

Cyngor Ar Bopeth Cymru
Citizens Advice Cymru



**Response to the National Assembly for Wales' Public Accounts
Committee inquiry into the impact of welfare reform changes on social
housing tenants in Wales – May 2015**

About Citizens Advice Cymru

Citizens Advice is an independent charity covering England and Wales operating as Citizens Advice Cymru in Wales with offices in Cardiff and Rhyl. There are 19 member Citizen Advice Bureaux in Wales, all of whom are members of Citizens Advice Cymru, delivering services from over 375 locations.

The twin aims of the Citizens Advice service are:

- to provide the advice people need for the problems they face
- to improve the policies and practices that affect people's lives.

Impact of welfare reform:

1.1 Up until recently debt-related issues have consistently been the largest problem area for which clients seek help from Citizens Advice bureaux across both England and Wales. Benefits issues have generally been the second biggest area, however over the last four years we have seen a shift in position. Since 2011 benefits-related problems have taken over debt to become the largest problem area dealt with by bureaux advisers in Wales. The table below demonstrates this.

Table 1: Changing demand for advice across Citizens Advice bureaux in Wales

Year:	% of benefit problems:	% of debt problems:	% difference
2010/11	35%	36%	-1
2011/12	39%	32%	+7
2012/13	45%	27%	+18
2013/14	42%	31%	+11
2014/15	39%	33%	+6

Much of this shift can be attributed to benefit changes that have come into effect following welfare reform.

- 1.2 The evidence from Citizens Advice bureaux across Wales shows the extent to which the benefit changes are impacting on many of our clients. During 2014/15 they helped over 45,800 clients with more than 151,000 benefits/tax credit related problems.

Over half of bureaux clients (54%) who have sought help regarding a benefits-related problem over the last year are disabled or have a long term health condition (the proportion of all clients with a disability/long term health condition is 41%). This is reflected in the two biggest issues seen by bureaux, namely problems relating to personal independence payments (PIP) and employment and support allowance (ESA) - see table 2 below.

Almost two thirds of benefit clients (64%) are tenants – 38 per cent social housing tenants; 27 per cent PRS tenants.

Table 2: Top five benefit/tax credit issues in Wales during 2014/15

Type of benefit:	No. of problems:	No. of clients:
Personal independence payments (PIP)	29,433 (20%)	10,666
Employment & Support Allowance (ESA)	27,850 (18%)	12,780
Housing Benefit (HB)	14,900 (10%)	9,194
Working & Child Tax Credits	12,146 (8%)	7,836
Council tax reduction	9,696 (6%)	7,076

The most common problems affecting benefit clients living in social housing relate to ESA, housing benefit and PIP. Around one in eight social housing tenants who sought help with a housing benefit problem (12%) had an issue relating to the under-occupancy penalty¹.

To date bureaux in Wales have helped relatively few clients with problems relating to the benefit cap (only 115 clients during 2014/15).

- 1.3 It is also important to remember that many people have experienced or will be experiencing more than one change to the benefits they receive. Their ability to cope with the cumulative impact of this will obviously vary depending on individual circumstances. Our recent report '[One day at a time](#)'² sought to gain a better understanding of how benefit claimants in Wales were managing in this situation.

¹ It should be noted that we do not routinely collect household tenure information for every client however the sample size is sufficient to calculate the proportion of social housing clients seeking help for this issue.

² One day at a time: examining the cumulative impact of welfare reform on benefit claimants in Wales, Citizens Advice Cymru, July 2014

The findings confirm how the reforms are currently having a predominantly negative impact on claimant's lives, particularly those living with a disability or long term health condition. People already living on a low income have had their income reduced further by the changes – in some cases they've had no or very little income at all while waiting for appeal decisions, the outcome of a new claim (eg. PIP) or due to a sanction. As a result the majority are struggling to maintain a minimum standard of living, frequently going without basic essentials (most commonly food; adequate heating in their home and clothes) to pay rent and other essential bills.

- 1.4 Evidence from bureaux across Wales and our additional research confirms how the financial difficulties many people are experiencing as a direct result of the benefit changes are placing considerable pressure on people's ability to keep up with rent payments. As a result many are facing rent arrears, or living with the daily threat of being made homeless or having to move away from family, friends and wider support networks, including those living in specially adapted properties. In order to ensure they can stay in their adapted home many are choosing to go without food or heating or have taken other measures to help secure their home, such as taking in a lodger. Some of those who have moved report increased feelings of isolation and loneliness.

Case study

A client in West Wales is aged 33, in receipt of ESA and lives in a local authority 2 bedroom flat. He was allocated the property on the suggestion of the local authority as his children stay over a couple of nights a week. He has four children from a former relationship. He was previously self-employed but is claiming ESA following a domestic abuse injury in 2014. He now suffers from long term depression/anxiety. His weekly income is £72.40 ESA but he has deductions for 3 social fund loans so only receives £61.90. In spite of originally suggesting he move to a 2 bed property the local authority has since classed him as only needing one bedroom. He therefore needs to pay £25 a week to cover water charges, a shortfall in his rent (£11.25) and rent arrears (£3.65). He has total rent arrears of £844 and other debts including a Magistrates Court fine and council tax arrears which he is unable to pay.

The client is suffering from severe financial hardship, The local authority is seeking possession and he is at risk of losing his home and is unable to pay priority bills such as gas/electric. His phone has also been cut off and he doesn't have enough income to properly feed himself. The shortage of social housing in his area, particularly one bedroom properties, means he's unable to downsize.

Inquiry questions

a. Value for money:

- 2.1 Citizens Advice believe that the impact assessments undertaken by the Department for Work and Pensions (DWP) for many aspects of the Welfare Reform Act were inconsistent, and often based on limited evidence. For example, their assessment of the behavioural impacts on claimants in the social rented sector affected by the under-occupancy penalty was only based on one study. While they acknowledge that existing evidence in this area is limited we believe further research should have been undertaken. There was also little consideration of the potential impact on individuals, poverty or the health and well-being of affected tenants.

Some work has since been undertaken to evaluate the impact of each of the individual reforms, however we are unaware of any work that specifically assesses what has happened following implementation against the estimates/projections in the original impact assessments.

- 2.2 The level of change we're currently experiencing within the benefits system is unprecedented in modern times. The rising demand for advice services as a consequence of the changes has come at a time of significant funding cuts. In 2013/14 Citizens Advice bureaux funding in Wales decreased by 9 per cent (compared to 2012/13), from £12.3 million to £11.1 million. This was largely as a result of legal aid reforms which cut 83 per cent of the funding provided to bureaux through legal aid contracts, leaving funds only for residual cases. This cut in funding impacted most heavily on the provision of specialist benefits, debt and housing advice.

Across England and Wales we estimate that bureaux were able to help 120,000 fewer people with the most complex cases during 2013/14.

- 2.3 Welsh Government funding for the wider advice sector to help mitigate the impact of these cuts has been very welcome. Citizens Advice Cymru were successful in securing £1.3m this year for specialist benefits, debt and housing advice in a joint bid with Shelter Cymru.
- 2.4 Local authorities remain the core funder of bureaux across Wales. In 2013/14 funding from local authorities increased (from £3.6 million in 2012/13 to £4.1 million in 2013/14), which was very welcome and reflects the importance local authorities place on independent advice services during these difficult times. The situation did however vary across Wales with some authorities making cutbacks to their funding of local bureaux.

Core funding is vital for the sustainability of any bureau. While investment in specialist advice is always very welcome, a bureau's ability to provide specialist advice is often reliant on other core funding being in place. Clients will frequently move from generalist advice

provision (usually supported through core funding and more responsive to local need) to receiving more specialist advice on the same or a different topic. As local government finances continue to come under increasing pressure we believe we're likely to see further reductions in this vital core funding over the coming years.

This will be at a time when **demand for advice services is likely to increase further as some of the biggest changes to the welfare system are implemented**, most notably the wider rollout of universal credit and more existing disability living allowance (DLA) claimants being invited to apply for PIP.

- 2.5 A recent pilot study by Citizens Advice³, '[Universal credit managing migration](#)', sought to understand how 'universal credit relevant' clients⁴ would be affected by universal credit, including their capability in the following key areas: managing monthly payments; budgeting; banking; staying informed and getting on-line.

The findings showed nine out of ten such clients would need support to manage the transition in at least one identified capability area. Almost two-fifths of clients (38 per cent) would need support across all five capability areas.

Without adequate resources from DWP advice agencies and others will find it increasingly difficult to fulfil demand.

- 2.6 There is also growing concern about the health impacts of welfare reform, and the subsequent increases in costs to the NHS in Wales as people's health and well-being deteriorates. A recent [briefing](#) aimed at frontline health and social care professionals, produced by the Welsh NHS Confederation '2016 Challenge Policy Forum' (of which Citizens Advice Cymru is a member), provides further evidence from a range of organisations in Wales of how changes to the benefits system are affecting people's health and well-being.

Nearly all those who took part in our 'One day at a time' research felt their mental health has been negatively affected by the recent benefit changes and more than two-fifths believe their physical health has suffered, largely as a result of living on reduced incomes and the increased levels of stress they are experiencing.

"My mental health was severely affected by what was going on with my finances. I was struggling to cope with the new diagnosis but not being able to feed my family just made everything seem beyond bleak. My GP was very supportive, she said it wasn't good for me to be so stressed but there was no answer."

³ 'Universal credit managing migration pilot', Citizens Advice, December 2013

⁴ i.e. clients currently in receipt of one or more benefits that will come into universal credit.

“I am 50 years old not five, yet I need help with dressing and showering. I have no money now because of PIP and because of that my friends have to help me; they shouldn’t have to do that. So you ask me what has changed? I have lost my dignity and pride.”

[both taken from One day at a time’ report]

b. Advice and support for tenants:

- 3.1 The evidence from bureaux and wider Citizens Advice research shows the extent and manner to which local authorities and housing associations are engaging with tenants affected by the under-occupancy penalty/spare room subsidy varies across Wales.

Many community landlords signed up to the ‘Your benefits are changing’ campaign, co-ordinated by Community Housing Cymru. During our research we have also heard how some local authorities and housing associations have taken a positive, proactive approach to the prevention of rent arrears by engaging with affected tenants at the earliest opportunity eg. visiting tenants at home to explain the changes, assisting with applications, holding open meetings to provide advice on options. Initiatives such as this are generally regarded by tenants as very helpful and supportive.

Caerphilly Council were recently showcased by Citizens Advice as an example of good practice as part of our [Making Welfare Work Locally](#) project. This project aims to improve the experiences of people affected by welfare changes by promoting innovative and effective work by local authorities and housing associations across England and Wales.

Case study:

Caerphilly County Borough Council found that around 20 per cent of their 11,000 households would be affected by the under-occupancy penalty and 26 households by the benefit cap. They set up a senior-led programme board and a co-ordination team that included staff from across the council as well as Jobcentre Plus and the Citizens Advice Bureau (CAB). They focused resources on direct support for tenants through the employment of Tenancy Support Officers (TSOs) who visited tenants to provide a range of advice and support. Information sharing agreements enabled a smooth referral process to specialist organisations for support around debt, energy and employment support. The friendly, supportive role of the TSOs, together with the range of support on offer, had a positive impact on tenants’ overall wellbeing as well as their ability to sustain their tenancy. Early indications from ongoing customer satisfaction surveys are that a significant percentage of tenants were very happy with the support provided.

There have also been cases where community landlords have been less helpful. Conflicting or limited information, eg. regarding potential help that may be available via discretionary housing payments (DHPs), has only added to the confusion and financial hardship of their tenants, giving them less time to make contingency plans. Many have had to be proactive and seek out available support themselves.

“We had an awareness that the bedroom tax was coming in because a lady from the housing association rang us up to inform us .. She told us that we wouldn't be affected by the bedroom tax because we were living in an adapted house so we left it and didn't worry. It wasn't until May or June when we rang Housing Benefit about another issue that we were advised that we had had our benefit reduced by 25% for two spare bedrooms. We complained to the housing association about the bad advice that we had received but they denied all knowledge of this.” [taken from One day at a time' report]

Bureaux have also reported instances where housing associations have been unsympathetic to clients who have built up rent arrears after having their benefits stopped leaving them with no money at all, for example while appealing an ESA decision after they've been found fit for work.

- 3.2 During 2014/15 bureaux in Wales helped over 1,600 clients with problems relating to discretionary housing payments. Their evidence indicates inconsistencies in the approach adopted by different local authorities when assessing DHP claims and making awards, including cases where an award has been made previously but not renewed, and cases where local authorities are including DLA/PIP in their income calculations for DHPs.

Citizens Advice Cymru have been calling for local authorities to disregard disability benefits such as disability living allowance and personal independence payments when assessing a claimants income during the application process for a DHP (as is already the case for housing benefit and other means-tested benefits). We are aware the Welsh Government has been working with the Welsh Local Government Association and the majority of local authorities in Wales to develop protocols to awarding DHPs, to help ensure the approach is fair and more consistent across Wales. We look forward to seeing further details of the protocols once they are available.

- 3.3 Our research found those people who are already linked in to existing support services generally felt their awareness of the benefit changes was good. They also tended to feel more confident about their capacity to manage changes in the future, although very few had any real knowledge of universal credit and how it may affect them. While there were exceptions, on the whole, most had found the advice they'd been given helpful.

Citizens Advice's experience is that often people are afraid or reluctant to seek advice so building trust is critical. Some may be more wary of speaking to their landlord directly or others in authority, particularly in cases of rent arrears, for fear of reprisals.

Our findings highlight that the method of engagement and the identity of the organisation delivering support and advice are both important factors in encouraging people to seek the help they may need. People valued the availability of independent advice.

Additional research commissioned by Citizens Advice Cymru in March 2014 also confirms the importance of continuing to provide advice face-to-face. Around half of adults in Wales stated face-to-face as their preferred method for receiving debt advice (53%); housing advice (51%) and benefits advice (46%)⁵.

- 3.4 The rollout of universal credit will see the majority of claimants being expected to make and manage their claim on-line. The main aim being to help simplify the process and reduce administration costs. The Citizens Advice universal credit managing migration research (referred to in paragraph 2.5) found two-thirds of participants (66 per cent) were unable to get on-line to manage a claim at the initial assessment stage. Following support from the bureaux over six in ten (62 per cent) had improved their skills and abilities in this area.

Therefore to be successful the 'digital by default' approach will need to be supported by additional resources for advice agencies and others to help claimants develop the skills needed to manage an on-line claim. Such skills are very different to using social media or other internet services.

A number of people who took part in our 'One day at a time' research also expressed concern about the over-reliance of the internet and putting information on-line as for many people with particular conditions or disabilities this is not an accessible option.

- 3.5 During 2014/15 Citizens Advice bureaux across Wales have helped 384 clients challenge a housing benefit decision (without going to a formal appeal) and almost 200 clients to appeal a housing benefit decision. Whilst we are not able to identify how many of these challenges/appeals relate to an issue with the under-occupancy penalty, we are aware of a number of cases where bureaux advisers have helped clients to appeal such decisions, as well as challenge decisions relating to discretionary housing payments provided by the local authority. We do not have sufficient data to be able to assess the overall efficiency and fairness of local authorities' appeals systems.

⁵ A total of 1,012 interviews were conducted between 3rd and 21st March 2014 using the Beaufort Research Wales Omnibus Survey. The sample is representative of the population resident in Wales aged 16 and over.

c. Availability and provision of alternative housing and its impact:

- 4.1 We do not have any specific evidence regarding the availability of one and two bedroomed social housing properties in Wales. We are however aware that some community landlords are converting family homes (category C family accommodation) into shared accommodation (category D) to make use of their larger properties and to meet some of the considerable shortfall in smaller properties within the social rented sector. Currently community landlords are exempt from complying with licencing requirements for houses of multiple occupancy (HMO) under Schedule 14 of the Housing Act 2004. This means non-compliance with the minimum standards that apply to the Private Rented Sector (PRS) of bedroom size, shared spaces, kitchen and bathroom facilities, as well as not being required to consult with the local community on the change of use. We are concerned that this growing practice is currently without monitoring or regulation, and that it could lead to the growth of substandard shared accommodation within the social housing sector at a time when Welsh Government are taking action to improve rented accommodation and renters rights in Wales.
- 4.2 The latest figures from Statistics for Wales⁶ show the number and percentage of all social housing tenancies in rent arrears increased for the second consecutive year, reaching 33 per cent, during 2013-14.

Citizens Advice bureaux in Wales are seeing increasing numbers of people seeking help with rent arrears across both the social rental sector and the private rented sector (PRS), accounting for 5 per cent of all debt enquiries in Wales during 2014/15.

Comparing 2014/15 with the previous year, we have seen bigger increases in rent arrears problems in the PRS (48% increase) than rent arrears in the social rental sector, however increases in the latter are still notable (24 per cent increase amongst clients living in housing association properties; 19 per cent rise in rent arrears problems amongst clients living in local authority properties).

Bureaux in Wales also saw a 22 per cent increase in actual homelessness-related issues during 2014/15.

- 4.3 Due to the shortage of smaller social housing properties in many areas of Wales an increasing number of social housing tenants are having to move into the PRS. This sector contains some of the worst housing stock in Wales. Currently PRS tenants account for nearly a third of all housing issues brought to Citizens Advice. We consistently see double the amount of clients renting in the PRS compared to those renting from community landlords, despite both now housing similar numbers in Wales⁷.

⁶ 'Social housing vacancies, lettings and rent arrears' , 2013-14

⁷ [Stats Wales estimates](#) Local Authority and Registered Community Landlord housing stock for 2012-13 is 16% of the market. The Private Rented Sector is estimated at 14%.

- 4.4 There is also increasing evidence that this option is not always a more affordable alternative for tenants.

Case study

A client in South East Wales is a 58 year old divorced person with no dependants and is in receipt of Employment and Support Allowance at the assessment phase of £73.10 per week. She is currently resident in one bedroomed privately rented accommodation where Local Housing Allowance of £67.76 applies. She has a shortfall in her rent of £12.24. She has taken significant steps to address her housing situation including, downsizing from two bedroom Local Authority accommodation and trying to negotiate a lower rent with her landlord - to no avail, as their view is that the rent charged reflects the local market conditions.

The client has registered for social housing however has been classed as a low priority for re-housing. The local bureau have assisted her in obtaining a number of Discretionary Housing Payments however, the view of the local authority is that she should now consider a move to shared accommodation.

The client suffers with health problems including anxiety and depression. The uncertainty of her housing situation is impacting on her mental health.

d. Preparing for change:

- 5.1 The actions taken to date by the Welsh Government and others to monitor and help mitigate the impact of welfare reform on benefit claimants in Wales have been very welcome. In particular the additional funding to local authorities in Wales to return the council tax support budget to the level it was before council tax benefit (CTB) was abolished by the UK Government (which has meant to date people previously in receipt of CTB have seen little change in their payments, unlike in England where in many areas claimants now have to make a contribution to their council tax bill); continuation of funding for the Wales-wide Discretionary Assistance Fund until March 2016; the provision of specific funding for frontline specialist debt, benefits and housing advice following the loss of civil legal aid funding, and on-going policy interventions to help tackle poverty in Wales.

As we have referred to in our response to section b there has also been some very positive interventions by community landlords to help mitigate the impact of welfare reform on their tenants, however this has by no means been consistent across Wales.

- 5.2 Bureaux evidence and the additional research undertaken by Citizens Advice Cymru confirms many benefit claimants did not have any comprehensive understanding of the benefit changes and how they would be affected until they were being implemented. The distribution of incorrect or inaccessible information and a perceived lack of

communication between key agencies, including the DWP, Jobcentre Plus, local authorities, housing associations and health care providers, only served to exacerbate this situation leading to feelings of confusion and helplessness for many.

- 5.3 In addition to benefit claimants, welfare reform will continue to have major implications for a range of organisations and services over the coming years, including advice providers, Welsh Government, local government, community landlords, and health and social care services. It is therefore vital that lessons are learnt across a range of agencies ahead of two of the biggest reforms still to be rolled out on any great scale – universal credit (UC) and the continued replacement of disability living allowance with personal independence payments.
- 5.4 Rollout of UC in Wales has been fairly limited to date therefore the number of people seeking help from bureaux in Wales remains very low, although we expect this to increase over the coming months as rollout is expanded. During 2014/15 bureaux in Wales have helped 78 clients with an UC-related problem. Such queries have largely concerned eligibility/entitlements or making/managing a claim.

As rollout continues Citizens Advice Cymru is planning to monitor how clients are managing/coping once they have started to claim UC, to establish what is going well as well as any emerging problems. Flintshire Citizens Advice bureau are currently taking part in a specific research project, along with a consortium of bureaux in England, to assess clients experiences of UC.

Some of the emerging housing related issues being seen by bureaux to date (especially where rollout has been more extensive eg. North West England) have included DWP miscalculating housing costs under UC and housing associations withholding credit on tenants rent accounts or asking tenants to pay additional rent in anticipation of rent arrears once they go on to UC.

- 5.5 Our research into the cumulative impact of the reforms to date highlights the importance of early, targeted intervention; the provision of holistic advice and support; and the need for a multi-agency approach. Effectively managing and co-ordinating how different agencies in Wales and key UK agencies (including DWP and Jobcentre Plus) can work better together to help people affected by welfare reform in Wales will be fundamental if people's future support needs are going to be met. We believe the Welsh Government is well placed to provide the strategic direction needed.

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