewar: Yes, they make some difference, and through our helpline we advise parents as to how to make claims for DHP, but it is still discretionary. Local authorities have other calls on that money for the bedroom tax. We find from parents who come back to us that, even where they are in need and they have pre-school age children, it can often be a short-term measure and the local authorities can also put job seeking requirements on that.

It makes very little sense for people who have very young children. They are not going to be able to find a job in three months, even if they get short-term help through Discretionary Housing Payments.



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Q81 **Chair:** When you say “short term”, is it three or six months the local authorities offer?

Laura Dewar: Yes, so they say they will just do it short term, which is not going to—Josie has given an example of someone who is going to be affected by the benefit cap when their baby is born. Giving someone three months of DHP is a sticking plaster and not a solution. We have examples from our helpline of people. I have a single parent, one child under five, who has been capped and has to pay £93 towards her rent each week. Her DHP was turned down.

A single parent, youngest child is four—she has been capped and has been turned down twice for DHP. It is a discretionary payment. Local authorities can have different rules, so it is not an ideal solution.

Q82 **Chair:** Anything new to add, Josephine?

Josephine Tucker: Just to echo that is very much the picture we have seen as well. There was a report done by our sister organisation, CPAG in Scotland, together with One Parent Families Scotland, which I would be happy to share with the Committee afterwards, which just confirms what has just been said: that several local authorities in Scotland make DHPs time limited, 13 weeks or up to six months. We have had one case where somebody was told by their local authority that they are now not providing any money for benefit-capped families at all, which is very—

Q83 **Chair:** When you say in Scotland they time limit it, is there any authority that does not time limit it? That is the very nature of local authorities with an inadequate budget, isn't it?

Josephine Tucker: I have not done an analysis of every single DHP scheme but I would imagine so, and that certainly is a source of great worry to families, even when they have a Discretionary Housing Payment, never knowing if that will be renewed after the few months or the year coming up.

Marc Francis: Because we operate in London, perhaps where the rationing of the DHP allocation is most acute, we see lots of three-month awards, people going back maybe getting a second three-month award but then being turned down for the second half of the year. Obviously, it is a cash-limited pot and it runs down. We know that local authorities try to hold some back for the second half of the year but obviously there is just not enough to go around.

That is the point, isn't it? Is it meant to mitigate the impact or is it just meant to help out some of those people who are hardest hit? In its more candid moments, DWP will say that it is not meant to be there for everybody anyway, so we should not have an expectation that it is going to be helping all of the families. A minority of households that are affected by the cap get a DHP and certainly all of those are not getting the whole of the shortfall covered. They are being required to make a contribution themselves, which is something that for single people,



disabled people, can be quite a difficult sum for them to come up with. In Westminster, where a lot of our clients come from, they are expected to contribute £20 a week towards that from their ESA.

Q84 Chris Stephens: Rob, you will be aware that the Pollok Citizens Advice Bureau and I are preparing for the tsunami that is coming in the next couple of weeks with the rollout of Universal Credit. What challenges does a Universal Credit claimant face in respect to the benefit cap, as compared to somebody who is on legacy benefits?

Rob Gowans: Where we might begin to see some of the issues is that, unlike with the legacy benefits where it is a bit clearer whether somebody has been capped, within Universal Credit somebody would just see an amount in their journal, so they might not necessarily be aware that they have been capped or that there are particular conditions associated with that.

On the wider point of Universal Credit, obviously we are very concerned—as I know the Committee are—about many of the problems that have emerged from Universal Credit. If people are also affected by the benefit cap that is potentially an additional pressure and additional difficulty they might have to face.

Laura Dewar: The benefit cap is harder to escape under Universal Credit. There are certain rules about it that make it slightly harsher. For instance, the maximum deduction that you can get with Housing Benefit can take it down to 50 pence, but under Universal Credit it could go deeper into your benefits, including benefits that were expected for children—the child element of Universal Credit.

The earnings requirement under the legacy benefits, Working Tax Credit, is clearer and more generous, just hours. Whereas under Universal Credit it is a cash sum, it is £520 a month, which is harder to achieve. Josie probably has some good figures. It is very dependent on when people are paid, if they are paid weekly or four-weekly. It can mean that they cannot be exempt because of that.

Q85 Chair: Can you explain that point, Laura? Why is that?

Josephine Tucker: I can come on to that in my—

Laura Dewar: Yes, you are probably more detailed. Also, people are exempt under the benefit cap under the legacy rules. They can be exempt from the benefit cap for a certain period. If they have worked in the nine months before they are capped, and under the earnings requirement under Universal Credit it is far stricter and less generous. It is particularly bad for people with fluctuating earnings.

Josephine Tucker: Yes, there are three things I would like to talk about in relation the benefit cap on Universal Credit, which have been touched on by others already. First, as Laura said, you can simply lose more money under Universal Credit because it is not just the housing element



that can be reduced. Money for adults in the family, disability, children is not protected or ringfenced in any way. If you have other deductions from your Universal Credit, such as advance repayments, that further reduces your income below the cap level. That is taken off after the cap. That is obviously going to create greater hardship.

One important issue that we have come across is, due to the way managed payments to landlords seem to operate in Universal Credit, for people who have arranged for the housing payment to go directly to their landlord, we have seen cases where that money, the housing element, is given in full to the landlord, leaving the family receiving, in some cases, zero Universal Credit to pay their living costs for the month. That would not have happened in the legacy system due to the ringfencing of different elements.

One single parent we spoke to had literally zero Universal Credit coming in. Of course, she could request to have the money paid directly to her, giving her a choice of how to spend it but, of course, you are still left then with not enough to pay your rent and pay for basics like food.

Another issue that has been alluded to is the way in which the earnings threshold for being capped works in Universal Credit. Rather than an hours rule, it is on the basis of each month's reported earnings, which have to be £520 per month. There are people who earn £520 per month on average but due to either their pay cycles not being monthly, or due sometimes to when their pay dates fall, can appear in the Universal Credit system as having either no pay or not enough pay during a particular month, leading them to being benefit capped. I can give you a couple of examples.

Q86 Chair: Just give us one.

Josephine Tucker: Okay. We had a case of a single mother working 17 hours a week, who was paid four-weekly, paid £510 every four weeks. The monthly equivalent would be £552.50, enough to mean she would never be benefit capped if paid monthly. However, being paid four-weekly, she has 13 pay packets a year, so in all but one of her annual Universal Credit assessment periods, she is paid once, meaning she is benefit capped in 11 months out of the 12 in the year. That is one the most extreme cases.

Chair: All right. That is a good point for us to take up. Marc?

Marc Francis: We have a couple of similar cases, where somebody has ended up with absolutely nothing after a managed payment to the landlord. Reading the written evidence from Gingerbread and CPAG, we were surprised to find that is something that other people are also finding. To give you some flavour of the feedback, DWP's response when we tried to challenge that was that the managed payment to the landlord could be removed, but it was not a good idea as all that would happen is that Natalie—who is our client—would use the money and not pay her



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rent, putting her at risk of being evicted. That was the attitude to her being left with nothing. She was penniless in a standard allowance.

Q87 Steve McCabe: I want to ask at this point if there are any other changes that you have not already referred to that you think could be implemented and that you think could make it possible to improve the policy.

Marc Francis: To be candid, we are against this policy on a point of principle and we would like to see it scrapped. We think that people should get the social security benefits that they are entitled to, that Parliament says they are entitled to, and they should not be artificially capped. We understand that the policy is not going to be changed, that this issue is settled for this Parliament, but we do think there are some groups that are affected particularly hard by the cap as it stands at the moment.

I will maybe let colleagues talk about those who are in receipt of Income Support, but we think that all ESA claimants should be exempt from the benefit cap. They are either disabled or seriously unwell. Obviously, we and other agencies—I am sure CAB—are trying to have as many of those ESA claimants exempted as possible, but there are 8,000 people currently in receipt of ESA who are capped and we think that is really wrong.

It is also worth noting that just under 30,000 households that have been capped are now in receipt of an exempting benefit. Many of those households are exempted because people have helped them or they themselves have put in a successful claim themselves for PIP, but that has taken time—it may have been a year or two—during which they had been capped and been forced to live below the poverty line as a result. That is why we think that issue needs to be addressed quite urgently.

We would also make a plea for statutorily homeless households in temporary accommodation, who have absolutely no choice about what accommodation they are provided with. They should also be exempt from the cap as it stands at the moment. Those households cannot downsize or move anywhere else, otherwise they would be found to be intentionally homeless and their priority just falls away.

It is wrong that those households are required to go through this same test when the choice of accommodation is not a choice that they have made themselves; it is one that the local authority has made, and not necessarily on the basis of whether it is affordable.

Q88 Chair: A very clear list. Do you have anything to add to that list, Ms Tucker?

Josephine Tucker: Similarly, we support removing the cap altogether, for the reasons already discussed.

Q89 Chair: Do you have anything additional to say?



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Josephine Tucker: Additionally, I would say that there needs to be an urgent review of the impact of the lower cap on children, looking to raise the level of the cap so that it provides a decent minimum standard of living to all families and is uprated in line with inflation. Within Universal Credit, it is important to ringfence the amounts for the basic needs of both adults and children.

There are specific groups that I would want to see either being exempt or having additional grace periods: families with very young children, ideally up to school age at least; families with disabled children under the age of three who would probably qualify for DLA but, due to their age, have not yet met the criteria; refugees who have been newly granted refugee status who may need a little time to adjust, to learn English and to start work—

Q90 **Steve McCabe:** Can I ask something? Please do not misinterpret this, but by the time we take out people who are sick and unable to work, children with disabilities, people with young children, refugees, and people who are in temporary accommodation, who would be left in this cap?

Josephine Tucker: That hits the nail on the head of all the groups who are being affected, who simply are not necessarily in a position to respond to the benefit cap by moving into work in the way that—

Q91 **Steve McCabe:** The point I am trying to make is that we could spend a bit of time—I am not dismissing what you are saying—going through each group and saying why they should not be included, but are you saying that, fundamentally, the policy cannot be reformed, that there is no way of improving it to make it work better?

Marc Francis: That is exactly the point. When DWP first put this cap forward in 2011-12, it talked about nearly half the people that would be affected being people on Jobseeker's Allowance—people sitting around in some way, not actively looking for work—whereas it turned out, by November 2016, that it was only one in eight of those households that were capped that were on JSA. The rest were ESA claimants or lone parents on Income Support. That really goes to the heart of the issue. The vast majority of people who are being capped right now are not required to be actively seeking work, so why are they being capped?

Q92 **Chair:** It was sold to Parliament not on those grounds. It was sold on the grounds that the cap would be lifted if people got a job. It was as simple as that. That is what the House of Commons voted on. Is anybody against us recommending that?

Rob Gowans: No, I think that sounds very fair. We have asked for the policy to be reconsidered for those reasons and, if exemptions were made, it would take most people out of the benefit cap, so it is a fair point to ask: why have the policy in the first place?

Q93 **Chair:** The House of Commons voted quite clearly—I was in on the



debate and spoke—that this policy would affect people who, if they got a job, would not be capped and the cap would not apply. I don't think the House of Commons would have voted for it if it had thought differently.

Laura Dewar: In the House of Commons, you look also at people's ability to work and you make welfare rules around it. Single parents are not expected to work when your child is pre-school age, but not only that, there are certain rules at jobcentres and so on, which mean that your job search is different and the expectations on you are different, but none of those exist under the benefit cap. Your journey times to work, the amount of hours you are meant to work, not working at weekends and shifts—all those things exist within the welfare system and they do not exist under the benefit cap.

In terms of Universal Credit, parents of younger children would be expected to work when their children reach the age of three, but there are also protections within that to enable people to get more sustainable work. There is a protection in place that people could train for up to a year. If you have a child of three or four years old, under Universal Credit you can train for up to a year. You are treated differently from other jobseekers. The benefit cap is very blunt and I don't think it is going to help people get into sustainable work.

Chair: You are telling us how the policy works differently from what we voted for. Thank you very much for that.

Examination of witnesses

Witnesses: Claire Horton, Mark Fowler and Graham Bourne.

Q94 **Chair:** Claire, you have been patiently waiting. It is appropriate that you should kick off and introduce yourself.

Claire Horton: I am Claire Horton. I am Service Improvement Lead and I work for Newcastle City Council.

Mark Fowler: I am Mark Fowler. I am Director of Community Solutions at the London Borough of Barking and Dagenham.

Chair: Welcome back.

Graham Bourne: I am Graham Bourne, Head of Revenues and Benefits at Brighton and Hove City Council.

Q95 **Ruth George:** Can I ask what general approach you have taken to supporting benefit cap claimants in your areas since it came in?

Claire Horton: Yes, I am okay to start. We have taken a proactive preventative approach in terms of targeting advice and support to the households due to be affected, and then the affected households. We have done that since before the introduction of the lower benefit cap. We have seen that we needed to do that as a local authority. It was in our



best interests to protect those families and give them the most advice and support that they could get, and also to prevent the ultimate risk of financial crisis and homelessness.

Q96 **Chair:** How many people did you contact, Claire?

Claire Horton: We have been doing this over a number of different projects. The number of households that were first impacted would have been over 300 in Newcastle, and we managed to make contact with most of them. We have a core group of around 60 households in our ALMO—in our social housing, Your Homes Newcastle—who, existing services have found, could be quite difficult to engage with and to support.

We have been targeting those households with support for the last year through a new multidisciplinary team that we have set up with MHCLG funding for homelessness prevention. In that team we have a debt adviser, a welfare rights officer, an income officer from Housing, and a work coach on loan from DWP. The team has been reaching out to a number of different households and different groups in Newcastle, but one of those groups is families affected by the benefit cap. We have been working with about 61 families over the last year.

What we want to try to get across to the Committee is that we have been trying to get a much deeper understanding of the issues that would sit below the headlines with the policy and understand the reasons why those families have not moved straight into work, why triggering an income shock to them has not been ideal, and that it has added on layers of stress and pressure.

We have been working in that multidisciplinary way to try to help them understand what is happening to them, for us to understand what support we can provide to them, and initially to go from a financial perspective rather than employment support perspective, which I think is really important since the cap is an impact on finances.

For us, it did not seem sensible to start targeting employment support. We needed to systematically work with the families around their income and expenditure to see whether there was anything that we could do to help them with that, because there is a myriad of different things that sit within it. One of the options, in response to the benefit cap, is to see whether you could reduce any expenditure within your budget. There are things that you can do if you have the right advice and support and you also know what to do.

Q97 **Chair:** Such as?

Claire Horton: Life is pretty complicated—

Q98 **Chair:** A list of the things you could do, which are?

Claire Horton: Families need household items. They might move into tenancies without household goods. Sometimes they have managed to



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get those goods through high-cost credit. We have then negotiated with the high-cost credit agencies, such as BrightHouse, to return those goods and we have given them household goods from our supporting independence scheme, which is our localised version of the old community care grants that were devolved to local authorities in 2013. We have replaced the goods at no cost to the household, which has then reduced their weekly expenditure, paying for essential household items such as cookers, fridges, beds for the children, and settees to sit on.

Other examples would be things like working with our water provider, Northumbrian Water, to see whether we can get them eligible for any reduced tariffs on their water bills, which we can reduce by 50%, and similarly with our energy services department in the council and all of those rigorous sorts of things.

If you think of household expenditure, it is quite hard to understand all these things anyway. There are some solutions available for people but often they need advice and support to help them.

Q99 Chair: Claire, with all this massive effort, how many people have reduced income because of the benefit cap in your area?

Claire Horton: I would have to come back to you on the total number. I have little snippets of things. For example, 14 of the benefit cap households will have had their expenditure reduced for the goods that they were paying for—the furniture that I mentioned before. In terms of the total figures, I could come back to you.

Q100 Chair: Given the effort you are making—

Claire Horton: It is a huge amount of effort.

Chair—we would love to know how many families are left, nevertheless.

Mark, can you pick up the story from there?

Mark Fowler: Yes. We have a very similar offer to what Claire referenced in place at Barking and Dagenham. We have a dedicated team of 12 people and we also do additional work with third sector partners. There is full funding for three FTE that come in, so we have a collective team of 15.

The whole idea is to approach residents who are affected by welfare reform more generally. It is not easy to understand and unpick who is affected by the benefit cap and who is affected by Universal Credit, especially since there has been a reduction in the sharing of information in light of Universal Credit and the changes. What we have seen with regard to benefit cap in particular is that, since November 2017 through to January 2018, there were 515 people affected. From November to August this year we have had 850 people affected by the cap. On average, they have lost £70 a week. One of those families lost over £350 and to make up that gap is fairly dramatic. Within that, we have had over 60 families losing over £200 as well.



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You can see the proportion of what we are trying to change here is quite dramatic and, regardless of the impact of what you put in place to try to work with people with their finances, there is only a certain level of impact you are going to have, especially when—picking up from the questions we have had before—if you are thinking of going out across London, only 22% of the people affected by benefit capping receive Jobseeker's Allowance.

Q101 **Chair:** How many of those that you have heroically helped could work?

Mark Fowler: If you look at the stats we have from a London council perspective, 22% were in receipt of Jobseeker's Allowance.

Q102 **Chair:** Or a fifth.

Mark Fowler: Yes, that is right.

Q103 **Chair:** It is hitting everybody else as well.

Mark Fowler: The rest is a combination of people in receipt of ESA and Income Support, but the Income Support is predominantly single parents with large families so their opportunity to—

Q104 **Chair:** What is the maximum amount of loss you have come across?

Mark Fowler: Just over £350 per week.

Q105 **Chair:** Per week?

Mark Fowler: That is right.

Graham Bourne: That sets the tone, really, and we take a similar approach. We have what we call the welfare framework. Within that, we have welfare rights advice, a debt prevention team, a crisis fund, the ben cap team, and then we strategically link across the authority to housing, social care and into the voluntary sector to try to co-ordinate our approach.

In terms of ben cap, the description is essentially very similar. Our approach is trying to provide that platform almost before you can even start talking about work, the stability for people to progress. First, you try to secure tenancies. Then you have debt advice; certainly budgeting advice right down to the details of budgeting advice. There is an emotional intelligence and nurture around how our three coaches work with the cohort.

Then there is benefit maximisation; we have to represent appeals. Confidence building, particularly around mental health; the stress on mental health around debt is debilitating. If somebody has a mental health problem, and they are put in a situation where their fundamental ability to financially exist is compromised, you are trying to find a path out for those individuals. It is a long path to bring those through.



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You probably need that platform before you start working on training, volunteering, work experience, looking at the childcare. With 79% being single parents, childcare is massive—trying to work the balance of childcare—so there is a win within childcare and working but there is not always a win. You cannot always come out with a formula that works like that; child maintenance, we are trying to keep constant engagement and presence and progression and keep that engagement going.

We work across the whole cohort. We have three specialists who do the hard cases and more expensive cases, and then we monitor the rest and move on. We are probably more transient as well than the mainstream places. We have a lot of throughput in private—

Chair: So much for simplifying the benefit system.

Q106 **Ruth George:** I am fairly awed by the amount of effort and support that goes into these people from all of your councils. Claire, you said you received some DCLG money to set your team up. Is that going to come to an end? How do you feel you can sustain people, particularly with the lower benefit cap, on an ongoing basis? Do you have the funds for that?

Claire Horton: Yes. The funding that we are using is broader from the Prime Minister's homelessness prevention programme, and this is just one of the ways that we are using this funding to target our multidisciplinary team and resources. That funding is due to end in March. We have also been through our standard "business as usual" debt advice team. They have been working on benefit cap cases as well. As households are newly capped—and we find out about them from our revenues and benefits department—they have been targeting them, which of course they will not be able to do with Universal Credit but for the Housing Benefit ones.

In terms of the resources to do this, we have put quite a lot in ourselves to be able to do the additional work, not just the frontline advice but also the infrastructure support and project management around making these things happen.

Q107 **Chair:** What about Ruth's question, Claire? Is the money going to run out and will this service therefore cease?

Claire Horton: I hope we will be able to seek additional funding for the multidisciplinary team that I am talking about, post-March, and we have a number of local options, not national ones at the moment. I hope that that would not run out. If the money did run out for that particular targeted approach, we would have to think about how we would do that within existing resources. That would mean that we might not be able to help competing groups of residents who have other needs.

With the benefit cap cases, the reason we have always prioritised that is we are really worried about the risk of homelessness from a local authority perspective. We do not want the householders to become homeless, anyway, because it is very expensive—we would need to



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accommodate them and it is just senseless. We need to do all that we can to help to stabilise these families and help them to maintain their tenancies.

Mark Fowler: In part, the team that I am talking about, the funding will end because we fund the relationship with the third sector that is a multi-faceted offer through the universal support. As we know, from next year that is directly targeted towards CAB.

Regarding our core team, that is from our general fund so there are plans to continue that funding. However, as Claire references, there are additional pressures coming into local authorities. This is not a statutory service so you will be exposed to challenge, as everything else is.

There is some wider context around this. We talk about the increase in homelessness, in particular in London. We have seen a jump since 2011 by over 55,000 households across the capital. That equates to nearly two-thirds of homelessness across the country. There are direct comparables between the pressures of the benefit cap introduction and the wider welfare reforms that are contributing directly to these problems.

I have seen a report more recently from the Joseph Rowntree Trust with regards to in-work poverty, which is dramatically increasing and within my own borough that number is now up to 13,000 people. Even when people are coming out of the cap there are additional pressures—so, looking at the whole system impact from that perspective.

Q108 **Chair:** You are preventing people going into destitution but the service that you provide is not compulsory.

Mark Fowler: That is absolutely right.

Graham Bourne: We have the same dilemma. We put significant funding in ourselves. About £400,000 a year is currently going into our welfare framework. I have to make a bid to get that funding renewed for next year but, in that context, there is a strong political understanding in my authority of the value that gives and the particular tensions in our city.

There is an argument, in terms of the council's own funding, that you would haemorrhage a considerable amount of money if you did not have these interventions and at a greater loss. We have the same context: obviously, a city known for high homelessness levels, the same pressures but—to a later question about the whole funding around it—we are supporting the whole Housing Benefit set-up and welfare funding with local money all the way through. We have to balance our local pressures against other pressures in the local authority and put what we can towards this. Eventually, it is a council decision in very difficult times.

Q109 **Ruth George:** I don't know if any of you have experience of non-metropolitan areas. I live in a shire county area in Derbyshire, where we



do not have the volumes of people who are capped but there is no way we could put those sorts of funding figures towards finding people, in particular. How do you feel from your own experience that would work in areas where people are more spaced out and harder to reach, but that do not have the sort of overall resources you have? These are the people who are going to be affected under the lower cap.

Chair: Does anyone have any expertise to offer here?

Graham Bourne: Not direct expertise, but it is conversations we have had in the local area. The dynamics of benefit administration are different because the repercussions of that benefit administration often fall on a different tier, so the incentive in terms of delivering it from the districts or boroughs is not there and the consequences are not there in the same way.

Also, the resources are not available or often the expertise and training that you have in city centres or the link to the voluntary sector. Plus, you are trying to do it over a wider geographical area that is really dispersed. It is much easier to deliver these services in a city that is just a five-mile diameter. It is considered a problem.

As cities, we are considering working with neighbouring colleagues to try to set up this framework principle, to try to expand it so we work as a wider group to look at the economic area in terms of welfare support, rather than the boundaries that are defined, city boundaries—

Mark Fowler: I have two points. I completely agree with Graham's position about the tier, in particular. It brings a different dynamic and problems from that side. Equally, the logistics of providing support is an incredible challenge. You think about the infrastructure of partners, such as the voluntary sector, it does not spread as far, because their funding has to be concentrated and in a very dedicated position, which is understandable.

Another problem, outside of this at the moment, is that 20% of the people who are being benefit capped who our services are unaware of, because it is happening through Universal Credit. There are people who require support proactively that, whether we could find them or not and whether we have the money or not, we simply do not know they are there until it reaches a point of severe crisis, like pending eviction or something from that. There is something within this space as well about identifying people and sharing information while still looking at the challenging position with regard to funding.

Graham Bourne: That Universal Credit pressure, as described earlier in the group from the voluntary sector, you saw often when there is direct payment, because it is going to housing costs first, those individuals who have nothing left don't realise that the local authority can help. We have Discretionary Housing Payments. Their housing isn't being affected, so they don't apply to the local authority for the discretion that we could



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apply to help them. They are trying to find other routes, going to food banks, crisis funds and social services. The help is there but they are not aware, and the JCP officers are not necessarily advising them correctly either. They are not aware of that connection.

Plus, we are having a lot of problems in these cases of wrong calculations around the housing element. Therefore, when we do get a DHP we are sending them back to get it recalculated because we don't know what the correct award is, which is delaying and adding bureaucracy.

Ruth George: Thank you for coming in. I wanted to put on the record that you are all councils that act in an exemplary way on this, but I did not want the general picture to be that all councils are acting as you are on this. We have quite a few who underspend on their DHP and none of them were prepared to come and give us evidence so we do not want a false picture.

Chair: Let us go on to that underspend.

Q110 **Chris Stephens:** That is a nice follow-up. The DWP has written to the Committee and its view is that, with two-thirds of local authorities having spent less than the two-year allocation of DHP, that suggest to them that local authorities are adequately resourced for implementing the scheme and mitigating hardship. My first question to the three of you is: do you agree with the Department's view on DHP?

Mark Fowler: No, we do not. We completely disagree. If you look at the information across London in the last three years, local authorities have spent over £7 million beyond their DHP budget. The authorities I have worked within have dramatically overspent, so I don't think that is true. I think there is something wrong potentially with the way the scheme is allocated and the way funding is worked out.

There are also challenges within certain local authorities where certain services might sit in different areas. They are not aware of the housing pressure because the DHP might be administered by the Housing Benefit service as well.

There is a question within the 66% of how much people have underspent, because some authorities might take a very prudent approach—an approach they believe to be right—not to overspend in DHP because that is a direct cost back to them in their general fund. They might be taking a decision from that perspective. The most powerful fact is that in London, where we have seen the homelessness, we have evidence of over £7 million over the last three years, which completely works against that proportion of 66%.

Q111 **Chris Stephens:** You have suggested one of the questions I want to ask, which is: is the allocation of the funding fair? I think you are suggesting it is not. How would you want that addressed?



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Mark Fowler: You can look over the patterns of spending over the last two years. That would be a very sound starting position. Also, you can consider other pressures with regards to homelessness. There is a proportional element with regards to that as well. Equally, even beyond that, if there is a surplus of funding towards the end of the year, why is that not made available for people who are overspending to reapply for? There are some very smart ways we can do this, even within the current envelope.

There is an argument here about the much wider piece, how local authorities are funded to support vulnerability at a local level from a broader aspect. That is beyond DHP and touches Universal Credit as well.

Q112 **Chris Stephens:** Do you have anything you want to add to what Mark has said?

Graham Bourne: I have some figures to add. Just to give an idea, if a local authority is not contributing to the cause, from our point of view a basic Housing Benefit administration grant is nowhere near adequate and it never has been. As a local authority, we are putting £1.8 million into Housing Benefit administration before you start. I have mentioned the welfare reform, £220,000; crisis funding is another £180,000. We have a council tax discretionary fund of £150,000 and, in our own housing discretionary fund, another £75,000. We are putting money in behind this as well. That 66% sits next to a statistic saying that 99% of the overall budget is spent. When you put those two together and look at the figures, it was an average DHP budget of £477,000 per authority and a £6,000 underspend.

Now, when you are managing these budgets it is an annual budget and you are not allowing any roll. I do not know about your local authority but we are stringent about managing within budget if there is no extra. We are expecting all our budgets to manage within budget. This may be an alien concept to the DWP but that is what we do. At the start of the year you have to try to set a policy—it has to be a policy; it will not be on discretion—and you need a strategy working out how you are going to try to spend it, and then it unravels as you go through the year and you are trying to monitor the expenditure.

The goalposts are changing with Universal Credit all the time. You try to backload the year because Universal Credit is coming in, and then it is delayed and you have to shift your policy and strategy. You are trying to manage shifting demands, trying to work out what is going to happen in the winter, and then trying to come in on budget. A lot of authorities are trying to manage that to the closest point possible but not overspend. You are going to end up with a load of small underspends and that probably goes into that 66% figure. If there are big underspends in there, that is a different question and those authorities should be asked questions.

Q113 **Chair:** Claire, what about Newcastle?



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Claire Horton: If I could add into that in terms of the financial planning as well, often you will not get notification of the next year's budget until quarter 4, often around mid-February time. Again, in terms of it being a solution for families, it very much is mitigating but, in terms of being able to have long-term financial planning, we are constrained within that year—as Graham said—not knowing what you are going to be able to do for the next year until only a few weeks before.

We had an issue a few years ago where the Department did open up for bids for additional money, which was gratefully received, but we got something like £600,000 extra with about five weeks to spend it before the year ended. In terms of sustainability, we would have a plea for longer-term DHP budgets for local authorities to allow us to plan. That one-year budget cycle is really unhelpful, given what DHP is intended to do and the fact that the welfare reforms are so interconnected and cumulative. All these things are happening all of the time. The pot of money that we are given to mitigate the impact of those is quite difficult to manage, but obviously very helpful because it has been a solution—albeit temporary—for many of our families at risk.

Chris Stephens: They are fairly robust responses to the Department's claims, Chair.

Chair: Indeed.

Q114 **Steve McCabe:** I want to ask a couple more questions about Discretionary Housing Payments, just so that we are a bit clearer about how it works. I wonder if you could tell us a little bit from each of your authorities about what the qualifying criteria are for someone who is seeking Discretionary Housing Payment.

Claire Horton: The criteria would be that someone needs to be in receipt of Housing Benefit, which is why people still have 50% in receipt, or the housing element of Universal Credit, and their ability to stay in a tenancy would need to be at risk. We would award DHP on those broad principles. Then the conditions it would give people on receipt of DHP—there are only a few things that they can do, really—are to try to maximise their income, which might be moving into work if that is going to be appropriate, to move to more affordable accommodation if it looks as though they can, or to reduce their expenditure.

It might be different for the other authorities but for the families that we are talking about affected by the benefit cap, because all of those options have been exhausted our conditions are around maintaining engagement with the specialist team, who can help them with advice and support on a much longer journey. Just knowing that they are working with them is enough to keep topping it up because we have people who are on four, five or six awards.

I was interested that in the previous session there were no local authority representatives and there was a discussion around the time limit, three months or six months. Again, we will try to do a personalised award as



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far as we can. We do not have a blanket rule. We will be making awards for three months, six months, nine months or 12 months depending on the circumstances. We also go from around 70% of the rent shortfall to around 100% of the rent shortfall and the team—

Q115 Steve McCabe: Can it roll over from three months to six months or do you have to start again?

Claire Horton: The theory would be that you would make a new application. For some of the families that we are working with intensively we were almost doing some automatic applications with revenues and benefits for that payment because, again, when money is so tight it does not make sense to do lots of administrative processes. It also does not make sense and is unsettling for the families themselves to not have that kind of security.

With the cohort that I was talking about of around 60 households, we have tried to do quite a rigorous exercise in terms of looking at the rent shortfall as a proportion of their income, which is usually around 20%, looking at the deductions that are coming off from DWP, which in that cohort have been from around £15 up to around £60, looking at their circumstances and how near or far away they are from work, and then making a judgment and making a personalised recommendation for DHP.

For many of those families we have a year's DHP and then, if we get budget next year, we are looking at it again. Some of them have been capped from the original cap at the end of 2013—only a small number—but some families have really challenging circumstances and that temporary top-up money is our best chance at helping them to stabilise.

You see the stress on some of the families when they talk about worrying when the DHP is going to stop. We put some quotes in the written evidence: "Feel pretty stable but I do worry about when my DHP ends." "I worry about my debts. When the benefit cap came into force it affected my anxiety and I was put back on anti-depressant medication again." "I struggle and it was made worse when the benefit cap was introduced." That was a single mum with her Housing Benefit reduced by £75.55 a week.

The temporary nature of DHP, as I said before—though welcome because it is a solution—is just not a way for people to be living their lives and having that kind of secure foundation, not knowing whether or not they are going to get it.

Q116 Steve McCabe: Thank you. Is it much different in Barking and Dagenham or do you follow—

Mark Fowler: We follow a similar principle to Claire's reference. We wouldn't ask someone to reapply after three months; we would be working with them. Part of the criteria is that we work with all of the families with regards to budgeting, money management and debt



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management, so there is no variety in package within that. The principle is very similar.

Q117 **Steve McCabe:** Do you have a time limit?

Mark Fowler: It is not indefinite. For some people there is an inevitability around what you are doing. We have a couple of—

Q118 **Steve McCabe:** Sorry to interrupt, but Claire has just read that quote about somebody worrying about it running out. What would someone in Barking and Dagenham think? Would they think it is open-ended or would they think—

Mark Fowler: The engagement we would have with a resident would not be a position where it is open-ended. However, we would personalise each of the plans. We have a number of residents who are terminally ill and are working their way through the Personal Independence Payment. We would not put them under that sort of pressure at all. What we do is try to actively use that as a tool to engage with families to do something very different with their life.

Q119 **Steve McCabe:** I understand the reason for trying to do that but, in personalising each of the plans, does that mean that in some cases somebody could get it for nine months, another person could get it for 12, and someone could get it for seven and a half? Is that how it works? It would be administratively quite complicated.

Mark Fowler: If the criteria were clear that the award needs to be for longer than six months, the officers have the flexibility. Flexibility within the scheme is key. We trust people but we have a limited pot here. We are trying to do whatever we possibly can under very difficult circumstances, and there is a position of ownership on each side. Where it is possible, we will administer and we will continue, but would that be through an engaged process? We try to reduce the administration wherever we possibly can. We would not ask people to reapply.

There is one statistic. From the people who have been capped over the last 18 months, 44% have been capped for longer than 12 months. We will actively work with those people through a plan to make sure they are supported so that they do not fall into crisis and do not fall into homelessness.

Q120 **Chair:** Given your limited budget, given that people generally live for the longer term, what proportion do you have to stand down after temporarily supporting them because you simply do not have the money?

Mark Fowler: In my authority currently, and in my previous authority, we would not stand people down. We would overspend with regards to our DHP pot.

Q121 **Chair:** Once they were on to discretionary payments, would they continue them until their circumstance is so changed you thought that they should not be eligible?



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Mark Fowler: Yes, that is correct.

Chair: Gosh, I wish that worked in our area.

Q122 **Steve McCabe:** What about Graham Bourne?

Graham Bourne: I do not deal with it quite the same as that. First, I would say that, if we get a DHP application, we do not see it as an application for money and then they go away. That is a real flag and indication of hardship. We try to then open up a holistic response to that and try to understand where the hardship is. Sometimes the DHP is not the solution; there is another solution. They maybe under-claiming benefits, they may need debt and budgeting advice, or it may particularly relate to council tax. We link it quite a bit to council tax. There may be debts within the council that are being recovered at too high a rate, which we can adjust. We do not just look at a DHP solution. We try to look at the whole solution.

Q123 **Chair:** The point of the benefit cap is to cut benefits, is it not?

Graham Bourne: Yes. I suppose, what we are trying to do is optimise the benefits and the funding we have available to provide the platform for people to—

Q124 **Chair:** But they should have that anyway if the system worked properly. Then the benefit cap cuts their benefit.

Graham Bourne: Yes. I am not disagreeing with you.

Q125 **Chair:** In Newcastle, are you able to juggle the money so that once somebody claims, if their circumstances do not change you do not cease to pay benefit?

Claire Horton: We are judging the risk of homelessness all the time. We are juggling within the budget. We still have almost 3,000 households affected by the bedroom tax—

Chair: As well, yes.

Claire Horton—which of course several years ago would have been the dominant proportion of our DHP budget. Our DHP budget has gone from around £94,000 in about 2011, when the welfare reforms started to be introduced, up to over £1.1 million and £1.5 million in—

Q126 **Chair:** Is that from the Government?

Claire Horton: That is from the Government but—as the Library briefing itself says—the DHP was intended to mitigate the impact but not the whole impact. It has only been a smallish proportion of the money that has been taken away. I can understand that, from your perspective, it seems like the process we are going through, juggling the money to make up the shortfalls that the Government have taken away—there is quite a lot of effort going into managing all of that to avoid those risks of financial crisis and homelessness.



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That was what I was talking about before in terms of infrastructure support as well as frontline advice. There is all this work going on behind the scenes to be managing budgets, thinking about competing needs, judging risk of homelessness and all of those things that are going on to try to basically, I suppose, keep a lid on a simmering pot.

Q127 Steve McCabe: You have all suggested that there is not really enough money for this. In the response I had from the Chief Executive of Birmingham recently—they are in the midst of designing a new policy—she said there is going to be greater conditionality during the period of DHP. I interpret that as meaning that they know it is not sustainable and they are going to have to find some way of reducing it. Do you all anticipate similar measures at some point?

Graham Bourne: One of the things underpinning the pressure on DHP is the freeze in local housing allowance. If you take a three-bedroom property in Brighton, the LHA is £144 less than the average three-bedroom rent. You have a fundamental shortfall that we cannot sustain through DHP. The affordability of the city is a factor. We have to make judgments around saying to people, “You have to consider moving because we cannot sustain the shortfall,” trying to target DHP to something that is sustainable, that can keep people in tenancies to actively seek a way out of benefit dependency. There are really difficult choices around that.

Q128 Chair: Where would you advise people to move to?

Graham Bourne: We do not advise people to move. We just point out, “Is it realistic within the budget? You have choices to make within your budgeting and one of those choices is about where you live.” It is not a blatant confrontation about living elsewhere but it is certainly something people have to consider in high-rental areas. I am sure the London dynamic is exactly the same.

One of the things about the benefit cap is that it does not affect the rental areas. In the high-rental areas you more quickly hit the benefit cap because you have a larger LHA award. There is exit pressure in the high-rental areas because of the mechanics of the benefit cap.

Q129 Steve McCabe: If you take account of local rental costs and employment opportunities in different areas, is there any way of applying this that better represents the geography of the situation and would make it work more effectively?

Graham Bourne: Are you talking benefit cap or DHP?

Q130 Steve McCabe: I am talking primarily about DHP because it seems to me DHP feeds on from the other things, from the cap itself. Obviously in certain parts of the country housing costs are much higher. Is there any way it could be applied to better represent the geographic realities of different areas?



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Graham Bourne: There is that crude difference of £23,000 in London and £20,000 elsewhere. Obviously, that is not sensitive to the different dynamics of housing costs across the country. On the question of how to alter that, I could not tell you a direct solution but it is not right as a response and there has to be a better way of doing it, if you agree with the principles behind it.

I think you have heard today that there is so much in the mechanics of how this is set up that is contrary and unco-ordinated. The current mechanics are failing to use benefits for what they should be, which is to provide that welfare support to give people platforms to progress beyond benefits. Whether you have an argument about how much money is put into it or not, the money we have we are not using well enough.

Q131 **Chair:** Do you have examples of claimants suffering the triple whammy of being hit by the local rent level, the bedroom tax and the benefit cap?

Graham Bourne: I don't know—not with that triple whammy. There are a lot of multiple whammies that you could probably give examples of, but not that particular scenario, I hope. I am not aware of any. Are you two?

Claire Horton: I am not aware of any, no.

Mark Fowler: Not all of them but, as you say, there are combinations where things happen and it is not straightforward, and all the family really understand is that they have less money than they had before.

Q132 **Chair:** Or no money.

Mark Fowler: Yes, exactly. We have just under 10 households that had no money at all, post being capped, to live on. The amount of their benefit was just about enough to pay for their rent alone.

Q133 **Chair:** That is for Barking, not the whole of London?

Mark Fowler: I think London has similar issues.

Q134 **Chair:** Sure, but there are 10 people with no money at all in Barking?

Mark Fowler: That is right, in Barking and Dagenham.

Q135 **Chair:** We ought to put questions down and find out, for each local authority, how many people are left, after these caps, with no money.

Mark Fowler: I am sure a number of the London authorities will have those numbers to hand.

Chair: We will end, if we may, on that incredibly dismal note.

Ruth George: Sorry, could I just ask one more question?

Chair: We are not going to end on that dismal note.

Q136 **Ruth George:** It is not a happy question. You have talked a lot about the people you have reached. Do you think there are people you have not reached who are affected by the cap, and will those numbers increase as



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Universal Credit rolls out?

Claire Horton: I would say yes, definitely, because of the Universal Credit issue. Just as one example, the first time we found out about a Universal Credit household affected by the benefit cap was when they moved up from Reading and turned up at our housing advice centre at risk of homelessness. That was a crisis presentation.

That is our main worry. Because we do not have that systematic notification about the Housing Benefit households with Universal Credit, are we just finding out about them when it has really gone wrong? That is one of our main worries at the moment. As you heard from the previous session, because of it eating into the personal allowance as well, not just the housing costs, it really can go very wrong. We had one household losing £885 a month. They are now in children's social care under the category of neglect, with the children about to be removed. They are quite difficult and desperate circumstances.

Q137 **Chair:** You see, we brought you here today but you are exemplary. I wonder how many local authorities have done as your local authority has done and gone on to the attack to try to prevent people from being made destitute.

Claire Horton: That is what I would want to try to get across, definitely that it is not rosy. We have done some good work in Newcastle but even with all of that proactive, preventative approach, there are some absolutely desperate circumstances. There is a whole load of work going in to reduce the number of those circumstances as well.

Q138 **Chair:** Mark has this brilliant service and 10 people, 10 families, have no money at all. Wow. All right. Thank you hugely for your contribution. Mark?

Mark Fowler: Just really quickly in response to the question, we try to engage with all of the people who are benefit capped. It is just under 10% that we get no response from at all. A real concern is that 22% of the people who are being capped across London are now through Universal Credit and we are not getting to see any of that information at all. Regardless of how good the support is in the services, those people are more exposed than they would have been.

The final point is that the whole system costs. When the housing and the finance go wrong, there are acute issues that move into social care. We all know the cost. They go through the roof incredibly quickly. This problem is talking about systemic issues, from that side.

Q139 **Chair:** Are you not automatically getting the Housing Benefit component reported to you as councils?

Mark Fowler: No.

Graham Bourne: No. We have no idea.



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Mark Fowler: We are blind to Universal Credit awards.

Graham Bourne: Yes, absolutely blind.

Q140 **Chair:** Universal benefit blind?

Graham Bourne: Yes, and part of what we always try to do is anticipate the problems. You had the barometers with Housing Benefit. When there were Housing Benefit claims you could do your sweeps, identify the high-risk areas and make early interventions and contact. You do not have any of that information anymore. We try to be proactive but we are forced to be reactive now, and that is no way to deal with hardship.

Chair: Gosh. Thank you very much.