The Impact of the Welfare Reforms on Islington and its People

REPORT OF THE COMMUNITIES REVIEW COMMITTEE

London Borough of Islington
April 2013
CHAIR’S FOREWORD

The central purpose of this scrutiny has been three-fold:

1. to review the impact on Islington people of the welfare reforms implemented by the Government prior to 2013 and

2. to assess Islington Council’s efforts with partners to mitigate the negative effects of these changes to date in order to

3. prepare for and support residents to deal with the remaining reforms to be implemented in 2013 and beyond.

Members of the committee have read numerous reports, heard various expert presentations, visited an appeal tribunal and met with another council, but by far the most powerful evidence we have seen and heard has been the testimony from Islington residents themselves speaking of their own lived experience of the government’s welfare reforms.

We have come to the view that the council and its partners have done a great deal of good work to try to get ahead of the game and take the sharpest edges off the Government’s welfare reforms, protecting Islington residents from their worst excesses. We congratulate council officers and colleagues from partner organisations on this work. But there is still more that could be done, despite our limited resources being cut still further, to support our residents to cope with the cuts to which this government is subjecting them. We therefore make ten recommendations in this report for new actions that we hope will help.

We do not wish to overstate the ability of this committee to make things better. There is no getting around the fact that thousands of our neighbours in Islington are suffering badly at the hands of these Government reforms. But we hope at least that our recommendations will add some value to the impressive work already under way to support our communities in the face of these cuts, and we thank all those who participated in this scrutiny for their honesty, their ideas and their time.

Councillor Andy Hull
Chair Communities Review Committee
EXECUTIVE SUMMARY

1. Introduction
The Communities Review Committee commenced its scrutiny of the impact of welfare reforms on Islington residents in July 2012.

2. Objectives
The objectives were to consider three areas of welfare reform already implemented, Local Housing Allowance caps, work capability assessments and cuts to family benefits: the effectiveness of local action to mitigate those reforms and the lessons to be applied in preparation for three of the reforms starting from 2013: the ‘bedroom tax’, (social housing under occupation penalty: the general benefit cap and the abolition of disability living allowance.

3. Methodology: The Scrutiny Initiation Document was agreed by the Committee and included a programme of hearings to receive written and oral evidence from local people and local organisations, supplemented by visits carried out by Members of the Committee.

4. Recommendations
The Committee makes recommendations in seven areas covering data sharing, the ‘bedroom tax, enabling a community based response to welfare reform, affordable childcare, foster carers, further qualitative research and digital inclusion.

Data Sharing – The Committee recommends that the Council make representations to the Government to introduce legislation allowing the Department for Work and Pensions to share with the Council personal data of those affected by the abolition of the disability living allowance. This would ensure that the vulnerable disabled people could be offered advice and assistance at the earliest stage when claiming the Personal Independence Payment. Additionally, and in recognition that work is the best route out of poverty for most people of working age, the Committee recommends a legislative gateway to be introduced allowing the DWP to share with the Council personal data about people of working age on out of work benefits. This would support improved joint working between the Council and Job Centre Plus to support the most disadvantaged into employment.

Bedroom Tax - The Committee recommends that the Council and its partners build on the good work of Family Mosaic in supporting residents affected by the tax to take in lodgers.

Community Based response – As many of the Government’s reforms fall on tenants in social housing, the Committee calls on the Government to engage with Tenants and Residents Associations, Tenant Management Co- operatives and Tenant Management Organisations and Help on Your Doorstep, so that they are enabled to promote greater local awareness of the reforms and of the referral pathways to services able to assist tenants.

Affordable Childcare – The Committee recommends that the recruitment of Parent Champions be increased to promote the childcare on offer in the borough to other parents in the borough, to enable parents to seek employment and or/training. In addition given that childcare needs to be ‘tailored’ to the needs of the parents, rather than the service provider, and that Islington has managed to retain its Sure Start Centres, a service user perspective should be adopted, to support the planning of Islington childcare, and to ensure a flexible childcare offer, which can support working parents, as well as promote the co-location of childcare and education and training.
**Foster Carers** – The Committee received evidence that the Government’s ‘bedroom tax’, will introduce significant disincentives for foster carers who live in social housing. The Council should therefore call on the Local Government Association to make further representations to the Government to remove foster carers from the scope of the ‘bedroom tax’, in a similar way that those in supported accommodation were removed from the effect of the General Benefit cap. In the event that this legislation is not amended, London Councils should co-ordinate a common, London wide protocol on the use of Discretionary Housing Payments to ensure that foster carers are not penalised by the ‘bedroom tax’ and have a clear expectation of the support they can expect for carrying out this important responsibility.

**Qualitative Research** – The impacts of welfare reform are cumulative and reduce the income of both workless and working families in a variety of ways. The Committee, therefore call on the Council to commission a project to see how the Government’s welfare reforms are impacting upon Islington people. This could include specific case studies and their stories, with their permission should be published and made available to relevant campaigners.

**Digital Inclusion** – Many residents, but vulnerable residents in particular, may find it difficult to use online services, especially where the ‘digital by default’ approach (as with Universal Credit) offers limited alternatives. Accordingly the Committee calls on the Council to ensure that relevant staff in Libraries and Community Centres are trained to be able to assist residents in how to complete such forms.

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5. **Background**

Most reforms of the welfare system currently being implemented were included in the Welfare Reform Act 2012. The majority of those reforms impact on people of working age in preparation for the introduction of Universal Credit and the replacement of working age means tested benefits and tax credits. The decision to uprate most benefits by 1% from April 2013 was announced in the Chancellor’s 2012 Autumn statement.

6. **Findings**

At its first meeting the Committee received evidence about the Government’s aim to reduce welfare spending by £18 billion in support of the deficit reduction target. The welfare changes mainly affect people of working age, with families, disabled people and tenants facing the greatest losses.

**Local Housing Allowance (LHA)**: The LHA reforms impose a cap according to the number of bedrooms a household renting in the private sector is estimated to require (up to a maximum of four). The level of the caps is set nationally and assumes many children would share bedrooms. The effect is to make high rent areas, such as Islington, unaffordable for many families, but transitional protection meant that the measure did not fully take effect until December 2012. Other reforms also reduce the benefit payable to private tenants. The Council estimates that 1300 households will be affected and the Council advised all of them that advice and support was available.
through its LHA team, which offered assistance to negotiate lower rents, recommended Discretionary Payments and helped with relocation where necessary.

**Bedroom Tax**: The ‘bedroom tax’ is the benefit sanction imposed on social housing tenants who are deemed to be under occupying. Under occupation is determined on the same basis as LHA caps, with many children being expected to share. If a household has one additional bedroom, the tenant must meet 14% of the rent before any housing benefit is calculated: with two or more additional bedrooms, the tenant must meet 25% of the rent before housing benefit is calculated. 2100 Council tenants are subject to the benefit penalty and information on other social landlords is being obtained. Letters and home visits have been arranged in advance of the introduction of the ‘bedroom tax’ in April 2013. There was a proposal not to count foster carers as part of the claimant’s household for the ‘bedroom tax’, and whilst there has been a partial ‘climbdown’ by the Government it is still going to penalise foster carers caring for more than one child and we have made recommendations in relation to this.

**General Benefit cap**: The general benefit cap imposes a maximum limit on the weekly benefits payable to households on out of work benefits. The weekly maximum for a single person is £350 per week and for a couple, with or without children, it is £500 per week. Benefit paid above the cap is deducted from the claimant’s housing benefit. If the benefit in excess of the cap is more than the tenant’s housing benefit, the claimant is left with £0.50 pence towards their housing costs. The Committee received evidence that there are approximately 900 households affected by the cap in Islington with 71 families who will be left with insufficient housing benefit to meet housing costs anywhere in the UK. Affected tenants are being contacted by Job Centre Plus with offers to help them into employment and by Council staff who are advising them on potential entitlement to benefits that will exempt them from the scope of the cap.

**Affordable childcare**: It was noted that the Islington Childcare, formed by the Council on the recommendations of the Islington Fairness Commission, has done significant work to promote child care bursaries and to maintain the extended schools offer at a time of reduced local government funding. London child care costs, however, are 27% higher than the national average and, together with high rents, forms one of the major structural barriers to parental employment in the capital. Evidence from the Child Poverty Action Group clearly identified the lack of affordable childcare in the capital as one of the main structural barriers to parental employment. The Committee took the view that peer to peer promotion of childcare, by parents to parents, offered a valuable basis for building trust in child care provision.

**Community Engagement**: Given the high proportion of social housing in Islington, and given that many of the Government’s welfare reforms will hit tenants in social housing, the Committee took evidence about the anticipated impact on rent arrears
and other forms of indebtedness that can be anticipated to arise. The Committee formed the view that innovative ways to engage tenants in the social housing sector should be promoted and adopted, in particular, via the TMO’s, TRA’s, and TMC’s.

**Work Capability Assessments:** Introduced by the previous Government in 2008, work capability assessments are used to inform decisions about whether those who claim sickness benefits have limited capability for work (and are, therefore, entitled to sickness benefits), have limited capability for work related activity (and are therefore entitled to sickness benefit without having to engage with the labour market), or are fit for work, in which case they have to claim Job Seekers allowance. The assessments are carried out by the private health care firm ATOS. Considerable external scrutiny of the WCA process, including several formal enquiries by Professor Malcolm Harrington, have concluded that the way that WCA’s have been carried out lack empathy, are mechanistic and impersonal. Islington has over 12000 residents claiming sickness benefits and therefore, subject to regular WCA’s. Nationally, the Ministry for Justice reported that there were a record number of appeals against WCA decisions recorded in the third quarter of 2012. In this period, 42% of appeals against DWP ESA decisions were decided for the claimant and against the DWP. Members of the Committee attended a WCA appeal as observers, and heard as well from local residents who had undergone an assessment. The Committee was impressed by the ability of the residents to set out the health reasons why they were not fit for work, but heard that they had their claims for sickness benefits turned down by the DWP until challenged at appeal. There was the view expressed that ATOS examinations were mechanistic and intent on removing people from benefits.

**Abolition of Disability Living Allowance:** The Committee was informed that there are nearly 8000 Islington residents aged 16 to 64 who will have their DLA ended and will be required to claim the Personal Independence Payment (PIP). New claims for DLA will not be accepted after June 2013 and existing claimants of DLA will be told of the end of their DLA claim from October 2013. The claim for PIP will, for most people, involve a medical assessment by an ATOS medical practitioner. DWP expect that 20% of DLA claimants will not be entitled to PIP and most of those who are awarded the benefit will have to renew their claim periodically. Evidence provided from Disability Action in Islington raised concerns about the ability of many disabled people to cope with the claim process for PIP.

**Joint meeting with Camden Council:** The Committee met Members and officers from Camden Council and exchanged information about the experience of welfare reforms and preparations for 2013, finding much in common across the two authorities. There was a common focus on communications and the need to engage with communities in innovative ways and in dealing with the changes proposed in response to foster carers and the ‘bedroom tax’.
**Universal Credit:** The Committee heard evidence about the Government plans to introduce Universal Credit progressively from October 2013, in particular the DWP evidence from its equality impact assessment and details on ‘winners and losers’.

The Committee heard concerns that some parents would be worse off as a result of the introduction of Universal Credit and that the reliance on real-time PAYE information could pose difficulties for those employed by small to medium sized employers. Contrary to DWP assurances, the Committee noted evidence from Save the Children Fund, the Institute for Fiscal Studies and the Family and Parenting Institute about the negative impact of Universal Credit on child poverty rates and falling incomes.

**Qualitative Research:** Whereas the DWP shares some personal data with local Councils about those affected by some reforms, the cumulative impact of the full range of reforms is not known. Accordingly, the Committee formed the view that the Council should undertake some small scale qualitative research to track the impacts on working and workless families within the borough.

**Problem Debt:** The Government’s withdrawal of £18 billion from the poorest sections of the community, together with the decision to limit benefit uprating to 1% for key benefits in 2013 poses the risk of increased pressure on limited household budgets and growing problem debt. The Committee formed the view that there should be a higher profile for the Credit Union, with local firms taking out corporate membership and high street premises being sought to compete with the proliferation of payday loan companies and pawn shops.
LIST OF CONTACT ORGANISATIONS FOR ASSISTANCE AND ADVICE FOR RESIDENTS IN RELATION TO WELFARE BENEFIT REFORMS

CITIZENS ADVICE BUREAU

222 Upper Street N1 1XR – No appointment necessary on Mondays, Tuesdays, Wednesdays and Fridays 9.30a.m.- 4.30p.m.
Thursdays – 5.00p.m -8.00p.m. for workers, carers and students
Telephone advice on 020 7288 7696 Monday to Friday 10.00a.m.-1.00p.m. and 2.00p.m. -4.30p.m.
Website: www.cabislington.org.uk

ISLINGTON PEOPLES RIGHTS

6-9 Manor Gardens
London
N7 6LA
Website: info@ipradvice.org.uk

LAW CENTRE

38 Devonia Road
London
N1 8JH
Telephone: 020 7607 2461
Website: info@islingtonlaw.org.uk
Fax: 020 7700 0072
Opening times are 9.30a.m.-1.00p.m. and 2.00p.m-5.00p.m. Monday to Friday

DISABILITY ACTION IN ISLINGTON

90-92 Upper Street
London
N1 ONP
Telephone/text: 020 7226 0137 (information and advice line)
Telephone: 020 7354 8925 (office number)
Minicom: 020 7359 1891
Fax: 020 7359 1855
SMS/Text: 07949 577 347
E mail: disabilityaction@daii.org
MEMBERSHIP OF THE COMMUNITIES REVIEW COMMITTEE

Members 2012/13:

Theresa Debono                          Mick O’Sullivan
Arthur Graves – no longer Member of Council  Charlynne Pullen (Vice Chair)
Mouna Hamitouche                       Claudia Webbe
Andy Hull (Chair)                      David Wilson

Substitute Members 2012/13:

Jessica Asato                          Barry Edwards
Lorraine Constantinou                  Gary Poole
Rhiannon Davis                         Terry Stacy
Gary Doolan                             

Acknowledgements:
The Committee would like to thank all the witnesses who gave evidence to the review (see Appendix B)

Officer Support:

Scrutiny and Democratic Services       -  Pete Moore
Income Maximisation Manager           -  Martin Baillie
1. INTRODUCTION

1.1. The former Overview Committee, now Policy and Performance Committee, approved the priority topics for 2012/13 scrutiny at their meeting on 28 June 2012. One of the topics agreed for scrutiny was a review of the impact of the Government’s welfare reforms on Islington and its people.

1.2. This review commenced in July 2012.

2. OBJECTIVES

2.1. The overall aims of the review were as follows:

- To understand the impact on Islington residents and communities of three current areas of reform – restrictions on private tenants’ housing benefit (Local Housing Allowance), the implementation of the work capability assessment for people claiming sickness benefits and the reductions in multiple benefits and tax credits paid to families with children
- To evaluate the effectiveness of local efforts to mitigate the impact of welfare reforms already implemented
- To make recommendations for the mitigation of the welfare reforms to be implemented from 2013, including: the general benefits cap of £500 per week for families (£350 a week for single person households); reductions in housing benefit for under occupying social tenants of working age; the abolition of disability living allowance and the introduction and implications of the personal independence payment and the introduction of Universal Credit.

2.2. The objectives of the review were as follows:

- To understand the impact of the reforms on the living standards, stability, independence, health and well-being of Islington people and communities
- To assess the extent to which the Council and partners locally are supporting residents in mitigating the negative aspects of these reforms
- To anticipate the challenges that may be posed by the further reforms scheduled from 2013 and to make recommendations for local strategic and operational responses to those challenges

3. METHODOLOGY AND TIMETABLING

3.1. Following the agreement of the Scrutiny Initiation Document a work programme was designed for the Committee to receive presentations, carry out visits and consider witness evidence at Communities Review Committee.
4. THE COMMITTEE’S RECOMMENDATIONS

Data sharing

(a) A very high proportion of Work Capability Assessment (WCA) decisions by the Department of Work and Pensions (DWP) are overturned on appeal (45%) in the London region. This implies that the medical reporting provided by ATOS could be improved and the quality of initial decision making by the Department of Work and Pensions is poor. This poor decision making process places great stress on vulnerable residents, as well as significant burdens on advice and advocacy services who must then support residents to put right incorrect decisions.

The Department of Work and Pensions (DWP) has also awarded the contract in Islington for administering the medical assessments for the new Personal Independence Payments (PIP), which will replace the Disability Living Allowance (DLA), to ATOS in Islington. The Council should seek to ensure that the Government’s abolition of DLA and its replacement with PIP does not result in a repetition of the problems associated with the work capability assessment process but instead builds on the constructive data-sharing arrangements in place for the General Benefit cap and ‘bedroom tax’.

The Council should therefore call on the Government to introduce legislation to allow Job Centre Plus to share personal data about the phased roll out of DLA withdrawals with Local Authorities, so that advice and assistance can be provided to these most vulnerable residents at the earliest stage of the assessment process, rather than at the appeal stage.

Request the Council, given the evidence received from a number of residents, (who were both articulate and in the possession of medical information supporting their claims), and also noting the distress that this has caused them, to write to the Government expressing their concerns in relation to the administration of the Work Capability Assessment process by ATOS and DWP and request that measures should be put in place to address their concerns, particularly prior to the introduction of Personal Independence Payments.

(b) A high proportion of the Government’s welfare reforms target people of working age. The Committee’s view is that fairly remunerated work is the best route out of poverty for most people.

The Council should therefore call on the Government to introduce legislation to allow Job Centre Plus to share with Local Authorities personal data about people of working age on out of work benefits to facilitate good partnership working to support the most disadvantaged (particularly women and black and ethnic minorities, who are being hardest hit by the Government’s welfare reforms) into employment, as exemplified by Islington’s Parental Employment Partnership.

Bedroom Tax

(c) The ‘bedroom tax’ will affect not only council tenants but the tenants of registered providers as well.
The Council should therefore call:
Encourage the Council and its partners to give consideration to support residents to
take in lodgers, with suitable safeguards, as lodgers will not be counted as occupying
a room under the ‘bedroom tax’, and therefore the size criteria will not apply. This
information should be publicised in order to build on the good work that has already
been carried out in this area by Family Mosaic Housing Association

Foster Carers

Whilst the Committee notes and welcomes the ‘climbdown’ of the Government to allow
Foster Carers to be entitled to one additional bedroom, this means that these carers who
provide care for more than one child will still be forced to rely on Discretionary Housing
Payment if they are not to suffer financial loss.

The Council should therefore:
Call on the Local Government Association to make representations to the
Government to remove foster carers from the scope of the ‘bedroom tax’, in a similar
way that those in supported accommodation were removed from the effect of the
General Benefit Cap

In the event of legislation not being amended, call on London Councils to co-ordinate
a common, London-wide protocol on the use of Discretionary Housing Payments to
ensure that foster carers are not penalised by the ‘bedroom tax’ and have a clear
expectation of the support they can expect for carrying out this important
responsibility

Community Based response

Many of the Government’s welfare reforms impact on tenants in social housing. Early
intervention with those affected is critical to prevent the escalation of problems with
challenging incorrect benefit decisions and the indebtedness arising from loss of benefit. In
addition to other outreach work, through partner organisations, the Council need to reach
people affected where they live.

The Council should therefore:
Engage with Tenants and Residents Associations, Tenant Management Organisations
and Tenant Management Co-operatives and Help on your Doorstep to enable them to
promote greater awareness of the implications of welfare cuts, confidence in raising
issues with local residents and improved access to services that can assist those
adversely affected. This could include the promotion of pop up advice surgeries on
welfare reform, which could be attended by Council officers in order to explain the
reforms and offer assistance

Affordable Childcare

The Islington Childcare, established by the Council, in response to a recommendation of the
Islington Fairness Commission, has done a significant amount to promote childcare
bursaries and maintain the extended schools offer at a time of cuts to local authority funding
(which in other boroughs is leading to the closure of children’s centres), and when the
proportion of childcare that Working Tax credits will fund is reduced. Evidence from the Child
Poverty Action Group, however, shows that the perceived or actual lack of accessible and
affordable childcare remains one of the main structural barriers to parental employment in
the capital. Parental employment is key to tackling child poverty and minimising the damage done by the Government’s welfare reforms.

The Council should therefore:
Seek to increase the recruitment of Parent Champions to promote the childcare on offer in the borough to other parents and to enable parents to seek employment and/or training

Given that childcare needs to be ‘tailored’ to the needs of the parents, rather than the service provider, and that Islington has managed to retain its Sure Start Centres, a service user perspective should be adopted, to support the planning of Islington childcare, and to ensure a flexible childcare offer, which can support working parents, as well as promote the co-location of childcare and education and training

Qualitative Research

Alongside its ongoing quantitative analysis of the impacts of the Government’s welfare reforms on Islington people, there is a need for more qualitative analysis – beyond numbers – which helps bring the story of how the benefit cuts are affecting our residents to life.

The Council should therefore:
Commission the tracking of a selection of willing Islington families, including those in work, as to how the Government’s welfare reforms are impacting upon Islington people. This could include specific case studies and their stories should then be publicised, with the permission of the families concerned, and made available to relevant campaigners

Digital Inclusion

Many residents who have impairments, which make it difficult for them to complete online forms will need assistance, particularly with the introduction of Universal Credit, in completing such forms.

The Council should therefore:
Ensure that relevant staff, particularly in Libraries and community centres, should be adequately trained and made aware of the requirements in relation to assisting residents in how to complete online claim forms, especially with regard to the introduction of Universal Credit
5. BACKGROUND

5.1 On 8 March 2012 the Welfare Reform Act received Royal Assent. The Act legislates for the biggest changes to the welfare system for many years.

5.2 It introduces a wide range of reforms that will deliver the commitment made in the agreement to make the benefits and tax credits systems fairer and simpler.

5.3 The aim of the Government is to achieve the creation of the right incentives to get more people into work, protecting the most vulnerable in our society and delivering fairness to those claiming benefit and to the taxpayer.

5.4 The main elements of the Act are:

- the introduction of Universal Credit to provide a single streamlined payment that will improve work incentives
- a stronger approach to reducing fraud and error with tougher penalties for the most serious offences
- a new claimant commitment showing clearly what is expected of claimants while giving protection to those with the greatest needs
- reforms to the Disability Living Allowance, through the introduction of the Personal Independence Payment to meet the needs of disabled people today
- creating a fairer approach to Housing Benefit to bring stability to the market and improve incentives to work
- driving out abuse of the Social Fund system by giving greater power to Local Authorities
- reforming Employment and Support allowance to make the benefit fairer and to ensure that help goes to those with the greatest need
- changes to support a new system of child support which puts the interest of the child first

5.5 The Committee decided to focus attention on three particular elements of the welfare reforms, the Local Housing Allowance and reforms to Housing Benefit, the changes to Employment and support allowance and the reforms to Disability Allowance and Personal Independence Payments. In addition, they wished to look at the effect of these changes and the introduction of Universal Credit.

5.6 Some initial measures have already been put in place to identify the cumulative impact of the welfare reform changes at household level and work is being carried out with Job Centre Plus to share data in order to identify families and offer support on benefits entitlement, housing options and access to employment and training and prevent escalation of need.

5.7 The Committee wished to look at and mitigate as far as possible the introduction of these changes to Islington residents and to ensure that the intention of the Government to make work pay for working families actually came about as a result of these welfare reforms.

5.8 The Committee also felt that it was important to understand how the introduction of the welfare reforms had impacted on those in receipt of benefits, which were often paid to the most vulnerable members of the community.
5.9 The recent announcement to limit welfare benefits to 1% for the next 3 years effectively caps benefits below the rate of inflation and this will exacerbate the problems for the most vulnerable in the community.

5.10 The 1% cap also extends to sick pay, maternity pay, paternity pay, adoption pay and couple and single parent elements of working tax credits and the child element of the child tax credit therefore impacting on those in work, as well as those who are out of work.
6. THE COMMITTEE’S FINDINGS

Local Housing Allowance/Bedroom Tax

6.1 The Committee at its meeting on 12 July received evidence in relation to the welfare reforms that were being introduced by the Government.

6.2 The Committee were informed that welfare reform is taking place in the context of fiscal retrenchment and massive reductions in public spending by the Government, resulting in reductions of £18 billion over this spending review period, with the possibility of a further £10.5 billion reduction to the social security budget in 2015/16.

6.3 The reductions fall mainly on the working age population and many of these changes impact disproportionately on families.

6.4 In terms of the measures introduced to date, the changes to the Local Housing Allowance would disproportionately impact on families with children. The Local Housing Allowance limits households housing benefit payments to pay for a maximum of 4 bedrooms and removes the five bedroom benefit rate. The rate of LHA that applies is calculated, not by the number of rooms at the accommodation, but by the amount of rooms a family is estimated to require. In calculating the LHA cap that applies, two children under 10 are deemed able to share a room. This means that a family with two young children in a three bedroom flat would be capped at the amount for a two bedroom flat. The effect of the LHA caps will be to force larger families to move out of the borough and the impact would be mainly felt by residents in London, who would be more vulnerable to the changes as a result of the high cost of housing.

6.5 The Local Housing Allowance affected all new claimants from April 2011 and existing claimants 9 months after the anniversary of signing their tenancy. This transitional protection ended in December 2012. Housing allowances were capped at £250 for a 1BR property, £290 for a 2BR property, £340 per week for a 3BR property and £400 per week for all other properties of 4BR or more. This affects private tenants living in more expensive areas, particularly inner London, whether in work or on out of work benefits.

6.6 From April 2011 all households currently eligible for the 5BR LHA rate, whether in work or on out of work benefits were restricted to the 4 BR LHA rate. The size criteria has now been amended to allow for an extra bedroom for disabled claimants, without a resident carer, who need an extra room, to enable a carer to stay overnight.

6.7 In addition HB claimants are no longer be entitled to keep the £15 weekly excess above the actual rent and this will affect LHA claimants whose rent is below the current median rent for their property size.

6.8 In January 2012 the threshold for the shared room rate will also rise from 25 to 35 years old, and this will affect single adults up to the age of 35, without child dependents, living in 1BR properties in the private sector. There are exceptions to the restriction and it does not apply to people who need no overnight carer, are severely disabled, care leavers up to the age of 22, some people who have previously lived in hostels and some ex-prisoners.
6.9 The Council has sought to monitor the effect of the LHA caps on Islington residents, using information available from its housing benefit system. This showed that there are 3250 private tenants claiming Local Housing Allowance, 86% of these being lone parents. Of these, 1316 households exceed the Local Housing Allowance cap. The average loss of benefit is £45.71 per week and the range of loss of benefit varies between £34 with the most extreme reduction being over £1000 per week. This will be further exacerbated by the fact that the LHA caps will be uprated by the rate of the Consumer Prices Index, rather than the market rent in 2013 and by 1% thereafter.

6.10 In response to the caps, the Council’s Local Housing Allowance project team originally identified 1300 households in the borough who would be adversely affected by these changes. The Council took positive steps to engage residents at least 2/3 months in advance of any changes and to date 452 residents have been contacted and a further 173 have been identified. However in a number of these cases, the circumstances of residents had changed. All residents were advised that if they required assistance they should contact the Council for advice. It is not known how many families have left the borough as a result of the changes, as the circumstances of claimants may change and some other families may not choose to engage with services before making their own arrangements. However of the residents that had been assisted, 33 families and 32 single people had still had to leave the borough. Whilst in some cases it had been possible to renegotiate rents downwards with some landlords, some families had been displaced and 15 children had had to leave one particular school in the borough, as a result of the Local Housing Allowance cap. Whilst the Council did attempt to renegotiate rents downwards with private landlords, there were problems in that the rental market in Islington was buoyant and there was often no difficulty in landlords renting properties, which limited the scope for the Council to negotiate rents downwards.

6.11 The Council has to date been able to assist a wide variety of residents and had worked with other departments and agencies and prioritised cases, where appropriate. The LHA project team had liaised with Children’s Services and visited schools to engage with parents in order to explain the changes.

6.12 A regional hub of 6 boroughs, including Islington, had also been set up which could provide advice. As of November 2012, 103 families had been referred by Islington for such advice. A public session had also been organised to explain the consequences of the changes, and the need to prepare and engage for them before the transitional protection period ended. Advice had also been provided to 425 households and the Council liaised on behalf of residents with landlords, advised on housing options, and referred cases to the Citizens Advice Bureau, in order to try to avoid homelessness.

6.13 Ethnic minority groups tended to have a higher proportion of larger families and therefore the changes may impact on them disproportionally as well. To date we noted that the scale of the movement of families was not taking place at the levels that had originally been predicted, however this may be because the impact of the changes on existing benefit claimants did not take place until the anniversary of their first tenancies and that there was a reluctance by residents to move. If residents did not choose to move and stayed in their accommodation this could result in growing rent arrears.
‘Bedroom tax’ and the general benefit cap

6.14 Two of the main reforms affecting people of working age and starting in 2013 are the benefit sanctions applied to under-occupying social housing tenants (the ‘bedroom tax’) and the general benefit cap applying to people claiming out of work benefits. The ‘bedroom tax’ uses the same rules as the LHA caps to determine the number of bedrooms a household is entitled to. If the household has more than one bedroom than they are deemed to require, they will have to meet 14% of the base rent before housing benefit is applied. If the household has two or more bedrooms than they are deemed to require, they will have to meet 25% of the base rent before housing benefit is applied. The general cap will mean that any single person on out of work benefits will be paid no more than £350 a week, including housing benefit, a couple with or without children will have benefit limited to £500 a week.

6.15 In relation to the bedroom tax proposals, the Committee also received evidence from Brendan Sarsfield of Family Mosaic Housing Association.

6.16 Family Mosaic Housing Association were the second largest housing association in Islington and had over 3000 homes in the borough.

6.17 The Committee were informed that all social housing tenants who are deemed to have at least one bedroom will be affected and this includes separated parents who share the care of their children and who may have been allocated an extra bedroom to reflect this. Benefit rules mean that there must be a designated main carer who receives the extra benefit. In addition, couples who use their spare bedroom, when one of them is recovering from an illness will similarly be affected. Foster carers will now, following a Government climb down, be entitled to one additional bedroom. However, those carers that provide care for more than one child will still be forced to rely on Discretionary Housing Payment if they are not to suffer financial loss. However the Committee are of the view that this will act as a disincentive to foster carers to care for more than one child and that the Government should further reconsider this and in the event of the legislation not being further amended to make representations to ensure that a common, London wide protocol is co-ordinated to ensure foster carers are not penalised.

6.18 Similarly social housing tenants who are parents and have children who visit, but do not count as part of the household for benefit purposes will be affected, as will families with disabled children and disabled people, as will disabled people living in a property that has been significantly adapted. The Committee notes and welcomes the decision of the Government not to appeal the decision of the Courts that it is unacceptable for the size criteria to be applied where children cannot reasonably be expected to share a bedroom.

6.19 The reduction in benefit will be a fixed percentage of the housing benefit eligible rent. The Government has said that this will be set at 14% for one extra bedroom and 25% for two or more extra bedrooms. The Government’s own impact assessment indicates that those affected will lose an average of £314 per week. It is estimated that there will be 660,000 working age social tenants affected, which relates to 31% of existing working age housing benefit claimants in the social sector with the majority of these people only having one extra bedroom.
6.20 From April 2013 lodgers will count as occupying a room under the size criteria rules. Any income from a lodger will be taken into account and deducted pound for pound from benefit, apart from the first £20. This reverses under Universal Credit and lodgers will not be counted as occupying a room and the size reduction criteria will apply, but any income from lodgers will not be counted as occupying a room and the size reduction criteria will apply.

6.21 Households, where students are studying away from home will not be able to be deemed to be under occupying, if the student is away for less than 52 weeks, under housing benefit, or 6 months under Universal Credit. Under housing benefit rules, students are exempt from non-dependent deductions, however full time students will not be exempt from the Housing Cost contribution, which replaces non-dependent deductions under Universal Credit. All young people under 21 are exempt from the Housing Cost contribution, but students over 21 will face a contribution in the region of £15 per week. These proposals are still only in draft regulation form so will be subject to further clarification and possible amendment.

6.22 The risks to Housing Associations of the existing welfare reforms were an increase in bad debts and the possibility of increased numbers of evictions, however Family Mosaic were looking at action that could be taken to encourage tenants who were currently under occupying to downsize, especially if they breached the LHA cap.

6.23 Housing Associations would need to develop a strategy to collect information and support tenants and it was noted that 50% of Family Mosaic tenants received some form of housing benefit and other tenants received other types of benefit. With the introduction of Universal Credit, which would bring in a cap of £500 for all types of benefit entitlement, there was a need to have this information to support tenants.

6.24 It was clear that new methods of engaging with residents were needed, as traditional methods of engagement were clearly not working and walkabouts on estates were being organised to engage tenants on estates. The proposed changes on direct payments, whereby direct payments of benefit would be paid to the claimant, rather than the landlord, would obviously impact on Housing Associations and there was the potential for increased rent arrears.

6.25 On the general benefit cap, the Department of Work and Pensions originally identified 942 Islington households above the cap level. Of these 800 households would lose more than £30 per week. Included amongst these were 728 households with children and 112 of these were known to Children’s Services. The general benefit cap adds the total amount of benefits paid to a workless household, including housing benefit, child tax credit and child benefit, and if the total exceeds £350 for a single person or £500 for a couple then the excess is deducted from the housing benefit. If the excess above the cap is greater than the amount of housing benefit in payment, the household is allowed to keep fifty pence of the housing benefit. This will mean that about 71 families, including nearly 200 children, are left with insufficient housing benefit, to meet rent anywhere in the UK.

6.26 The Committee heard evidence from a private sector tenant about the effects that the introduction of the Local Housing Allowance cap and the general benefit cap had had on her family circumstances.

6.27 The Committee were informed by the tenant that she had three children, which included twins, and she had always been in employment before having her children.
She had lived in Islington for the last 6 years in private rented accommodation and was paying £350 rent per week for a 2BR flat. With the introduction of the housing benefit cap, she had her housing benefit cut to £340 per week, which she felt that she could cope with. With the introduction of the general cap however, she would suffer a significant reduction in housing benefit and in anticipation of the imposition of this policy, she had already been threatened with eviction by her landlord. Given the high costs of childcare she was not able to return to work and she had had difficulties in getting a place at a Children’s Centre to enable her to access adequate childcare. There were often difficulties in finding work that would enable parents to access affordable childcare at the right times to fit in with work commitments, given the lack of flexibility of employers and availability of childcare facilities.

6.28 The Committee noted that the Islington Childcare, formed by the Council, in response to one of the recommendations of the Islington Fairness Commission, has done a significant amount to promote child care bursaries and maintain the extended schools offer at a time of significant reductions in Local Government funding. However, the cost of childcare in London is 27% higher than the national average and along with high rents, forms one of the structural barriers to potential employment in the capital.

6.29 However there were limited options open to the Council to assist this particular resident, due to the welfare reform changes implemented by the Government, and the lack of social housing available in the borough. The only options that were available were for her to obtain employment, to try to claim a benefit that would exempt her from the cap or obtain accommodation that she could afford on benefits, which unfortunately was likely to be out of the borough. It was noted that the Council’s Income Maximisation team were working with this resident to assist her to claim a benefit, which may exempt her from the general cap.

6.30 Research has shown that the majority of tenants affected by the ‘bedroom tax’ changes are over 45 years of age, or who had children who had left the family home. Over 65 year olds were exempted from the changes.

6.31 The view was expressed that there needed to be a conscious effort to counter the perception that all claimants were ‘scroungers’ and that there was a need to highlight examples of claimants, especially those of working families, who were also being disadvantaged by the welfare reforms.

6.32 In fact the biggest group affected by the welfare changes were likely to be those to working families who were claiming benefits, and those individuals going in and out of work.

6.33 Many of the Government’s welfare reforms will impact on tenants in social housing and early intervention is critical to preventing escalation of problems associated with challenging incorrect benefit decisions. This will result in indebtedness arising from the loss of benefit. Given this the Committee are of the view that the Council should engage with Tenant Management Organisations, TRA’s and TMC’s and Help on your Doorstep to enable them to promote greater awareness of the implications of welfare reductions for their members, to increase confidence in raising welfare issues with local residents and to improve access to services that can assist those adversely affected.
In addition the Committee are of the view that innovative ways of trying to engage communities should be promoted, which could include pop up advice surgeries, which could be attended by Council officers to explain the reforms and to offer assistance.

The Government’s imposition of Local Housing Allowance caps, and the decision to cut the housing benefit paid to social housing tenants of working age, deemed to have more rooms than they require, will also threaten the ability of some residents to maintain secure accommodation.

The Committee were informed that the National Federation of Housing Associations have been campaigning against the ‘bedroom tax’ and were pleased to note that Registered Social Landlords had started to share data with the Council on those of its tenants impacted by the ‘bedroom tax’, in order to co-ordinate attempts to mitigate hardship from the new sanction.

The Committee also heard evidence from Family Mosaic Housing Association that lodgers will not be counted as occupying a room under the ‘bedroom tax’ and therefore the size criteria will not apply. The Committee were of the view that the Council and its partners should be encouraged to give consideration to enabling residents to take in lodgers, and that the information on the size criteria relating to lodgers should be publicised, in order to build on the good work that has already been carried out by Family Mosaic Housing Association.

In addition, the Committee noted that the proposal to include foster carers from the scope of the ‘bedroom tax’ had now been agreed by the Government, reversing their previous decision.

Work Capability Assessment/Disability Living Allowance

The Work Capability assessment was introduced by the last Government in 2008 for new individuals claiming Employment Support Allowance (ESA) and since October 2010 existing claimants are having to undergo the same process.

The aim of the Work Capability assessment is to filter out those claimants who could work in the future, and those who could not, with the explicit aim of reducing costs.

From October 2008, benefits that were claimed on the grounds of sickness, including incapacity benefit, severe disablement allowance and income support, paid on the grounds of incapacity for work, were replaced by the Employment and Support Allowance (ESA) for all new claimants. From October 2010, most claimants who received incapacity benefit, severe disablement allowance or income support, paid on grounds of incapacity, now had to be assessed to see if they qualified for ESA.

Job Centre Plus will contact those claimants on incapacity benefit, severe disablement allowance and income support when their benefit becomes due for reassessment, to tell them about the changes. The key part of the reassessment of these benefits is the Work Capability assessment and claimants will be sent a questionnaire by the service contractor employed by the Government, ATOS healthcare, to complete and return. The response to the questionnaire and any other evidence supplied will be used to decide if the claimant needs to attend a ‘face to face’ interview. Claimants with the most severe functional impairments, as a result of
their health condition or disability, or who are terminally ill, will be fast tracked into the support group on the basis of paper evidence, rather than having a ‘face to face’ assessment.

6.43 When ‘face to face’ assessments are required they are carried out by a trained healthcare professional working for ATOS healthcare. The professional then makes a recommendation for each claimant to the Department of Work and Pensions (DWP) decision maker, who makes the final decision based on the available evidence.

6.44 A claimant can be found fit for work and in this case their incapacity benefit, Disability Living Allowance (DLA) or income support claim closes. The claimant may be entitled to Job Seekers Allowance or income support on grounds, other than incapacity for work, or to Pension credit. If the claimant disagrees with the decision they can ask the DWP decision maker to reconsider the decision or appeal to Her Majesty’s Court and Tribunal service. ESA will be paid at the ‘assessment rate’ phase pending the outcome of the appeal.

6.45 If entitled to ESA a claimant can also be found to have either limited capability for work and will be required to undertake work related activity, or limited capability for work and work related activity, in which case there will be no requirement to undertake work related activity and he/she will be placed in the support group. Those who are in the work related activity group are expected to take part in work focused interviews with their personal adviser and whilst they are not expected to work are provided with help and support to prepare for and eventually move into work, where possible. Claimants can ask for the placement into the Work Related support group to be reconsidered or appealed and individuals may then be found to have limited capability for work related activity. In this situation their incapacity benefit, severe disablement allowance or income support claim is converted into an ESA claim and they are placed in the support group. The claimants in this group have the most severe functional impairments and so are provided with unconditional support and receive a higher rate of benefit than claimants in the work related activity group.

6.46 During our consideration of evidence from claimants that had been placed in the work related support group we were informed that the assistance provided, in order to help claimants back into work, was sometimes minimal, and appeared to be on occasions to be merely a ‘box ticking’ exercise.

6.47 Both the work related activity and support claims run until the initial or latest prognosis period ends, which is usually, but not always, a standard length of time, based on an individual claimant’s heath and then the claimant will have to undertake a repeat Work Capability assessment.

6.48 There have been a number of complaints from individuals having to undergo this process, together with complaints from support groups and advice agencies and an independent report into the welfare capability assessment process was carried out by Professor Malcolm Harrington. This report highlighted a number of deficiencies with the process and that it lacked empathy, was mechanistic and impersonal. A number of recommendations have been proposed by the independent report, which are in the process of implementation, and will hopefully lead to improvements.

6.49 In terms of take up of sickness benefits in Islington, as at February 2012, a total of 26,850 Islington residents of working age were claiming out of work benefits. Of these 12,680 (47%), were claiming on grounds of incapacity for work. All of these
residents would be subject to Work Capability assessments, either to assess their eligibility to transfer to ESA from incapacity benefit, severe disablement allowance or income support paid on the grounds of incapacity, or to assess their continuing eligibility for ESA. The Work Capability assessment is particularly problematic for those claimants with mental health conditions and fluctuating conditions. Claimants have to score at least 15 points on the questionnaire to be awarded ESA and a number of residents, especially those with mental health conditions, have had problems completing the form.

6.50 In terms of the outcome of Work Capability assessments, the latest figures available for claims in Great Britain, for the period March to May 2012 indicate 48% of claimants were entitled to Employment and Support Allowance and 52% were found fit for work. Of those entitled to ESA, 21% were placed in the Work Related Activity Group and 27% were placed in the support group.

6.51 In relation to the outcome of Work Capability assessment appeals, the Ministry for Justice reports that there were 119,000 appeals submitted in the period July to September 2012 and 62% (73,780) of these were about ESA, the highest proportion to date. In this period, 42% of appeals against DWP decisions on ESA went in favour of the claimant.

6.52 During the scrutiny Members of the Committee did observe a Work Capability Benefit tribunal appeal for an Islington resident, who was assisted in her claim by the Council's Income Maximisation Team, and it is pleasing to report that she successfully appealed against the original decision of the DWP and was placed in the work support group. Once again in this case the original decision made by ATOS and the Department of Work and Pensions was found to be incorrect.

6.53 The Committee also received evidence from a number of residents who had undertaken the Work Capability assessment process and all of those that we interviewed stated that they felt that the process was impersonal and dehumanising, which confirmed the view of many of the claimants nationally having to undergo this process. It was stated that the assessors often did not look at the claimant that they were interviewing, but at their computer screens and the letter of decision sent to claimants, in relation to the result of the assessment process, referred in some instances to medical complaints that the claimant did not have and not to the ones that they actually did have and were supposedly being assessed for.

6.54 In addition, the ATOS assessors did not seem to take into account the medical evidence of the claimants GP, or that of hospital consultants, and there was a feeling that the ATOS assessors were merely going through a mechanistic process designed to remove people from benefits, rather than being interested in assessing a claimant’s particular disability.

6.55 One of the claimants that the Committee interviewed stated that he had submitted over 1000 medical documents in relation to his claim and that he had a number of serious medical complaints, but had still been told that he was fit for work by the ATOS assessor. The claimant had subsequently won his appeal, but had then had to go back shortly afterwards for another Work Capability assessment, and the ATOS assessor had then taken him out of the support group. Once again he had appealed successfully against this decision and the Tribunal Chair had commented that he should not have to undergo another Work Capability assessment for at least 3 years.
The Committee also noted that in relation as to whether there were targets set for the number of claimants awarded ESA, whilst a target had been denied by ATOS, secret filming of an ATOS staff training session in the Channel 4 Despatches programme had shown an ATOS trainer stating that if health assessors put more than 12%-15% in the support group, then the assessor/s responsible would be subject to the sanction of further training and audit.

It is felt that given the problems that claimants were experiencing with Work Capability assessment claims, it was essential that the Council had information on claimants as early in the process as possible so that it was able to assist them in preparing their claims, however there were often difficulties in the Council obtaining this information in order to be able to assist them at an early stage. The Committee felt that with the transfer to Personal Independence Payments (PIP) and other changes in welfare reforms, it was essential to have data sharing and access to this information as early as possible.

The Committee were informed that ATOS would also be administering the contract for the changes to the Disability Living Assessment (DLA) and it was known that this would affect over 7000 residents in the borough. The implications for this group of claimants is particularly important, given the transfer in 2013 to Universal Credit. It was noted that there was also limited advice for claimants in relation to the Work Capability assessment process and how to complete the initial Work Capability assessment form, and in addition with the support made available following the assessment decision, if the claimant wished to appeal. It was also noted that the appeal process often took a long time and that even if the Appeal Tribunal found in a claimant’s favour, the claimant was then often due back for reassessment within weeks of the Tribunal decision. This added to the stress of claimants having to constantly be reassessed or having to appeal. Given the problems that are known to have been encountered with the Work Capability assessment process it is worrying that ATOS have been given the contract in Islington and will be responsible for the carrying out of the assessments of the transfer of claimants to Disability Living Allowance.

With regard to adults claiming Disability Living Allowance 7,780 residents of working age were at present claiming DLA and from 2013 Disability Living Allowance would cease. All claimants would be told that they would be entitled to claim a Personal Independence Payment (PIP). Personal Independence Payments will be based on an assessment of individual need. The new assessment will focus on an individual’s ability to carry out a range of key activities necessary to everyday life. Information will be gathered from the individual, as well as healthcare and other professionals who work with and support them. Most people will also be asked to a ‘face to face’ consultation with a trained independent assessor, as part of the process.

There is no automatic transfer from Disability Living Allowance to Personal Independence Payment. Between October 2013 and March 2016 claimants who are already receiving DLA will be written to in order to invite them to make a claim for PIP and then they will be automatically assessed against the new criteria.

The Department for Work and Pensions expect 500,000 people nationally to cease to claim DLA. In Islington this equates to 1600 residents, which is 20%, of current Islington claimants losing benefit.
6.62 The Committee received evidence at its meeting on 4 December 2013 from Disability Action in Islington (DAI) relating to the changes in relation to the welfare reforms, particularly to Disability Living Allowance.

6.63 DAI had seen, as a result of the impact of the introduction of welfare reforms, an increase, as a result of the Work Capability assessment process, in the number of people suffering from mental health problems, ill health problems and those with multiple needs. Whilst DAI had tried to engage with the Department of Work and Pensions at the design/implementation stage of the transfer of Disability Living Allowance to PIP, in order to learn from and remedy the lessons of the Work Capability reforms, their concerns had not really been taken on board. It was noted that PIP would not be applicable to disabled children.

6.64 Currently there were three levels of DLA care that could be awarded and this would reduce to two levels for PIP with the lowest level DLA care rate being abolished. Independent Living Allowance would also be abolished from 2015 and transferred to Local Authorities to administer as part of social care. There were 92 people in the borough receiving Independent Living Allowance, as they had severe impairments and needed 24 hour care and there was concern that the budgets for these residents would not be transferred, leaving Local Authorities to pay for this care.

6.65 The Committee were informed that briefings were being made available by Council staff to organisations, such as the Mental Health Foundation Trust, on the implications of the reforms and that discussions had been held with user groups and DAI and home visiting teams had been informed of the changes to date and the proposed changes.

6.66 DAI were liaising with other advice agencies to try to ascertain as early as possible who those likely to be affected by the changes were, but even if these people were identified, others such as the visually impaired, or those who could not read, may not even realise the relevance of any letter received from the Department of Work and Pensions.

6.67 Even in the most serious cases of disability there would be no lifetime entitlement to Personal Independence Payments and claimants would have to be reassessed every 5 or 10 years. There may be a need for many of these claimants to have to apply to the Council for a social care budget.

6.68 The Committee also had a joint meeting with L.B.Camden scrutiny committee, who were also carrying out a review into welfare reforms, as it was felt that it was important to share information and to look at common problems that were being experienced in relation to the reforms.

6.69 The Committee exchanged information with Camden and found that there were many similar areas where both boroughs were experiencing difficulties with the implementation of the reforms. These included the gaps in the information available to those residents affected by the welfare reforms, how to communicate effectively with residents to get them to engage with services in order to mitigate the effects of the welfare reform changes, and how to assist residents in the changes to Disability Living Allowance and the introduction of Universal Credit.

6.70 Discussion also took place with regard as to how to assist people in dealing with claims for Universal Credit and enabling them to complete applications on line, which
was a requirement of the introduction of Universal Credit and that this could be particularly difficult for certain sections of the community.

6.71 The Committee considered that many residents, especially the elderly, and those residents with mental or physical impairments, would find it difficult to complete forms online and will need assistance, particularly with the introduction of Universal Credit in completing such forms.

6.72 The Committee in view of this feel that the Council should ensure that relevant staff, particularly in Libraries and community centres are adequately trained and made aware of the requirements in relation to assisting residents in how to complete online claim forms, especially with regard to the introduction of Universal Credit.

6.73 Following the meeting with L.B.Camden, the Committee considered a number of measures that could be introduced to assist residents in mitigating the effect of the changes and engaging with services at an early stage.

6.74 The Committee were of the view that communication was a key issue and that traditional forms of communication had not worked effectively in relation to the introduction of Local Housing Allowance in engaging residents. There was a need to develop more local forms of engagement to empower communities to be informed and also to inform others about the changes. The Committee also felt that the use of pop up advice surgeries on estates should be utilised in this regard. Ward Partnerships and door knocking were other effective methods of engagement that could be utilised if considered appropriate.

6.75 Concerns were also raised by L.B.Camden that foster carers would be subject to the ‘bedroom tax’, as foster children did not count towards occupancy of a property and this may impact on the ability of Local Authorities to attract foster carers. It is pleasing to report that following representations to the Government on the issue this has now been removed from the proposals.

6.76 As stated previously, with ATOS being appointed to administer the contract, when Personal Independence Payments are introduced, the Committee were keen to ensure that the abolition by the Government of the Disability Living Allowance does not result in a repetition of the problems associated with the Work Capability assessment process.

6.77 The Committee were of the view therefore that the Government should introduce legislation to allow Job Centre Plus to share personal data about the phased ‘roll out’ of DLA withdrawals, so that advice and assistance can be provided to these most vulnerable residents at the earliest stage of the assessment process, rather than at the appeal stage.

6.78 The Committee were also concerned that, given the evidence about the high proportion of the Government’s welfare reforms targeting people of working age, and in recognition of the view that fairly remunerated work is the best way out of poverty for most people, the Council should call on the Government to introduce legislation to allow Job Centre Plus to share with Local Authorities personal data about people of working age on out of work benefits. This will facilitate good partnership working in supporting the most disadvantaged (particularly women and black and ethnic minorities, who are being hardest hit by the Government’s welfare reforms) into employment, as exemplified by Islington’s Parental partnership.
6.79 Given the evidence received from a number of residents, who were both articulate and in possession of medical information supporting their claims, and the distress that this has caused them, the Committee expressed their concerns in relation to the administration of the Work Capability assessment process by ATOS and DWP. These concerns needed to be addressed, particularly prior to the introduction of Personal Independence Payments.

Affordable childcare

6.80 Some of the evidence that the Committee heard during the scrutiny indicated that one of the barriers that prevented some people returning to employment was the lack of, or perceived lack of, affordable and available childcare.

6.81 The Islington Childcare, established by the Council, in response to a recommendation of the Islington Fairness Commission, has undertaken a significant amount of work to promote childcare bursaries and maintain the extended schools offer at a time of significant reductions to Local Authority funding, which in other boroughs is leading to the closure of children's centres, and also at a time when the proportion of childcare that Working Tax credits will fund is being reduced.

6.82 Evidence from the Child Poverty Action Group, however, shows that the perceived or actual lack of accessible and affordable childcare remains one of the main structural barriers to parental employment in the capital. Parental employment is key to tackling child poverty and minimising the damage done by the Government's welfare reforms.

6.83 The Committee were of the view that the Council should seek to increase the recruitment of Parent Champions to promote the childcare on offer in the borough to other parents on a peer-to-peer basis, harnessing parents trust of one another and to support the co-location of childcare provision with educational and training provision for their parents, wherever possible.

6.84 In addition, given that childcare needs to be ‘tailored’ to the needs of the parents, rather than the service provider, and that Islington has managed to retain its Sure Start centres, the possibility of making the affordable childcare offer more flexible in terms of the hours it is available, particularly for those parents with other children in school or with jobs, should be investigated.

Universal Credit

6.85 Universal Credit is a new single payment for people who are looking for work or on a low income.

6.86 Universal Credit will help claimants and their families to become more independent and will simplify the benefits system by bringing together a range of working age benefits into a single streamlined payment. The new Universal Credit system aims to:

- Improve work incentives
- Smooth the transactions into and out of work, supporting a dynamic labour market
- Simplify the system, making it easier for people to understand, and easier and cheaper for staff to administer
- Reduce in work poverty
• Cut back fraud and error

6.87 Universal Credit is costing £2.3 billion to introduce and will replace existing benefits. Claimants will have to apply online, but it has been stated that there will be help for those who were not able to do this, either through a telephone service or face to face interviews.

6.88 Universal Credit will be launched in 2013 and will replace

- Income based job seekers allowance
- Income related Employment and Support Allowance
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

6.89 The main differences between Universal Credit and the current welfare system are that –

- Universal Credit will be available to people who are in work and on a low income, as well as those who are out of work
- Most people will apply online and manage their claim through an online account
- Universal Credit will be responsive, as people on low incomes move in and out of work so that they will get ongoing support and give people more incentive to work for any period of time that is available
- Most claimants on low incomes will still be paid Universal Credit when they first start a job or increase their part time hours
- Claimants will receive just one monthly payment paid into a bank account in the same way as a monthly salary
- Support with housing costs will go directly to the claimant as part of their monthly payment

Research that has been undertaken by Save the Children has suggested that some parents in work could be disadvantaged by the introduction of Universal Credit.

6.90 Pension credit will also be changed, probably about a year after the introduction of Universal Credit, and will include a new element called Housing Credit, for pensioners who are eligible for support with rent, and an additional amount for dependent children in the Guarantee Credit element.

6.91 There were however likely to be problems with Universal Credit implementation and the ability to move seamlessly in and out of work, as many smaller employees did not have PAYE real time capacity systems.

6.92 Single parents working longer hours on low pay, who are already below the poverty line are at risk of being pushed deeper into poverty, and a single parent with two children working full time on or around the minimum wage, could be as much as £2,500 a year worse off under the new system.

6.93 The research also indicates that Universal Credit will weaken the incentive for a second earner in a couple to take up work because of the less generous ‘earnings disregard’ amount that anyone can earn before they start to have their benefits withdrawn.
6.94 The Department of Work and Pensions disputes this analysis arguing that families who are already claiming benefits will be offered transitional protection, to ensure that they do not receive less than before the system is reformed. The Department of Work and Pensions own impact assessment however predicts that over 2.8 million households will have a higher entitlement to benefit, 2.7 million households will see no change, and 2 million households, including 1.1 million households with children, will have lower entitlements.

6.95 The Institute of Fiscal Studies also warned last year that the reforms of the tax and benefits system would result in a further 400,000 children falling into relative poverty during this Parliament, meaning Britain would miss legally binding targets to reduce child poverty by 2020.

6.96 A study published in January 2012 by the Family and Parenting Institute stated that a couple with two children would be £1250 a year worse off by 2015, with their income falling by 4.2% in the five years to 2015.

Qualitative research

6.97 Whilst the Council will be undertaking a quantitative analysis on the impacts of the Government’s welfare reforms on Islington people, there is a need for more qualitative analysis, beyond merely measuring numbers, which will evidence how the benefit cuts are affecting Islington residents in their ability to live.

6.98 In order to achieve this the Committee felt that a selection of willing Islington families, including families in work, should be tracked, in order to document in detail how the Government’s welfare reforms are impacting upon Islington people.

6.99 This will enable their stories to be published, if permission is obtained from these residents, including specific case studies, and made available to relevant campaigners to enable them to highlight how the welfare reforms are impacting on a wide variety of residents, including working families, who the Government claims that it wishes to help.

Problem Debt

6.100 The Government’s programme of welfare reforms removes £18 billion from the poorest sections in society, at a time of rising utility bills and food inflation. In addition, the recent Government announcement that benefit rates are only being increased by 1%, will no doubt raise the indebtedness of the population, especially the poorest section, and increase the pressure on the poorest people to have recourse to legal and illegal money lenders.

6.101 The Committee noted that whilst the Council and its partners are carrying out work, through the Islington Debt to reduce indebtedness, there should in addition be encouragement for local businesses and other organisations to take out corporate membership of the Credit Union. In addition, affordable visible high street premises should be sought for local Credit Unions to allow them to compete with high street pay day lenders.
6.102 The Committee were also of the view that Credit Unions, as part of their policy on responsible lending, should promote the use of the Department for Work and Pensions interest free budgeting loans, and its Universal Credit equivalent, as a first preference for Credit Union members in claiming the relevant benefits and reducing indebtedness.
LIST OF APPENDICES

Appendix A – Scrutiny Initiation Document

Appendix B - List of visits, witnesses and documentary evidence
### SCRUTINY INITIATION DOCUMENT (SID)

**Review:** The impact of the Government’s welfare reforms on Islington and its people

**Scrutiny Review Committee:** Communities Review Committee

**Director leading the Review:** Patrick Odling-Smee

**Lead Officer:** Martin Baillie

### Overall Aims:

1. To understand the impact on Islington residents and communities of three current areas of welfare reform:
   a. restrictions on private tenants’ housing benefit (Local Housing Allowance);
   b. the implementation of the work capability assessment for people claiming sickness benefits; and
   c. reductions in multiple benefits and tax credits paid to families with children.

2. To evaluate the effectiveness of local efforts to mitigate the impact of the welfare reforms already implemented.

3. To make recommendations for the mitigation of the welfare reforms to be implemented from 2013, including:
   a. the general benefit cap of £500 a week for families (£350 a week for single person households);
   b. reductions in housing benefit for under-occupying social tenants of working age;
   c. the abolition of disability living allowance and the introduction and implications of the personal independence payment; and
   d. the introduction of Universal Credit.

### Objectives of the review:

1. To understand the impact of the reforms (1a, 1b and 1c, above) on the living standards, stability, independence, health and well-being of Islington people and communities.

2. To assess the extent to which the Council and partners locally are supporting residents in mitigating the negative effects of these reforms.

3. To anticipate the challenges that may be posed by the further reforms scheduled from 2013 and to make recommendations for local strategic and operational responses to those challenges.

### How is the review to be carried out

Types of evidence to be assessed by the review:

1. Documentary submissions
   i) Baseline and comparative data on the take-up and trends of the key benefits, including equalities data;
   ii) Local impact data and analysis from council and DWP sources including equalities data;
   iii) Qualitative information about the experience of living in Islington’s private rented sector, satisfying the conditions for payment of sickness benefits and bringing up children on a low income;
   iv) Work Capability Assessment by Professor Harrington;
   v) Report on Childcare by the Joseph Rowntree Trust;
   vi) Channel 4 Dispatches ‘Britain on the sick’:
   vii) BBC Panorama ‘Disabled or faking it?’:
      [http://www.bbc.co.uk/iplayer/episode/b01lldrc/Panorama_Disabled_or_Faking_It/](http://www.bbc.co.uk/iplayer/episode/b01lldrc/Panorama_Disabled_or_Faking_It/)
   viii) ‘Ending Child Poverty’ report from Save the Children
   ix) ‘Holes in the Safety Net - The Impact of Universal Credit on Disabled People and their Families’ report led by Baroness Tanni Grey-Thompson
2. It is proposed that witness evidence be taken from:
   i) Local residents with direct experience of the reforms (where preferred in private session) and voluntary organisations to support them where appropriate (see point iii below);
   ii) Policy and operational staff within the council: Housing and Adult Social Services (LHA Team; IMAX team; community mental health teams; HB/CTB staff); Children’s Services (Family Support Strategy group, FOSS); Public Health; Schools e.g. a headteacher; (possibly Ambler School)
   iii) Local third sector organisations, e.g. Child Poverty Action Group; Save the Children; All Change Arts Trust (teenage pregnancy project); Cripplegate; Centre 404; MiND; DAII; Food Banks; Church organisations
   iv) Jobcentre Plus
   v) Citizens Advice Bureau / Islington People’s Rights / Islington Law Centre

3. Visits
   i) Local authorities with comparable patterns of benefit take-up and/or LAs receiving Islington residents who relocate because of the benefit reforms (Camden, Haringey, Hackney, Enfield and/or Barking & Dagenham).
   ii) A benefit tribunal
   iii) Jobcentre Plus parental advisers team and disability advisers team; Work programme provider, e.g. A4E

Additional Information:

Nationally, £18 billion is being withdrawn from the benefits and tax credit systems in advance of the introduction of Universal Credit. Most of these cuts impact on people of working age and a further £12 billion in as yet unallocated benefit savings is proposed by the government as part of their next Comprehensive Spending Review.

The government describes the current programme of welfare reforms as the most fundamental change in the benefit system for sixty years. The stated aims of the reforms are to:

- create the right incentives to get more people into work
- protect the most vulnerable in our society
- deliver fairness to those claiming benefit and to the tax payer.¹

The government says it wants to support families and ‘make work pay’.

This scrutiny will focus on whether these promised outcomes are being achieved at a local level and how individual residents and communities are experiencing these changes.

¹ DWP website, accessed on 27/06/12 at: http://www.dwp.gov.uk/policy/welfare-reform/
LIST OF WITNESSES

- Martin Baillie – Head of Income Maximisation Team, L.B.Islington
- Lynsey Judge – Child Poverty Action Group
- Goran Tadic – Local Housing Allowance Project Manager, L.B.Islington
- Brendan Sarsfield, Family Mosaic Housing Association
- Local residents

VISITS

- Benefit Tribunal, London
- London Borough of Camden – Joint Meeting

DOCUMENTARY EVIDENCE

- ‘Briefing on Work Capability Assessment’, - Background information, London Borough of Islington
- ‘Health and Disability Assessment Services Framework’ - Statement from the Department of Work and Pensions website
- ‘Limited capability for work’ - Example of a blank questionnaire
- Channel 4 Dispatches ‘Britain on the Sick’ - footage clip
- London Borough of Camden joint meeting - notes
- 'Ending Child Poverty' report from Save the Children
- 'Holes in the Safety Net - The Impact of Universal Credit on Disabled People and their Families' report led by Baroness Tanni Grey-Thompson
- Hardest Hit
- Child Poverty Action Group – Between a rock and a Hard Place
- The Peoples Review of the Work Capability Assessment
- The Tipping Point – Report of Hardest Hit
- For Disabled People the worst is yet to come – Claudia Wood - DEMOS