

Supporting Low-Income Londoners

The future of Local Welfare





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Foreword

Locally administered welfare lies at a crossroads. Universal Credit was meant to be an all-encompassing solution to the problems of the welfare system, providing low-income households with the necessary support to thrive. But the reality is that a significant proportion of claimants have struggled with Universal Credit and, in many instances, it is their local authority that has stepped in to provide additional support.

It is disappointing therefore that the Department for Work and Pensions (DWP) has so far given little thought as to what the strategic role of local authorities should be in the future of the welfare system. Beyond the administration of Local Council Tax Support and a greatly reduced Housing Benefit caseload, what will be expected of local authorities once the rollout of Universal Credit has been completed? Not too long ago local authorities had a properly funded role in the delivery of Universal Credit through Universal Support. Now the termination of Universal Support has called into question the status of local authorities as key Universal Credit delivery partners.

But this absence of a clear plan for the future of local welfare affords local authorities the opportunity to put forward our own positive vision for our role. This is why in London Councils' recently published Pledges to Londoners we committed to creating '*a comprehensive local welfare support offer*' and to '*work with government to develop more effective funding models*'. This report marks the first stage in fulfilling this pledge.

London Councils believes that local authorities are best placed to identify the needs of their vulnerable and low-income residents and that locally administered support remains the most effective means of meeting those needs. In particular, local authorities have a continued role to play in supporting residents where Universal Credit does not fully cover their housing costs, providing tailored interventions to help low income households to maximise their income, and locally designed support to meet the needs of their most vulnerable residents. By giving councils the tools to intervene early, we can put our residents back on their feet. Heading off a crisis makes better public service and better lives, creating positive outcomes for all.

This report provides a summary of existing local welfare provision in London, including a selection of case studies of innovative approaches by boroughs, and highlights inconsistencies and inefficiencies in the current system that are holding back local authorities from supporting their low-income residents to the best of their ability. Drawing lessons from existing borough best practice, the report concludes with some recommendations for the future of local welfare.

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Introduction



Low-income households in London face significant financial pressures. The impact of welfare reform, coupled with rising rents and stunted wage growth, has made it harder for those in the bottom income brackets to stay solvent. Research by Policy in Practice shows that one in seven low income families in London have essential household costs greater than their income, a 21 per cent rise since 2016. The number of families who are struggling is expected to triple, to 238,000, by 2020¹. A cumulative impact assessment of welfare reform and tax changes found that the bottom 10 per cent of Londoners by income are set to lose £260 per year by 2021/22 while the second poorest 10 per cent will be receiving £610 less a year².

London local authorities have a key role to play in supporting low-income Londoners through these financial challenges. They have a direct financial relationship with their low-income residents through the collection of council tax liabilities and, in many instances, they are also their landlord. Councils also administer benefits and other means of discretionary support that low-income households are reliant on. Councils can use these relationships to support residents in financial difficulty, particularly where there is a danger they could become homeless, preventing future financial burden on the council's statutory services.

1 Low Income Londoners and Welfare Reform, Policy in Practice, August 2018

2 A cumulative impact assessment of tax and welfare reform in London, Greater London Authority, July 2019

As such, London Councils believes that local authorities are best placed to identify the needs of their low-income residents and that locally integrated support remains the most effective means of meeting those needs. However, continued reductions in funding alongside other recent policy developments have undermined local authorities' ability to properly fulfil this role. Core funding for London boroughs has fallen by 63 per cent since 2010 and £2 billion more in savings must be made between 2018 and 2022 to balance the books. Alongside specific funding reductions, such as the removal of funding for local welfare assistance schemes, this has inevitably led to cuts to some services and a decrease in the level of direct financial support available.

This report explains why local authorities are best placed to deliver local welfare support. It examines central government's current model of locally administered welfare, identifying where the system prevents councils from supporting their residents as well as they might. The report maps existing local welfare provision in London and highlights eight case studies where councils have invested significant resources in developing innovative approaches to supporting their low-income residents.

On the basis of this evidence there is a clear case that local authorities should be funded to support residents. This support could include helping residents with their housing costs that are not met by Universal Credit (UC), providing locally tailored early help for the most vulnerable and supporting low income households to close the gap between income and outgoings. With continued funding pressures, this locally delivered support could and should focus services on

prevention and supporting residents towards independence, thereby reducing future demand and preventing greater costs to the public sector in the long run. Although a number of councils have redesigned their services based on these principles, it is clear wholesale reform of the national framework for local welfare is required to ensure that this become the norm. As such the report ends with a proposal for a new model of local welfare.



Local Welfare provision in London

London local authorities currently administer and deliver a range of both statutory and non-statutory welfare support on behalf the Department for Work and Pensions (DWP) and the Ministry of Housing, Communities and Local Government (MHCLG), including:

- Housing Benefit (HB)
- Discretionary Housing Payments (DHP)
- Local Welfare Assistance (LWA)
- Local Council Tax Support (LCTS)

However continued reductions in central government funding, combined with the wider financial pressures faced by local authorities and the impact of UC, means the current approach to local welfare support will not be viable in the long term.

Local Welfare Assistance

In April 2013, discretionary elements of the Social Fund were abolished. Funding for community care grants and crisis loans was transferred to upper-tier local authorities who were asked to set up local welfare provision schemes. Nine months after London boroughs began operating these schemes the government abolished the £178 million annual funding from 2015/16.

The majority of London boroughs continue to operate LWA Schemes with money from their general fund and/or their Housing Revenue account. In total London boroughs provided £6.2 million for their LWA schemes in 2018/19. However, as funding pressures on local authorities continue to increase, the long term sustainability of this approach is in question.

As the provision of a LWA scheme is not a statutory responsibility, five London boroughs took the difficult decision to withdraw their schemes when the DWP

funding ran out. Some of these authorities have devised alternative services better suited to supporting their residents needs. For example, Barking and Dagenham, who do not operate a LWA scheme but fund an innovation support service called Community Solutions, which is highlighted as a case study later in this report.

Despite these reductions, LWA schemes still provide vital support to low-income residents across London with 22,610 applicants receiving some form of support in 2017/18. The type of support offered varies from borough to borough and is dependent on local need, but in the majority of cases it is one-off payments in kind, or cash, for emergencies or items that are difficult to budget for. This can include essential items when setting up a new home (after leaving care, hospital, prison or as part of a resettlement programme), replacing clothing lost in a disaster, rent in advance, daily living expenses for households where the usual source of income has been interrupted temporarily, reconnecting fuel supply to families in crisis and emergency travel expenses.

Many of these interventions help to support independent living and prevent homelessness, and as such LWA payments often contribute to preventing higher-cost interventions being necessary further down the line.

Local Council Tax Support

LCTS was established in 2013 when the government abolished the national Council Tax Benefit and instructed local authorities to establish their own local replacement schemes while reducing the funding by 10 per cent. The provision of a LCTS scheme is a

statutory responsibility but the schemes can vary greatly, as has been documented by the New Policy Institute³. In London, schemes range from closely mirroring the old Council Tax Benefit by providing 100 per cent support, to charging up to 30 per cent of a household's liability as a minimum payment. Many councils also offer exemptions to particularly vulnerable groups, ranging from lone parent with children under five to disabled claimants and households affected by the benefit cap.

Overall, London's LCTS schemes are more generous than the rest of England. London has the highest proportion of LCTS being distributed to working age people, with 63 per cent of the reduction in council tax base being attributable to this category. The corresponding England figure is 56 per cent. For both pensioners and working age claimants, the cost per LCTS claimant in London is higher than the national average. London foregoes £906 per claimant per annum versus £876 as an England average.

As well as the support provided through their LCTS schemes, 13 boroughs operate an additional Council Tax hardship fund for claimants who struggle to meet the minimum payment. These funds had a total budget across London of £2.2 million in 2018/19. Boroughs with such funds report that they are a useful part of their integrated support offer and enable them to write-off Council Tax arrears where appropriate when offering holistic financial advice.

The roll out of UC has proved problematic for LCTS as it is no longer passported with HB, leading to decreased take up and an increased administrative burden for local authorities in processing separate LCTS claims. Poor DWP data sharing with local authorities has also created issues for the administration of LCTS.

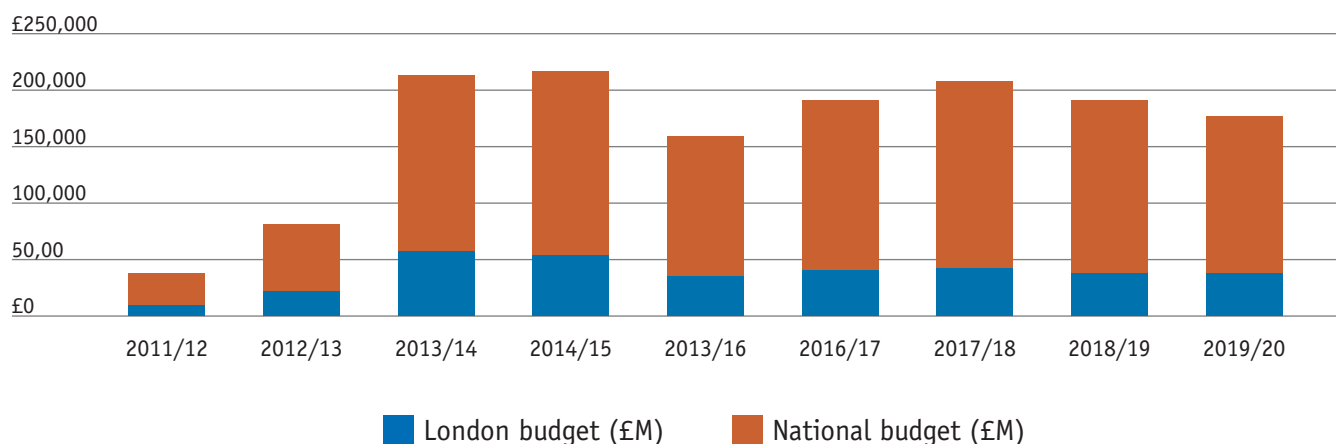
Discretionary Housing Payments

DHPs are discretionary payments administered by local authorities that can be made to benefit claimants to provide additional support for housing costs. Where a resident is entitled to HB or support for housing costs as part of their UC claim, but that support does not fully cover their rent, they can apply for a DHP. DHPs existed before the start of the Government programme of welfare reform but funding for them was significantly increased in order that they could be used to mitigate some of the impacts from changes to Local Housing Allowance, the Removal of the Spare Room Subsidy and the Benefit Cap.

However, DHP funding for London authorities is clearly insufficient to meet the need. In the past four financial years London boroughs spent £8.7 million on DHP out of their own general funds in addition to their central government allocation. Despite this clear need, London authorities' allocation was cut by eight per cent in 2018/19, followed by a further two per cent cut in 2019/20. At the same time, London's share of the national DHP budget has fallen from 36 per cent in 2013/14 to 25 per cent in 2019/20.

3 *An Assessment of Local Social Security Provision in London*, New Policy Institute, May 2019

Figure 1: Discretionary Housing Payment Funding



Where support for housing costs no longer meet the actual cost of housing, DHPs have become a vital tool for authorities in preventing homelessness and supporting the most vulnerable. Intelligent use of DHP funding by local authorities can prevent future increased costs to the public purse, in effect creating savings, but their ability to do so is currently limited by the level of funding.

DHPs can also be used to drive improvements in claimant behaviour. For example a number of London authorities have used conditionality around DHP awards to mandate extra employment support that has helped move households into employment. However, the insufficient quantity of DHP funding means it is increasingly prioritised to support the most vulnerable households and those at risk of immediate homelessness. This limits the scope for London local authorities to use DHP both creatively to incentivise positive behavioural change and for targeted early interventions to prevent later crises. DHP funding levels beyond 2019/20 have yet to be determined and the experience of the

last nine years offer the perfect opportunity for a full-scale review by the DWP.

Other forms of support

Boroughs fund a wide variety of non-statutory additional support services ranging from integrated support programmes, such as Barking and Dagenham's Community Solutions or the Croydon Gateway project, to specific advice services around welfare rights, debt, budgeting support and financial inclusion. Integrating the provision of these support services with forms of direct financial support such as DHPs, LWA and LCTS is intended to better meet the needs of residents by providing holistic support that addresses their issues in the round. A selection of these approaches by London boroughs are summarised in the case study section of this report.

The impact of Universal Credit

UC poses a variety of challenges for locally administered welfare and support services and leaves local authorities with much uncertainty. The rollout of UC and the planned migration of the majority of HB claimants to UC will leave local authority caseloads significantly reduced. Although the government has recognised that UC is not suitable for providing housing cost support for significant groups of claimants, including pensioners and residents in temporary accommodation and supported housing, no confirmation has yet been given that HB will continue to exist in its current form beyond 2023.

Year on year HB admin subsidy funding reductions have meant that the cost of administering housing benefit far exceeds the funding received by local authorities. Alongside the uncertainty around the future of HB, this has created significant difficulties for local authority HB teams, particularly around employing and maintaining staff. In many authorities responsibility for wider welfare services, such as the administration of DHPs and LCTS, lies with HB teams so the reduction in HB administration funding also place pressure on other locally administered welfare services.

The London experience of UC has been that it places both claimants and local authorities in a position of financial insecurity. This largely arises from the five-week waiting period and a failure to recognise claimant vulnerability and adapt accordingly. Vulnerable customers face challenges in navigating and using the online system. Under the legacy system, local authorities have a more streamlined process for handling such claimants, which



effectively ensures that the customer receives the benefits they are entitled to. For these vulnerable customers the work to get them onto a sustainable financial position under UC is being picked up by local authority welfare teams. A number of London authorities have had to increase staffing levels in order to react to, and manage, the impacts of UC, despite the fact that government funding is falling.

Prior to April 2019 local authorities had a recognised role in the delivery of UC through Universal Support. Universal Support was a programme funded by the DWP which aimed to support UC claimants in making and maintaining a UC claim. Up until 2018/19

the funding was provided to local authorities who could choose to directly deliver the support or to commission it out. Since April 2019 local authorities are no longer funded to deliver Universal Support and instead DWP have commissioned Citizens Advice to provide a new support service. This was a major change in the principles of support for UC claimants that had been agreed between local government and the DWP which local authorities were not consulted on. It remains unclear as to what evidence this decision was based on.

Citizens Advice's new 'Help to Claim' service only provides support up until a claimant receives their first UC payment. However many of the most vulnerable claimants require ongoing support. Because of this, London authorities are concerned by the adequacy of the 'Help to Claim' service and the lack of support available beyond a claimant's first payment. Six London boroughs have opted to continue to fund services previously funded through Universal Support from their own general fund. The service provided by one such council, the Royal Borough of Greenwich, is outlined on page 20.

The removal of a properly funded role for local authorities in UC support has called into question the status of local authorities as key UC delivery partners and undermines their central role in ensuring it is successfully implemented in a manner that does not negatively impact residents. This is particularly important with managed migration, where Universal Support could have been the central mechanism by which local authorities supported claimants to

successfully make the transition to UC. It is no longer clear what role authorities will have in minimising the risks inherent to managed migration.

Under UC full-service the local authority loses much of the access to information on a customer's case. In addition, the implicit consent process is no longer accepted under UC, meaning a customer has to be present with local authority staff or give explicit consent for them to access information. The loss of access to information regarding residents' cases is severely restricting local authorities' ability to ensure that claims are dealt with more efficiently, prevent homelessness and deliver other proactive interventions. For example, authorities are no longer automatically aware of which of their residents are impacted by the benefit cap and by how much. This creates additional administrative burdens for authorities attempting to identify cap cases and makes it difficult to properly target support such as DHPs.

In the absence of effective data sharing by the DWP, several London councils have purchased a tool⁴ which allows them to cross reference the impact of welfare reform with a resident's debt and financial resilience in order to proactively target interventions to prevent crisis. However, this is based on existing HB data which will eventually be lost with the full roll out of UC. In the long term if the DWP does not address the lack of effective data sharing then local authorities' ability to effectively target support will be greatly undermined.

4 The 'Low-income family tracker' (LIFT) dashboard from Policy in Practice.

Case Studies: Borough Best Practice



Barking and Dagenham - Community Solutions

Barking and Dagenham has integrated 18 existing services, with over 450 staff - including homelessness, housing placements, children's centres, multi-agency safeguarding hub, employment, adult college, libraries, anti-social behaviour, and troubled families - into a single new service called Community Solutions. Community Solutions' ambition is helping people to help themselves and has four main aims:

- Resolve Early
- Increase Resilience
- Reduce Demand
- Make savings.

As part of this development Community Solutions created a new service called the Homes and Money Hub which works with residents around the impact of welfare reform, debt, housing and financial inclusion. The hub employs 18 full-time advisers and was originally based just in the Barking Learning Centre but a second site opened in Dagenham in May 2019.

The Hub has supported over 3,000 households since it's inception in April 2018 and Barking and Dagenham has calculated that for every £1 spent by the council on this service residents have received an addition £18 in financial benefit.

Homes and Money Hub Client Case Study

R was referred to the Homes and Money hub for various issues. Her children were on a child protection plan due to chronic neglect and domestic violence from her previous partner.

R had developed council tax arrears as a result of her not understanding how much she had to pay towards her council tax, believing she got full council tax support. Due to the size of her arrears, the debt had been passed to a bailiff firm for collection. She also had Housing Benefit arrears due to being unaware of her liability to the shortfall of her Housing Benefit.

R's Homes and Money Hub worker helped her to complete an application for both Discretionary Council Tax relief and a Discretionary Housing Payment. As a result, the bailiffs were recalled and her Council Tax arrears have been completely cleared. R has been given budgeting advice and can now better manage her finances with the help of a clear plan outlining what she needs to pay and when, which was drawn up by her support worker.

The hub also liaised with her social worker ensure there was no duplication of support. R's social worker advised she was receiving counselling and domestic violence support from their service.

Without this intervention it is possible that R's second daughter may have been taken into care (at substantial cost to the council) and if she hadn't addressed her rent arrears it is likely that she would have lost her home and been made homeless.

Community Solutions has also launched a community supermarkets project. The supermarkets provide discounted food; for £5 pounds users receive a food parcel worth £20. This service is available to those affected by the impacts of welfare reform or that might be struggling financially. Whilst residents engage owing to the food offer, they also receive support with debt management, housing, employment and more generally community connections.

The first supermarket is based in William Bellamy Children's Centre, which has been chosen due to its high levels of deprivation, low scores of health indicators, such as child and adult obesity. As well receiving

discounted food, supermarket users are also able to access cooking classes and gardening workshops and can be referred to other services depending on need.

A second supermarket has opened in Marks Gate Children's Centre and a third in Osborne Partnership with the aim of all three sites supporting 200 households a week by April 2020.

Since Community Solutions went live in April 2018 there have been improvements in performance indicators. These include an 18 per cent reduction in the number of residents in temporary accommodation, a 24 per cent reduction in the number of reported anti-social behaviour incidents,

a 15 per cent increase in the number of volunteering hours provided and a 12 per cent increase in the number of residents moving into work.

Bexley – Homelessness Social Impact Bond

The London Borough of Bexley has been developing a homelessness social impact bond (SIB) over the last 12 months which is due to launch at the end of 2019. It is an outcomes-based contract with a value of £1.4 million, of which the borough was successfully awarded in-principle funding of over £350,000 from the Life Chance Fund. The Life Chance Fund is an £80 million fund that was set up by the Department for Digital, Culture, Media & Sport in July 2016 to tackle the most complex social issues using innovative, payment-by-results approaches.

This SIB is a targeted homelessness and wellbeing support service for single homeless individuals in temporary accommodation, which primarily aims to ensure single homeless adults can sustainably break the cycle of homelessness. It seeks to do this by enabling access to the housing market in the private rented sector and offering bespoke wrap-around support to sustain this long-term, encouraging independence.

Following in-depth research and analysis on the cohort with service users and providers, Bexley found that single homeless people in priority need in temporary accommodation are an extremely hard to reach group who face disproportionate challenges to accessing and maintaining tenancies in the private rented sector. They tend to remain in temporary accommodation for an average of two to three years and experience

multifaceted and complex issues in repeat homelessness, mental health, substance misuse, long-term unemployment and offending. This service seeks to address these compounding issues by paying for outcomes in sustainable housing, health and wellbeing, and independence and financial resilience.

The service was designed and developed in consultation with service users, local voluntary and community sector organisations, social investors, SIB experts and council partners through a series of open market engagement events and sessions. These attracted between 25 – 30 attendees from a diverse range of organisations and service sectors across housing, health and employment. Various engagement activities included presentations, break-out sessions, speed-dating, dialogues days and formal networking. These events fostered an iterative development of the SIB, providing an opportunity for the council to share early thoughts on outcomes, the intervention model and procurement and invite constructive challenge and feedback from the market to revise the service.

Brent – Community Hub Model

Brent Council has developed a tackling financial exclusion strategy that is focused on helping residents move from benefits to sustainable employment, overcome high levels of debt and promoting responsible borrowing. The strategy also aims to encourage residents to build their awareness of financial services and make appropriate choices with their finances.

The council offers a range of services to those at risk of, or experiencing, financial

exclusion. Council delivered services focus mostly on:

- Debt and money management
- Skills for life
- Skills for employment
- Welfare reform and benefit assistance
- ICT Training & digital inclusion
- Into work support
- Employment opportunities

Brent has developed a community hub model to deliver services in partnership with local groups and organisations. This is in addition to trading standards, housing enforcement and homelessness and housing options linked to the Homelessness Reduction Act. The hub model is fundamental to the council's approach to ensuring that services are delivered where they are most needed.

The Living Room – this hub works to help residents develop the skills and confidence needed to get into work. The Living Room offers support from a range of partners in one service, including:

- employment, enterprise and skills information, advice and guidance
- training to develop skills for employment or enterprise
- access to jobs, apprenticeships, training, work experience, and volunteering opportunities
- money advice; such as debt management and budgeting
- housing management advice; such as repairs
- health and wellbeing advice
- childcare advice.

Harlesden Community Hub – developed in one of Brent's most deprived wards in response to community generated insights

and a range of financial exclusion indicators, this was the first new hub to be established in Brent's Community Hub model. It brings local partners together in one place to provide holistic support alongside key council services. The hub model recognises the important role of local community and voluntary organisations in ensuring people can access information, advice and the support they need to help themselves. The core service offer includes:

- **Benefits** – housing benefit and council tax support, overpayment of benefits, change in circumstances, enquiries about Universal Credit processes, financial inclusion advice relating to benefits
- **Housing and homelessness** – rent arrears, facing eviction, repairs (relating to housing management), problems with landlords, moving home, sheltered accommodation enquires
- **Money** – debt, rent arrears
- **Employment** – support with setting up an email account, job search, CV writing, job applications, apprenticeships, course referrals, volunteering
- **Form filling** – support with reading letters and completing forms.

In the lead up to April 2020, building on the successes and insights developed from the Harlesden Community Hub, four new hubs will be introduced across Brent. A new hub will be launched approximately every six months – with Willesden, Ealing Road and finally Kingsbury hubs being developed in partnership with local groups and organisations to deliver a bespoke local service offer. The Community Hubs and new Family Hubs are aligned with a localities

approach. Both hub models aim to build on and connect with local community assets (including organisations and groups), helping their clients to access the right services and support for them.

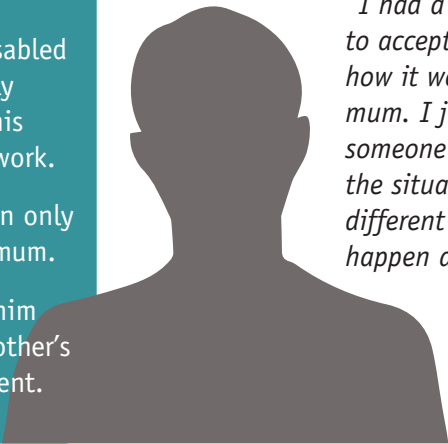
Harlesden Hub Case Study - Anton aged 28

About Anton:

Anton is a full-time carer for his mum who was disabled by a stroke in 2013 and couldn't live independently without his support. He left his job to look after his mum, but after five years he wants to go back to work.

Anton's mum still needs his daily support so he can only accept a job that enables him to be there for his mum.

The hub helped Anton to accept the right job for him by explaining how a job offer would impact his mother's Council Tax bill and his Carer's Allowance entitlement.



"I had a job and I didn't want to accept it before understanding how it would effect me and my mum. I just wanted to speak with someone who could make sense of the situation, as I'd been given two different versions of what might happen and was very confused."

Presenting issue	Support provided	Outcome	Potential financial benefits	
Confusion around the impact of a job offer on a complex household and benefits situation.	Help in understanding different benefit entitlements and "better off in work" calculation.	Client returned to work in a role that enables him to provide care for his mother.	What might have happened if the Hub wasn't there?	Cost (per incident unless stated)
			Benefits expenditure due to not entering work	£9,800 p.a.

Source: New Economy - Cost benefit analysis Database

Croydon – Gateway Services

The approach of the service is based on early intervention and prevention, assisting households before they reach crisis point and helping to prevent unnecessary touch points within statutory services. Croydon's Gateway Service covers a range of services, such as: housing, benefits, debt management, employment support, travel services and social care financial assessments. These services support families within the borough affected by welfare reforms. It also provides financial support, skills training and welfare benefit advice to individuals and families in Croydon to prevent them from becoming homeless. The approach helps residents to support themselves.

The service produces action plans for each resident and provides a tailored package. This holistic preventative approach responds to whole family and vulnerable

adult needs and focusses in particular on financial resilience, employment, training and housing. This approach improves outcomes for residents but also achieves cost avoidance and savings for the council both in the short and long term. The efficacy of Croydon's approach was recognised when they won the 2019 MJ Award for Delivering Better Outcomes.

Croydon has also embarked on a localities approach in the community, using community assets to create local hubs and running services that are tailored to local needs. Community food stops are an integral part of the offer and Croydon have one in operation and three more to open in autumn 2019. At these food stops local struggling residents can pay £3.50 a week and get £20 worth of food. Anyone that signs up at the Food Stop must work with Gateway Services to improve their outcomes and work opportunities.

Community Connect and Food Stop - Case Study

Miss Y was affected by the benefit cap. After she moved onto Universal Credit she began to accumulate rent arrears and her landlady served a section 21 notice for her to quit her home.

After Miss Y contacted the council she was referred to the Community Connect and Food Stop, where she received support with putting together a CV. Miss Y was in regular contact with her Community Connect advisor about her job search, she attended the Community Connect job club and a plan of action relating to her rent arrears was agreed.

As a result of this support Miss Y found part-time work in a local school which exempted her from the Benefit Cap. Miss Y's Community Connect advisor helped Miss Y apply for a Discretionary Housing Payment to cover some of her rent arrears. This was successful. Miss Y was advised to pay £58.60 per month, which she agreed to do as this amount was now manageable for her. Miss Y is now back on track, remains in her home and is very happy.

Gateway Link is a particularly innovative part of the service, which works alongside social care practitioners providing holistic support. In the last year this approach has assisted both adult social care and children social care. Gateway Link interventions include enabling children and vulnerable adults to return home from a care setting through hands on support and the provision of suitable housing solutions and income maximisation. In 2018/19 Gateway link supported 255 residents achieving a £135,000 cost avoidance in homeless prevention and £215,000 savings for Social Care.

Croydon have also established a Social Letting Agency to support vulnerable residents to find accommodation, negotiate rent down to as near Local Housing Allowance as possible, provide tenancy training and to assist landlord or tenants with any issues.

In 2018/19 the agency placed 47 households in affordable accommodation, potentially saving the council £317,250 in avoided costs, while negotiated rent decreases created £31,734 in savings for supported tenants. All properties used were negotiated down to Local Housing Allowance level.

Gateway Link - Case Study

Children's Social Care removed three children from the care of their Mother and Father due to ongoing domestic violence. The mother left the perpetrator (after becoming pregnant with a fourth child) and was placed in emergency accommodation, a studio flat.

Both the mother and Social Care wanted to return her children but couldn't because the flat wasn't suitable. Gateway Link worked alongside social care, housing and other partners to facilitate their return. A business case was created for senior decision makers to offer a permanent housing solution using discretion. This business case demonstrated that an offer of suitable housing would be best outcome for the family and save the Council £129,000 per year on emergency housing costs and social care costs.

The family are now stable and in a recent Ofsted review the case was picked as an excellent example of joint working.

Social Letting Agency - Case Study

A single mum with two children had received guardianship of her younger sister who had been sexually abused. At the time she was living in a one bedroom apartment above a pub. The letting agency found them a three bedroom property close to the sister and children's school with rent at Local Housing Allowance levels. The agency also paid her existing rent arrears to enable her to secure the new tenancy. The family have been inspected in their new property and are happy.

Overall the 2018/19 results of the Gateway approach include:

- £8.248 million cost avoidance through use of discretionary funds
- £11 million raised for residents through benefit maximisation
- Supported 542 residents into employment or work placements and helped 40 maintain their employment.

The Royal Borough of Greenwich – Support for Universal Credit Claimants

The Royal Borough of Greenwich set up a Universal Support team in 2018 , and, despite the withdrawal of DWP funding, has continued to fund the service into the current year. The council believes that UC is a significant change for a substantial number of claimants, and without support in place they would struggle to manage. The risk of this would be an increase in rent arrears and homelessness, increased debts (including Council Tax debt), and wider health and wellbeing implications. Greenwich has continued to fund this service on the basis that the costs to the authority would be greater if no support was in place.

The scope of the service is to provide holistic support to residents so they can manage their UC claim independently. The support includes budgeting advice and training so people can use online systems to ensure their UC claim is correct and deductions are affordable.

The Universal Support team helps claimants maximise their income and manage council debts, identifies any wider support needs and makes appropriate referrals to other services. The team is co-located with the Welfare Rights Service to ensure that entitlement decisions are challenged when required.

As well as self-referrals and outreach, clients are referred from other council and front line departments. Since April, the Universal Support team has focused on working with residents who are already on Universal Credit, in conjunction with the Citizen Advice Bureau's Help to Claim service.

Universal Credit Support - Case Study

Mr Z suffered a back injury and was unable to remain in work, prompting a claim for Universal Credit. He required assistance to complete his claim due to limited digital skills, and was also helped to apply for appropriate easements on his claim to take into account his disability. Initially he required several appointments for assistance in managing the online claim, but since completing a digital course is now able to manage the claim himself. It was identified that he was entitled to a Personal Independence Payment (PIP) too and was provided assistance to make a successful application. He was also supported to apply for local welfare assistance to provide him with a working cooker and extra advice was provided to identify his entitlement to a discount oyster card.



Newham – MoneyWorks

MoneyWorks supports Newham residents by building their economic stability and offers an alternative to financial products that come with high lending fees. The service helps residents facing financial hardship to meet their financial obligations fairly and efficiently by looking at their complete situation to determine the most appropriate course of action.

MoneyWorks provides support over the following five workstreams:

- **Smart spending** - helping residents make informed money choices by reducing expenses and making good buying decisions.
- **Regular Saving** - encouraging all residents to save, no matter how small. Helps them become financially secure and provide a safety net in case of an emergency.
- **Affordable loans** - providing an ethical alternative for financially excluded residents and a better solution than high cost loans.
- **Debt and advice** – providing free, impartial, confidential debt advice on priority and non-priority debts.
- **Benefits and work** – supporting residents into employment or to improve their prospects of finding employment by preparing them financially for work.

MoneyWorks is responsible for assessing applicant eligibility for Newham’s Emergency Loans scheme (formerly Newham Community and Crisis Support). Eligible clients are awarded loans in one of two forms:

- **Crisis support** - to avoid harm to the applicants’ health and safety.
- **Community support** - to maintain an individual in the community, or to ease exceptional hardship. These loans are issued in the form of vouchers through the Family Fund Trust’s online portal, redeemable at high street shops for items such as furniture or white goods.

These interest-free loans are generally capped at £1,500, however where more stringent eligibility requirements are met the value can be increased due to exceptional situation, e.g. paying deposit and rents to move to a new property. Emergency Loans are also used in some instances to help residents into accommodation by providing zero per cent affordable repayment loans for rental deposits supporting homelessness prevention through early intervention.

Sutton – Welfare Reform Outreach Team

Sutton’s Welfare Reform Outreach Team aims to reduce homelessness, families in poverty, crisis, debt and unemployment in the borough. This is not only of benefit to the residents who are supported but is helping to minimise the continued strain on public finances. Sutton’s team delivers:

- Claim management and digital assistance
- Benefit maximisation and assistance with benefit claims
- Homeless prevention and tenancy sustainment
- Employability
- Debt and budgeting support.

A holistic view of customer need is taken including use of local welfare support, DHP or hardship fund payments. The council’s

team provides a drop in service at all local foodbanks, JCP, drug and alcohol services, domestic abuse services and all registered social landlords. The joint service working that this team undertakes is well-established locally and has led to better outcomes for vulnerable households affected by the change to UC from legacy benefits.

The team have assisted 502 residents claim their full benefit entitlement over the last 12 months and, if these benefits are claimed for a full 12 month period, this equates to £6,262,432.80 in monetary value.

787 residents have been supported with a tailored service to meet each individual/family need in the last 12 months and this has supported 175 families to remain in their properties. A total of 415 children live in these properties combined.

Tower Hamlets – Tackling Poverty Fund

The Mayor of Tower Hamlets has created a £6.6 million Tackling Poverty Fund dedicated to supporting those most in need in Tower Hamlets. This fund is utilised in a number of different ways. For example, the council has put aside £1 million to provide a safety net specifically for residents struggling as a result of UC.

Sutton - Case Study

Family C live in a four-bedroom property but due to the size of the family they only require three bedrooms. One child has a disability, but not so severe that it meets the government's ruling to award a bedroom for the child's sole use. The mother is in receipt of carer's allowance as the child cannot be left alone and requires additional care throughout the day and night.

Housing Benefit for the family was reduced in April 2018 and but they did not take notice of the letters being sent to them about rent arrears due to the reduction in Housing Benefit. The welfare reform outreach officer was contacted about this family and discussed with the landlord and housing department the best way forward. The landlord advised that a notice seeking possession had been issued due to the level of arrears.

A DHP was awarded to prevent homelessness and to assist with future rent payments until something more permanent could be put in place for the family. If the family were made homeless the council would have had to place them in temporary accommodation, while investigating their case. This type of accommodation now costs the council £438.00 each week and the average length of stay in emergency accommodation is 10 weeks. This action therefore saved the council in excess of £4,000.

There are also the unquantifiable social benefits of keeping the family in their family home and continuity for the children attending school. Without this action the family would have probably been made intentionally homeless, and the council would not have had any duty to rehouse. This would mean the family would have had to seek private accommodation at a significantly higher cost and likely to have been hit by the benefit cap, requiring further support.

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Tower Hamlets Resident Support Scheme has been designed to tackle poverty by offering support to residents facing severe difficulties in the form of grants totalling around £600,000 annually. The scheme aims to help residents in the short term with the long term aim of improving their financial situation through income maximisation. Residents who apply or are referred are also given advice about other forms of support that are readily available; benefits maximisation, energy efficiency advice and grants, LCTS and provision of financial advice.

Tower Hamlets has a dedicated Resident Support Outreach Team who focus on people moving from legacy benefits to UC. Similar to the approach of the support scheme, this team also looks at any wider needs, liaising with internal departments about any council debt, giving homelessness prevention advice and making DHP applications and referring to commissioned services for ongoing support where appropriate. The team works in a wide variety of location such as children's centres, health settings and libraries. Since the team was set up in October they have assisted over 600 residents.

In addition to this fund, the council funds approximately £1 million per annum of welfare advice commissioned from the voluntary and community sector. In its first three months this service made successful claims and appeals for 119 residents, with £600,000k being claimed in backdated benefits and almost £3.4 million projected income as a result of maximising income support.

As well as this, Tower Hamlets also funds welfare advice in the local foodbank. This has proven highly successful and has led to a high number of monthly increases in benefits as well as a high number of backdated claims. The financial gains have so far been approximately four times the cost of the service. People who access this service would be unlikely to make an approach to an advice service that was not based within the foodbank.

£200,000 of the Tackling Poverty fund was set aside this year for voluntary and community organisations to bid for, in order to allow them to test innovative project ideas. A wide variety of projects which support residents in poverty have recently commenced through this fund.

Tower Hamlets has also created a separate fund to help lower-income households obtain school uniforms for their children. Through this fund the council spends £215,000 annually on school uniform grants for households on benefits with a child starting secondary school. The council provides free school meals for all children at primary school and has funded almost £100,000 of holiday hunger initiatives over summer 2019.

As well as direct support to residents, the Tackling Poverty Fund is used to look at wider issues. For example, a project on Poverty Proofing the School Day commenced in September, looking at systemic issues in schools which are unintentionally detrimental to pupils in poverty, and research has recently been undertaken with the Child Poverty Action Group to look at the impact of Universal Credit on households with children.

A new model of local welfare



The case studies featured in this report show the way forward for local welfare services. The local welfare service of the future is one that focuses on early intervention and prevention, offering a holistic approach to benefit maximisation, housing issues, debt advice, training and employment support; while working in close partnership with statutory services. It should also be unafraid of trying new and innovative ways of working designed to meet specific local needs. However, the DWP's current model of local welfare is holding local authorities back from realising such a service.

The experience of boroughs such as Croydon and Barking and Dagenham illustrate the benefits that could be gained from DWP rationalising the current system by bringing together existing support services into a single coherent service. Although this

report has made clear that various means of existing support are underfunded, in particular LWA, there is the possibility of economies of scale and savings that could arise from this more efficient use of current funding.

In the context of ongoing financial pressures the benefits of proactive approaches that support residents towards independence are clear. Several of the case studies in this report demonstrate the benefits of targeted support in order to prevent future demand for statutory services and greater costs to the public sector in the long run. The success of the Troubled Families programme has shown the benefits of such an approach. It is clear that early intervention both empowers people towards independence and reducing pressure on spending in the long term. DWP should consider applying a similar model to local welfare in a manner that allows local authorities to address a household's issues in the round.

The benefits of moving from crisis management to prevention are understood by other government departments and the DWP should learn these lessons. For example, the Homelessness Reduction Act has cemented the importance of prevention-led approaches. The case studies highlighted in this report show that local government has been ahead of the curve in adopting such an approach but action is needed to secure the long term viability of these models. The DWP should support local authorities to design local welfare services that follow a similar model, proactively identifying at-risk households in need of support and intervening to prevent crises and the associated cost to local authorities that would arise as a result.

Although further work is required to definitively prove the cost-effectiveness of providing a proactive support service rather than dealing with people at crisis point, many of the authorities highlighted in this report demonstrate strong evidence that the support they provide has reduced the considerable costs that would have arisen from the need to provide statutory support. Wider support services are helpful in these interventions, however these case studies highlight the need to be able to provide discretionary awards where necessary. Both LWA and DHP help to stabilise households at risk of homelessness and in financial distress. This stability can then allow for longer-term interventions to be made. If such approaches to local welfare are to be mainstreamed it is essential that the DWP acts to secure the future of these funds.

As highlighted in this report, several London local authorities have started to use data-led approaches to more effectively plan their support. The power and cost-effectiveness of using data allows authorities to proactively identify residents likely to be in financial difficulty and to provide welfare and debt advice, wider housing and employment support services and discretionary payments where appropriate. The DWP sharing full UC data with local authorities could unlock the potential for the rationalisation of support across multiple departments, such as education, public health, social services and welfare, to target households in need. For example, authorities could target DHP spending to maximise homelessness prevention if the DWP automatically shared with boroughs data on the levels of housing support received by residents claiming UC.

There are potential economies of scale and savings that could be created from bringing together the various forms of local welfare into single grant from the DWP to local authorities. Local authority officers report that the multiplicity of different DWP funding streams creates administrative burdens and makes it difficult to identify what money is for what purpose. Local authorities receive many DWP circulars informing them of various pots of money, which then get sent to authorities at different times, often tied in with other DWP money. This makes it difficult for finance departments to correctly allocate where the different strands of money should go and even to determine what the funding is for.

Some authorities, such as Tower Hamlets, are already considering how they might bring all their discretionary funds together into a single 'pot'. This could allow the broadening of eligibility criteria for support and improve access because residents would no longer need multiple applications to different funds. It would also reduce the administrative burden on authorities. Such an approach could be enabled across local government by the streamlining of DWP funding into a single ring-fenced grant for local welfare.

Local welfare funding should also be agreed with local authorities as a multi-year settlement. For example, one of the reasons that some local authorities underspend their DHP allocations is that they are trying to ration their budget so that it doesn't run out mid-year. A four-year DHP settlement where authorities could roll-over unspent funding from year to year would enable authorities to budget better and focus DHP spending on strategic uses.

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Giving local authorities greater freedom in the use of funding will also increase cost effectiveness. For example, where a local authority makes a DHP for rent in advance, this could be paid as a loan as the tenant usually receives it back at the end of a tenancy. Croydon estimate paying back rent in advance could put between £350,000 and £500,000 back into their DHP pot on an annual basis.

All available evidence suggests that the number of low-income Londoners struggling financially is set to increase in the coming years. UC will not fully address this problem; indeed it is estimated that 42.3 per cent of all working age households in London will see their income fall on UC⁵. In the context of significant funding reductions for local authorities, radical reform of the government's approach to local welfare is necessary to allow local government to better meet the needs of lower-income residents.

In the short term the following recommendations would support the immediate delivery of better outcome for low-income households:

- Restoration of funding for Local Welfare Assistance to 2015/16 levels.
- Introduce full sharing of Universal Credit data with local authorities, including notifications of when a claimants is sanctioned or affected by the Benefit Cap.
- A full review of Discretionary Housing Payments, moving to multi-year funding agreement that allows the roll over of unspent funding and redesign of the allocation methodology to account for

demand and need as well as the impact of Universal Credit.

In the longer term, London Councils calls on the DWP to work with local authorities to define their future role in the welfare system and develop a new model of local welfare based on the principles outlined in this report and future publications.

This report demonstrates that many London boroughs are at the cutting edge of innovation in this field, developing services that move residents from dependence to independence, which both empowers service users and reduces cost pressures. This is the key to the future of effective public service. London Councils will continue to develop proposals for a modern local welfare system that supports these principles.



5 *Low Income Londoner Phase 3 Report, Policy in Practice, August 2018*



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