

The impacts of welfare reform on residents in Tower Hamlets

A report to Tower Hamlets Council from the Centre for Economic and Social Inclusion

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Executive summary

The Centre for Economic and Social Inclusion (*Inclusion*) was commissioned by Tower Hamlets Council to assess the impacts of welfare reform on residents. Between February and April 2014 we conducted thirty-five face-to-face interviews with residents who had been affected by reforms, and 12 in-depth interviews and four workshops with representatives from Council agencies and voluntary organisations delivering support and advice services.

The financial impacts of welfare reform

The Government's welfare reforms represent the most fundamental changes to the benefits system in a generation. By 2015, we estimate that the cumulative impact in Tower Hamlets will mean that households claiming benefit will be on average **£1,670 per year (£32 per week) worse off** than would have been the case without reform. This is in the top 10% of impacts nationwide, and equates to a reduction in welfare support of £68 million per year. We estimate that this will be felt by **40,600 households in Tower Hamlets**, around 45% of all households of working age. We also estimate that just over half of these (20,800 households) will be households **where someone is in work**.

The impacts of reform on residents

We identified three key groups who were affected by welfare reform in Tower Hamlets. These were:

- **Households where one or more members were disabled** – more likely to be smaller, older and white British, but including some larger Bangladeshi families. Most had been out of work for some time and were often affected by multiple reforms – often reassessment of Incapacity Benefit and the size criteria in social housing.
- **Lone parent households** – mostly with three or more children, almost all long-term residents with strong social networks and usually not in work. Affected by a range of reforms including the benefit cap, LHA changes and loss of entitlement to Income Support. Many were desperate to work but had limited skills, experience and support.
- **Households in the private rented sector** – most of those interviewed had been evicted as a result of shortfalls due to LHA reforms, most were young

families with children, from Somali or Bangladeshi communities. Many of these were now in temporary accommodation. There was a mix of working and non-working households.

Across all groups, residents affected by housing reforms generally reported having received communications from the Council or their landlords, although this was less likely for some households in the private rented sector.

Impacts on health, education and wellbeing

Residents with **health conditions** reported that welfare reform had led to a worsening of their health. This included both mental and physical conditions, though primarily the former. This is in line with interviews with health professionals in the borough, who reported significant impacts on health and mental health in particular. Some residents with physical health conditions also reported a worsening of their health as a result of welfare reform. These included respondents with high blood pressure and arthritis.

Only a small number of respondents reported that welfare reform had affected their **children's education**. As support from Discretionary Housing Payments ends and more families are moved out of borough, it is likely that these impacts on education will increase. Parenting support workers in Tower Hamlets schools reported a number of impacts on children's education as a result of welfare reform. These included children arriving at school hungry and families having to find accommodation away from the local area.

Respondents were asked how changes to their benefits had **made them feel** and were offered a set of stickers with faces and emotions to choose from. The words selected were: stressed, afraid/scared, angry, uncertain, tired, sad, confused, ashamed and worthless. Parents reported feeling particularly unhappy when their children had to do without due to reduced income. Many residents reported that they were feeling stressed because of changes imposed on them and that solutions to their problems, such as finding employment, were not working.

The impact of sanctions

There has been a strong upward trend in the number of residents being sanctioned. The total number of sanction referrals, and the number of sanctions resulting in an adverse decision, has both risen more than six-fold since 2005-06. Anecdotal evidence suggests that many of those referred for sanction leave benefit before a decision is made.

Impacts on demand for support

Almost universally, organisations reported that demand for services had increased. This was across diverse services and for a range of issues. The reforms that were reported as creating the largest increases in demand for support were:

- Cuts to LHA leading to evictions from the private rented sector
- Lone parents moving into work due to the Benefit Cap or claiming Jobseeker's Allowance
- Work Capability Assessment decisions
- Changes to Housing Benefit for those in the social rented sector

In some cases increases in demand were small, but more commonly service providers reported seeing increases in demand from 20 to 50%. Organisations were concerned with how they would meet demand with future welfare reform – particularly the reassessment of Disability Living Allowance claimants – given that they were unable to meet demand at current levels.

Delivery organisations were adopting a range of strategies, usually within the context of decreased resource available to help – including queuing systems, which can often exclude those with school-aged children or those in work, and working longer hours. Some service providers reported that as well as more people seeking support, cases were becoming more complex and time-consuming. The need to prioritise residents in the greatest need also meant that preventative support and early intervention was not occurring.

Some services had changed radically– particularly services social landlords, moving from chasing arrears to providing debt and employability services. Other services, such as parental engagement teams in schools, were providing welfare advice as this was a priority need for the people they supported. A legal advice centre had changed the focus of its drop in sessions to focus entirely on welfare reform.

Many organisations were still supporting the same groups of residents as they had been for many years. However, some providers reported that new groups of residents were seeking support as a result of welfare reform. Specifically, there had been growth in engagement with:

- Established families who had been evicted from private rented accommodation;
- Low income working families;

- Older, often white British, residents;
- Bangladeshi or Somali one parent households in social housing.

Responding to welfare reform

Almost all respondents that we interviewed had sought help from advice agencies, as well as seeking support from within their social networks.

Economising

All residents were economising. The two main ways were through using less gas and electricity and spending less money on food. Many residents reported taking radical action that was having a significant effect on their standard of living – for example no longer using any heating, or only using heating at the very coldest times when their children were home. Parents always reported putting their children's need to eat above their own, but many respondents reported skipping meals and some were relying almost entirely on staples such as bread. Discretionary purchases were almost always being put off, and parents sometimes reported being unable to buy clothes and shoes for their children.

Borrowing money

It was very common for residents to report that they had borrowed money, but only one respondent reported taking out a payday loan. Almost always residents had borrowed money from family and friends. In most cases, residents borrowed small but regular amounts which was rarely repaid. In other cases residents reported that relatives would buy them groceries or cook meals for them

Not paying bills

This was less commonly reported than borrowing money, and those residents who did disclose debts often had large debts. It may be that debt is more common than indicated by this research. Residents typically put off paying water bills, mobile phone bills and gas and electricity bills. It was common for residents affected by changes to Housing Benefit to have built up rent arrears. All of those in social rented accommodation reported that Discretionary Housing Payments had prevented arrears from accumulating, and in many cases had been backdated to clear arrears.

Changing circumstances – employment and housing

Those who reported looking for work fell into three broad groups: those who had been moved onto Jobseeker's Allowance from an inactive benefit; those affected by the benefit cap; and working families in private rented accommodation. Almost all respondents had significant barriers to work and employability support needs. Some had sought employment support through Jobcentre Plus or the Work Programme but had tended not to be satisfied with this. Most of these residents required intensive support including ESOL, basic skills and work experience.

Residents reporting that they were trying to move home generally fell into two groups: those who were currently in temporary accommodation having been evicted from private rented housing and those in social housing who were affected by the social sector size criteria. We did not speak to any residents who had chosen to and successfully moved home as a result of welfare reform. Almost all residents we spoke to were looking to move home were hoping to move into social rented accommodation within Tower Hamlets. Some reported seeking support from Tower Hamlets council for finding cheaper accommodation. These residents were generally unhappy with this, but this was because the council recommended moving to smaller accommodation or to a cheaper area out of borough and the residents were not willing to consider these options.

The role of additional financial support

Nearly 5,000 Discretionary Housing Payments were made by Tower Hamlets Council during 2013-14, benefiting 2,500 households with an average award of over £600. The vast majority (90 per cent) of DHP spend went towards supporting residents hit by the Bedroom tax or the Benefit Cap. Overall, 80% of all households affected by the Benefit Cap in March 2014 had also received a DHP award. Those affected by LHA reforms comprised a small minority of DHP spend – accounting for 4 per cent of spend and 3 per cent of awards.

6,400 residents were supported through Crisis and Support. This is substantially more residents than were supported through the previous system of Crisis Loans and Community Care Grants in 2012/13. Of those awarded support, 2,678 received grants for daily living expenses (two fifths of all awards), with an average award of £65. It is likely that many of these were households experiencing financial impacts from welfare reforms, however we did not find in our research any households who had received support.

Preparing for Universal Credit

Residents were split between those who had heard of the changes to be brought in with Universal Credit and those who had not. More commonly, residents were aware of just some aspects, such as monthly payments or that a number of benefits were being rolled into one.

Only one resident reported that they would be comfortable managing a monthly payment without any support. All other residents felt that it would be difficult to manage and that they would require support. Residents were much more mixed in their views of online claiming. Among those who reported that they would require support to manage a claim online, some suggested they would use their children while others said they would use advice agencies. Those organisations providing digital inclusion support in the borough reported that they were not able to meet demand for these services. It is likely that demand for these services will rise further after the introduction of Universal Credit.

Responding to welfare reform

We consider that there are three key objectives:

1. To ensure that **all households** have access to the right information on welfare reforms that may affect them, and know where they can go for support
2. For those **in crisis now**, to ensure that they have access to timely, appropriate and joined-up support – to:
 - a. Increase income – in particular through finding or increasing employment;
 - b. Reduce outgoings – in particular by reducing their rent;
 - c. Cope in the short term – including transitional support to deal with shortfalls, moving home, problem debts; and
 - d. Manage in the longer term – for example through budgeting, housing, skills and other support.
3. For those **at most risk**, ensure that they have access to the right support to mitigate those risks and to build resilience for the future.

There was strong support from stakeholders and agencies on the work that the Council had done so far to support residents in understanding potential impacts and

sources of support. This included the establishment of the Welfare Reform Task Group and its oversight of the response to reforms in the Borough.

We set out fourteen recommendations, based around four 'blocks' as follows:

Identification

Identifying, and then prioritising, those in crisis now or at risk in the future

Engagement

Using the right channels to ensure that households understand and can access the support available

Co-ordination

Ensuring a common and joined-up approach to delivering support

Targeted delivery

Supporting residents to manage and mitigate the impacts of reform

We recommend that for those proposals that are taken forward, the Council or the Welfare Reform Task Group establishes small 'task and finish' group involving relevant lead officials and partners (housing associations, Jobcentre Plus, advice agencies, etc) to lead their development.

The report makes twelve recommendations:

1. Tower Hamlets Council and its partners should develop a common approach to identifying and referring those likely to be 'in crisis' or 'at risk' due to welfare reforms
2. This common approach should be underpinned by data-sharing between partners and enhanced monitoring, to ensure that the right groups are being supported
3. Work through communities and local services, including faith groups, to engage those further from support
4. Co-ordinate referrals and signposting for residents, by mapping agencies and services that can provide specialist support, and ensuring that referrals are logged and followed up

5. Explore the scope for greater co-location of services – particularly to bring in support on debt and financial inclusion and from health services
6. Consider piloting an integrated case management model with a lead professional/worker for those in crisis – with an assessment of its fiscal and economic costs and benefits
7. Provide case-managed 'resettlement support' for those relocated out of the Borough
8. Explore the scope to make Discretionary Housing Payments – and potentially Crisis and Support Grants – conditional
9. Make it easier for residents in social housing to move – in particular by using discretion on rent arrears
10. Take forward the Fairness Commission's 're-imagined' labour exchange by piloting specialist, personal adviser-led employment support for those affected by welfare reform – working in partnership with Jobcentre Plus and local colleges
11. Explore the scope for the Council and Partners to expand the provision of work focussed training and ESOL, and that residents are referred as appropriate
12. Focus on testing approaches to supporting residents to manage their finances monthly in preparation for Universal Credit – and consider becoming an 'informal trialling site'

1 Introduction

The Centre for Economic and Social Inclusion (*Inclusion*) was commissioned by Tower Hamlets Council to assess the impacts of welfare reform on Tower Hamlets residents.

Aims and objectives

The broad aim of this research is to explore how residents have responded to changes in the welfare system, in order to provide the Council with recommendations on the design and delivery of future support and services.

Research questions

Tower Hamlets Council set out fourteen research questions:

1. What are the impacts on residents' finances, health, wellbeing, social networks, resilience, behaviours and educational outcomes for children?
2. What are the impacts on the services that residents access, how they do so, and demand?
3. What are the impacts on services provided, and how?
4. What are the likely impacts (as above) on residents in future, what are the key challenges?
5. What are the likely impacts on services in future, what are the key challenges?
6. How have residents responded: housing, employment, finances and other actions?
7. What are the likely or potential impacts on employment and its sustainability?
8. What are the barriers to mitigating impacts through employment or housing choices, and what drivers can support mitigation?
9. What is the potential impact on overall costs to the public sector?

10. How do impacts and responses vary by housing tenure, and within that by landlord type?
11. How do impacts and responses vary by demographic groups – in particular lone parents, those from BME communities, disabled people and those with health conditions, older people and younger people?
12. What are the implications for the design of future Local Support Services, in particular 'digital by default' access and monthly, direct payment?
13. What are the future implications for service delivery organisations and key stakeholders?
14. How should policy and services change to reflect the identified current and future impacts of reform, taking account of the future policy and fiscal landscape?

Methodology

Inclusion adopted a qualitative research framework to address the fourteen research questions outlined above.

Rapid evidence review/Scoping

In February 2014, we conducted a rapid evidence review of key documents, secondary data sources provided by Tower Hamlets Council in order to generate an accurate picture of the scale and texture of welfare reform impacts (including cumulative impacts) on different demographic groups within Tower Hamlets. In addition, we conducted scoping interviews with key Council representatives and attended a Welfare Reform Task Group Meeting in order to capture a narrative on the current welfare reform issues of concern to the Council and VCS community.

In-depth interviews and workshops with delivery organisations

In February and March 2014 we conducted 12 in-depth telephone interviews and workshops with representatives from Council agencies and voluntary organisations delivering support and advice services for residents in Tower Hamlets. Representatives were from a range of support sectors, including those specialising in housing, debt management, disabilities and parental support alongside those from general advice services. The interviews captured representative's views on:

- Changes in the level of demand and profile of residents requiring support

- The impact(s) of welfare reforms on residents and their responses to these
- The extent of cumulative impacts of welfare reform on residents
- The capacity and effectiveness of local support services
- Key support needs and priorities for ongoing management of welfare reform impacts

In-depth interviews with Tower Hamlets residents

In March and April 2014 we conducted thirty-five face-to-face interviews with Tower Hamlets residents who had been affected by welfare reform. Six interviews were conducted in Bengali and the remaining interviews were conducted in English. The interviews captured the following:

- The characteristics of the household, including: geographical area, ages, housing tenure, types of benefits received and labour market status
- Direct impacts of welfare reform – including what reforms they are affected by and their feelings towards reform
- How they have responded to welfare reform
- Experiences of support and the impact of receiving support
- How they would cope with monthly payment of benefits and claiming online under Universal Credit.

Recruitment strategy

In order to capture experiences a diverse range of respondents we took a range of different approaches to recruitment and monitored our progress against quotas in order to ensure we found rich sample of residents. Our strategy included three main approaches:

- Attending a number of drop-in advice sessions hosted by VCS organisations across the borough. This approach was effective in putting us in contact with residents who had experienced multiple and/or large impacts as a result of welfare reforms.
- Direct recruitment in the community, including approaches to residents made nearby schools and job centres. This approach was effective at ensuring that we engaged residents who were less likely to have contact with VCS support.

- Securing interviews through delivery organisations contacts. This approach allowed us to purposively sample residents with particular characteristics (for example housing tenure) of interest to the research study.

Final interview sample characteristics

Across the thirty-five resident interviews conducted, we captured a range of demographic characteristics and a variety of reported welfare reform impacts. The tables in Appendix I outline demographic breakdowns of those who took part in the qualitative interviews, breakdowns of which reforms residents have been impacted by and breakdowns of multiple reform impacts.

Feedback workshops

Following the qualitative fieldwork, we held two feedback workshops on the 17th and 24th April. The first workshop generated a long-list of recommendations which were further refined in the second workshop.

Participatory research

In autumn 2014 peer researchers will be trained in qualitative interviewing and will conduct follow up research investigating how welfare reform is affecting Tower Hamlets residents approximately six months on from the initial study.

Report outline

The rest of this report sets out our key findings and recommendations.

In **Chapter Two** we provide an overview of welfare reform nationally and in Tower Hamlets. This includes data analysis by Tower Hamlets council.

Chapter Three then explores the impacts of reform on residents. This focuses on the key drivers that are associated with larger impacts on residents, and an assessment of the key groups affected by reforms.

In **Chapter Four** we examine how residents have responded to the impacts of welfare reform. This draws on both the research with claimants and the information from advice agencies.

Finally, **Chapter Five** summarises the key findings and sets out recommendations for the design and delivery of future support.

2 Welfare reform overview

The financial impacts of welfare reform in Tower Hamlets

The Government's welfare reforms represent the most fundamental changes to the benefits system in a generation. While the reforms are intended to reduce dependency on social security and to encourage employment, they also play a key part in the Government's deficit reduction strategy – generating savings of more than £15 billion per year across Britain by the end of this Parliament.¹

By that point (2015), we estimate² that the cumulative financial impact of welfare reforms in Tower Hamlets will mean that households claiming benefit will be on average **£1,670 per year (£32 per week) worse off** than would have been the case without reform. This is in the top 10% of impacts nationwide, and equates to a reduction in welfare support of £68 million per year. (Figure 2.1)

We estimate that this will be felt by **40,600 households in Tower Hamlets**, around 45% of all households of working age (where the head of the household is aged 16-64). This is in line with the national average and marginally above the London average (42%). We also estimate that just over half of these (20,800 households) will be households **where someone is in work**. This is a much lower proportion than for London and England as a whole, where we estimate that 59% of those impacted will be households in work.

The impacts of specific reforms

Looking at the individual impact of welfare reforms, we find that in Tower Hamlets – in common with almost all other areas – the reforms with the largest impacts are those that affect the most claimants. These are set out in Figure 2.1 below. Almost all of these have already started to take effect. Figures given here are the estimated financial impact of each reform in the 2015/16 financial year, based on modeling conducted by *Inclusion* for the LGA (adjusted for Tower Hamlets data where that is available). 2015/16 was used as it represents a 'steady state' point at which all of

¹ Source: HM Treasury and *Inclusion* calculations

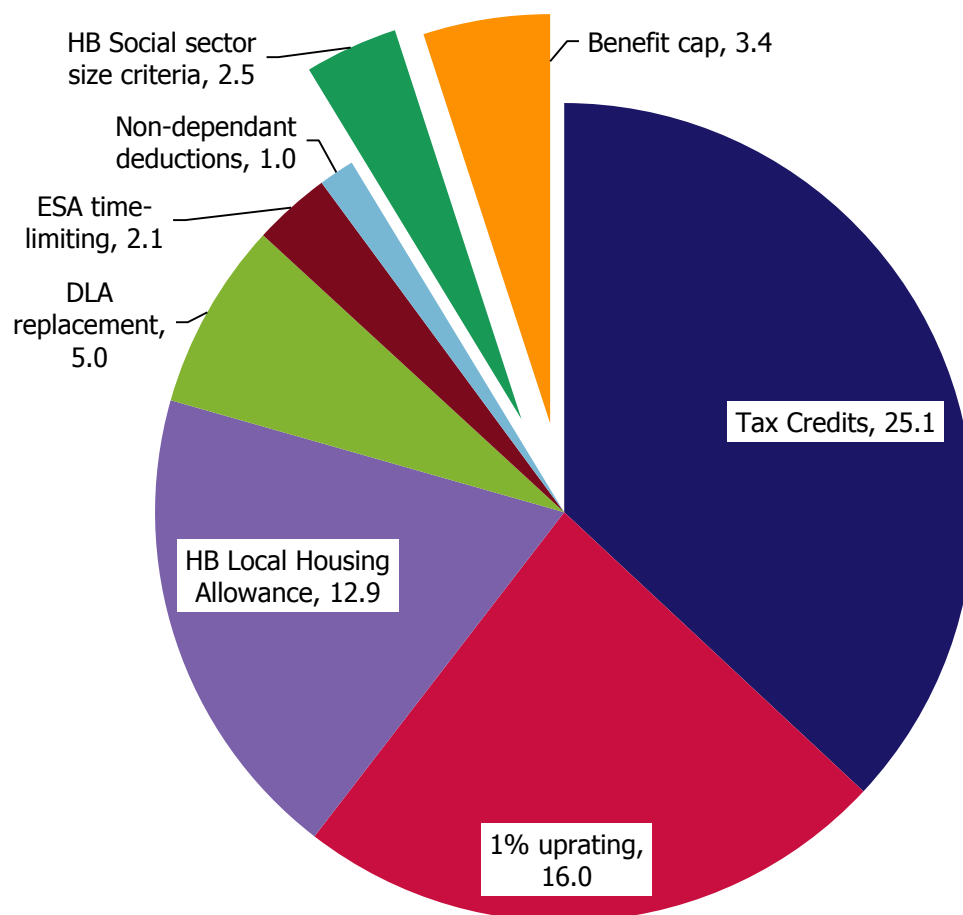
² Estimates are from the *Inclusion*/ LGA impact model (available at www.tinyurl.com/impactmodel), updated with the latest data provided by Tower Hamlets Council on the impact of the Benefit Cap and Size Criteria

the main welfare reforms (excluding Universal Credit) will be in place. Taking these in turn:

- **Changes to tax credits** have the single largest cash impact, saving £25.1 million in 2015/16. These reforms began in 2011 and predominantly affect low income working households – including reductions in the basic, 30-hour and childcare elements; increases in the child element; changes to working hours requirements, thresholds, disregards and withdrawal rates.
- **The uprating of benefits and tax credits** by 1% instead of the Consumer Prices Index, saving £16.0 million in 2015/16. This lower uprating affects all the main benefits and began to take effect in April 2013. By increasing benefits by less than inflation it will further increase the gap between household income and living costs.
- **Changes to Housing Benefit for renters in the private sector** which began 2011: restricting the maximum Local Housing Allowance payment to the thirtieth percentile of average local rents, introducing Housing Benefit caps, restricting HB to the “Shared Room Rate” for most claimants aged under 35, and changing the formula for annual increases in benefit. This will lead to savings of £12.9 million in 2015/16. Tower Hamlets, in common with other London authorities, sees very large impacts from these reforms due to very high private sector rents..
- **The replacement of Disability Living Allowance** with a new benefit called the Personal Independence Payment (PIP), which is intended to lead to savings of £5.0 million compared with DLA expenditure in 2015/6. PIP is now in place for all new claimants, with existing claimants of DLA due to be reassessed from late 2015.
- **The restriction of contributory Employment and Support Allowance to one year** for claimants in the “Work Related Activity Group”, introduced in April 2013 and saving £2.1 million in Tower Hamlets. This mostly affects households where someone is in work or where they have other sources of income.
- **Increases in the deductions taken from Housing Benefit and Council Tax Benefit** in respect of other adults living at the property – saving £1.0 million in 2015/16.
- **The introduction of “size criteria”** for most Housing Benefit recipients in social housing, reducing awards by 14% where tenants are deemed to have one spare bedroom and 25% where they have two spare bedrooms – introduced in April 2013 and saving £2.5 million in Tower Hamlets in 2015/16.

- **The introduction of a cap on total benefit receipt** for most households where no adult is in work, of £500 a week for families or £350 a week for single people –introduced in August 2013 in Tower Hamlets, with forecast savings of £3.4 million in 2015/16.
- In addition, the localisation of Council Tax Support (and abolition of Council Tax Benefit) also has a built-in cost saving, although in the case of Tower Hamlets that saving has not been passed on to residents.

Figure 2.1 – Breakdown of savings in 2015/16, Tower Hamlets (£million)



Source: HM Treasury and Inclusion calculations

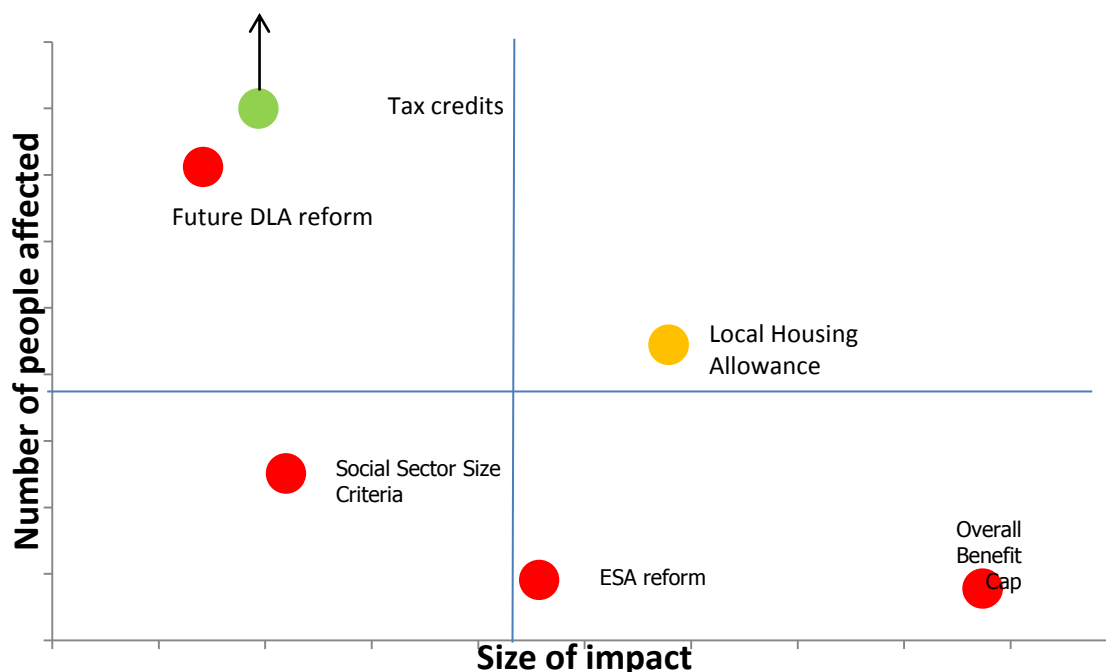
The impact of the size criteria and of the benefit cap are highlighted specifically, as these have often received the most significant local attention. However, combined they account for about one pound in every twelve that is being made as a result of welfare reforms.

Size of impacts and numbers impacted

Figure 2.2 below sets out, based on our modeling, the estimated numbers impacted by individual reforms and the size of those impacts on those households. This gets below the headline financial losses described above to consider the likelihood and the impact of households being affected by welfare reforms.

In addition to this, we have 'colour coded' reforms based on claimants' potential resilience to deal with the impacts (which in part draws on the qualitative research later in the report).

Figure 2.2 Overview of financial impact of welfare reform



Source: HMT and Inclusion calculations

This analysis groups reforms into four:

- **High probability and high impact:** the LHA reforms, which we estimate will affect around 4,400 households and on their own will lead to cuts of around £2,900 per household per annum (equivalent to £56 a week)
- **Low probability and (very) high impact:** the time-limiting of ESA, which we estimate will affect around 900 households and lead to losses of £2,000; and the introduction of the benefit cap where Tower Hamlets data suggests 780 households have been capped and face average losses of £4,400 per annum (equivalent to £85 a week)

- **High probability, lower impact:** tax credit changes, where changes to eligibility and uprating will affect all of the 26,000 claimants, by on average £970 per year; and the introduction of PIP which in time will affect most or all of the 7,100 residents of “working age” claiming DLA – with potentially large impacts for those who are unsuccessful in claiming PIP.
- **Low probability, lower impact:** the Social Sector Size Criteria reform, affecting 2,500 residents with average losses of £1,100 per year (equivalent to £21 per week). This average loss is very high by national standards (the eighth highest overall) due to relatively high social rents in Tower Hamlets. Tower Hamlets data shows that three quarters of those affected are aged 45 or over and one in four of all claimants aged 55-59 are affected. More than half of the residents affected by the size criteria are on Employment and Support Allowance or Income Support and less than one in four residents affected are in employment. As our fieldwork has found, many are vulnerable residents with limited scope to manage these losses.

Wider welfare reforms

In addition to these main reforms to benefit rules and eligibility, we have also considered the impacts of wider reforms on residents, specifically:

- The reassessment of IB claimants under the new ESA regime. Of the 5,050 completed reassessments in Tower Hamlets, more than three quarters have been found to be eligible for ESA. However this means that 1,180 claimants were found ‘Fit for Work’ and so no longer entitled to IB/ ESA.³
- The impact of sanctions, where there has been an upward trend in sanctions referrals, some growth in ‘adverse decisions’, and since October 2012 far larger penalties (this is explored in more depth below).
- The future introduction of Universal Credit, which will replace the main means-tested benefits for those on low incomes in and out of work (Housing Benefit, Jobseeker’s Allowance, Income Support, Employment and Support Allowance, Tax Credits) with a single benefit paid to the head of the household. Universal Credit will lead to significant changes in benefit entitlement for some households (particularly those with low earnings or with disabled people in them) but will also affect how benefits are claimed and paid.

³ Source: DWP Work Capability Assessment statistics, March 2014

Current Benefit / Credit	Tower Hamlets customer base (working age)
Child Tax Credit	23,200 households (Dec 2013)
Working Tax Credit	11,400 households (Dec 2013)
Housing Benefit	28,880 households (Nov 2013)
Employment Support Allowance or Incapacity Benefit	12,180 residents (Aug 2013)
Income Support for lone parents	2,950 residents (Aug 2013)
Jobseekers Allowance	7,140 (April 2014)
Disability Living Allowance /PIP	7,600 residents (Aug 2013)

The impacts for different groups

A common problem across all assessments of the impacts of welfare reform is understanding impacts on individuals and households according to their characteristics – and particularly those with ‘protected’ characteristics such as age, disability, race and gender. Currently, it is not possible to say what the cumulative impact of reforms is for lone parents for example, nor to say how many households in an area face very large or very small impacts.

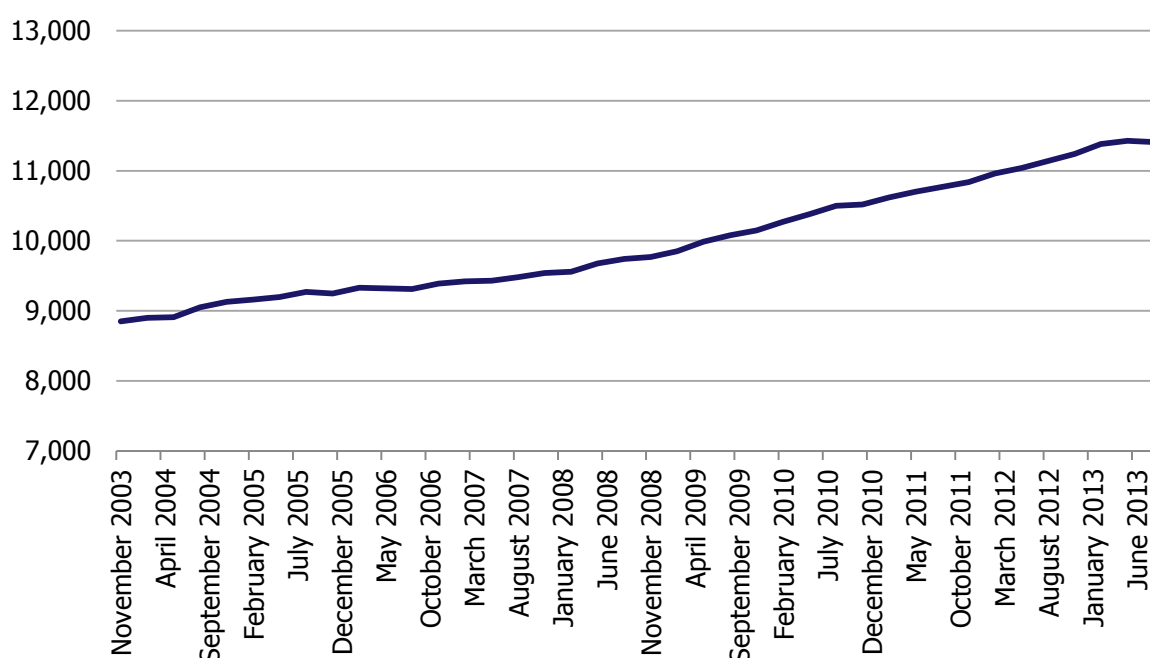
The reason for this limitation is that the source data to make these sorts of assessments does not exist – we do not know enough about the combinations of benefits that people in different places with different characteristics claim, and therefore the combined impacts of changes to those benefits. However there have been detailed assessments of the impacts on protected groups of individual reforms, which are important and instructive for this research. These identify two particular groups of concern: disabled people and lone parents.

Disabled people are disproportionately affected by many reforms

First, and most importantly, a number of benefit reforms are specifically aimed at disabled people and those with health conditions. In Tower Hamlets, we estimate that around 10% of the total financial impact of welfare reforms will be accounted for by changes to DLA and to ESA.

Within Tower Hamlets, the number of people claiming DLA has increased steadily over the last decade – rising from 8,900 to 11,400 residents.

Figure 2.3 – Tower Hamlets residents claiming Disability Living Allowance (all ages)



Source: DWP statistics

Two thirds of these are adults of working age, with around one in six being children and one in six over State Pension Age. Most or all adult claimants will in time be required to apply for the Personal Independence Payment. Currently, around 35% of new claims are successful which compares with around 45% under DLA. This difference (about 20%) is consistent with the savings figure that the Department has 'scored' against the introduction of PIP. The extent and scale of reassessment activity will far exceed what has been experienced under the reassessment of IB claimants for Employment and Support Allowance.

In addition to this, disabled people are identified as a key group more likely to be affected by the Social Sector Size Criteria⁴ and a sizeable proportion of Housing Benefit claimants in the Local Housing Allowance system are disabled people (with the DWP Impact Assessment for the LHA reforms suggesting around one in five of those affected would be disabled⁵).

This suggests in particular that **disabled people affected by multiple reforms** – and specifically DLA or ESA claimants affected by Housing Benefit changes – are likely to be particularly disadvantaged.

Lone parents face larger impacts than most

The nature of the large scale reforms to tax credits have particularly impacted on lone parents – by increasing the hours required in work before payments are made, and increasing the rate at which tax credits are withdrawn as earnings increase. No impact assessment has been published for these reforms, but it is highly likely that lone parents have seen the largest impacts.

DWP impact assessments of LHA reforms and of the Social Sector Size Criteria also suggest lone parents will be substantially impacted by these reforms – around one third of those affected by LHA, and around one in five of those affected by the Size Criteria. Families, and particularly larger lone parent families, are also more likely to be affected by the benefit cap.

The Tower Hamlets context

The impacts of welfare reform in Tower Hamlets are particularly affected by its labour market and housing market contexts. There are likely to be particular challenges both in supporting tenants to find suitable accommodation, and in supporting them to find work.

A mis-matched jobs market

Tower Hamlets is the employment hub of East London and has more jobs than almost any other London Borough. In total 230,000 jobs in Tower Hamlets – 60,000 more than there are residents.⁶ However despite this apparently strong jobs market, the employment rate of residents – at 63.3% - is amongst the lowest in the country and substantially below the rate for London and inner London (but above the rates for Newham and Hackney).

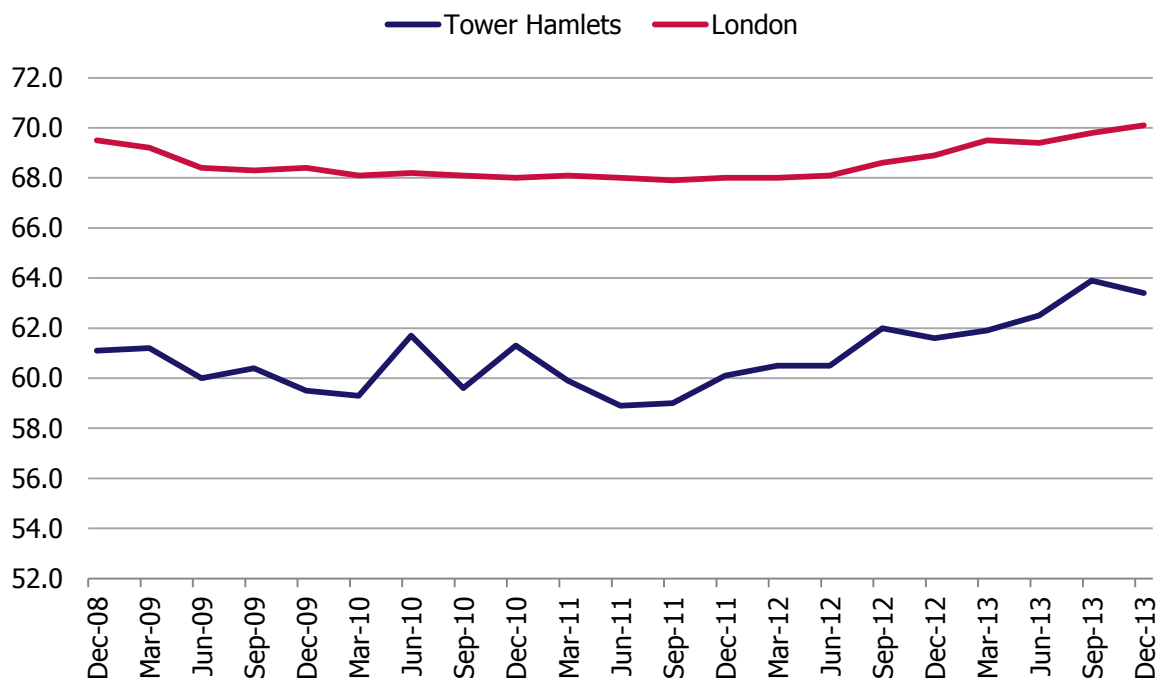
⁴ Source: DWP Social Sector Size Criteria Equality Impact Assessment, updated June 2012

⁵ Source: DWP Local Housing Allowance reform Equality Impact Assessment, November 2010

⁶ Source: Tower Hamlets Fairness Commission

However as Figure 2.4 shows, Tower Hamlets' employment rate has grown substantially over recent years, and is close to the highest it has ever been.

Figure 2.4 – Tower Hamlets and London employment rates (16-64)



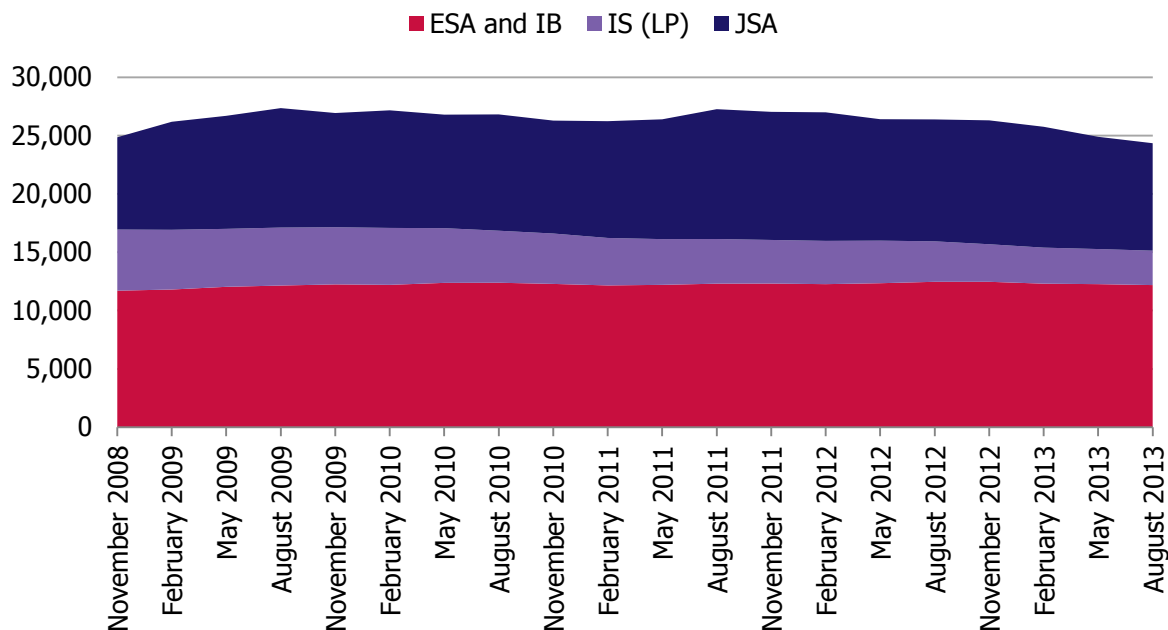
Source: Annual Population Survey

Indeed looking back over ten years, Tower Hamlets has seen its employment rate increase by over **ten percentage points** – the fourth largest increase of any Local Authority in the UK. This means that the 'gap' between Tower Hamlets and London (and the rest of the UK) has narrowed substantially.

Much of this growth has likely been a result of demographic changes in the Borough. However, there is good evidence that employment gains have also been felt by Tower Hamlets residents who were out of work. Employment has risen by 2.3 percentage points over the last five years, while the proportion claiming one of the main DWP benefits for people out of work (Jobseeker's Allowance, Employment and Support Allowance or Income Support) has fallen by the 2.2 percentage points. Whilst employment has risen, there is also evidence that many of those moving into work may have done so into low paid jobs and consequently still impacted by many welfare reforms, eg cuts to tax credit and Local Housing Allowance restrictions. One third of all Housing Benefit claims in Tower Hamlets are now paid to people in work.

Nonetheless, as Figure 2.5 shows, there remain a very large number of households claiming a DWP benefit (24,300), with three fifths of these claiming ESA or Income Support (with the numbers on ESA virtually unchanged).

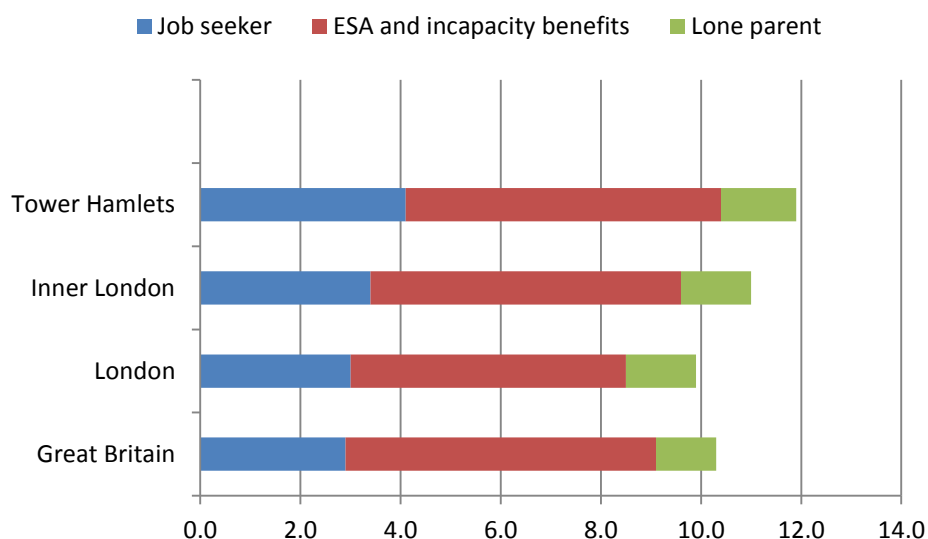
Figure 2.5 – out-of-work benefit claimants in Tower Hamlets (16-64)



Source: NOMIS

Figure 2.6 shows that Tower Hamlets residents are substantially more likely to be claiming benefit than the average for both London and Great Britain, and more likely to be claiming than in other Inner London Boroughs. As three fifths of claimants are on ESA, IB or IS, they are likely to be further from work, to have low qualifications and poor health, and are disproportionately likely to be affected by welfare reforms.

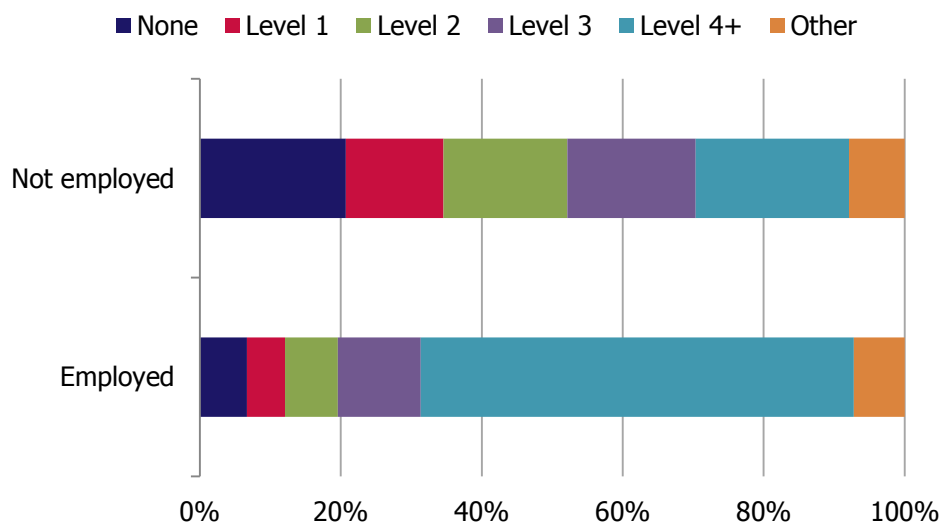
Figure 2.6 – proportion of population claiming an out-of-work benefit: Tower Hamlets, London and GB (16-64)



Source: NOMIS

This mismatch between the number of jobs in the Borough and residents’ likelihood of being in work is most clearly illustrated in residents’ qualifications. Those out of work are three times more likely to have no qualifications, and more than one third are qualified at Level 1 or below. By contrast, nearly two thirds of those in work have degrees or higher. This is shown in Figure 2.7 below.

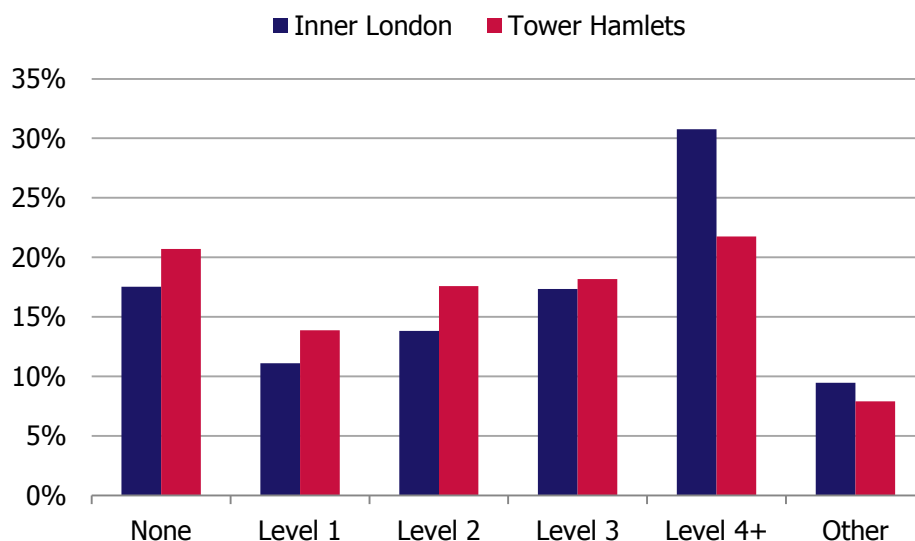
Figure 2.7 – Qualifications of Tower Hamlets residents by employment status, 16-64



Source: Annual Population Survey

Tower Hamlets also lags behind Inner London (and in turn London and Great Britain) on the qualifications of its residents, as Figure 2.8 below shows.

Figure 2.8 – Qualifications of residents in Tower Hamlets and inner London, 16-64



Source: Annual Population Survey

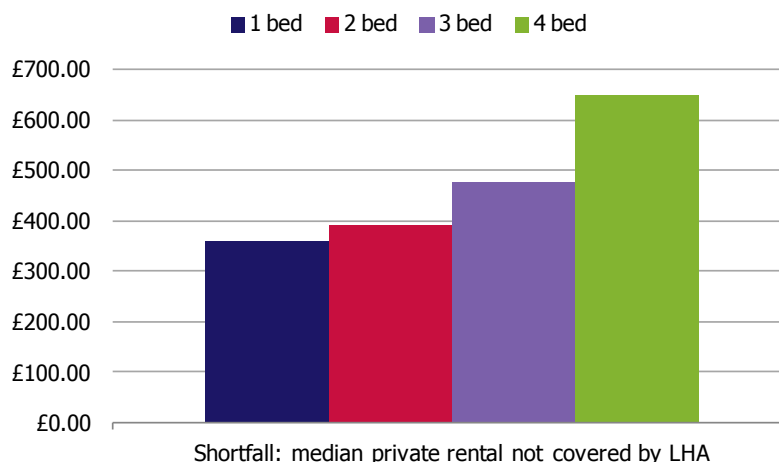
An overheated housing market

Alongside this, Tower Hamlets continues to be among the most expensive places to rent property in the country – with an average rent of £1,590 per month⁷, making it the ninth most expensive place to rent in London and the tenth most expensive nationwide. This has three important consequences.

First, those living in the Private Rented Sector who claim Housing Benefit face significant impacts – both from cuts to the Local Housing Allowance rate and caps on the amount paid. Figure 2.9 below illustrates this, showing the difference between the maximum LHA rate and the median (average) rent for homes of different sizes.

⁷ Source: Valuation Office Agency, Oct 2012 – Sep 2013

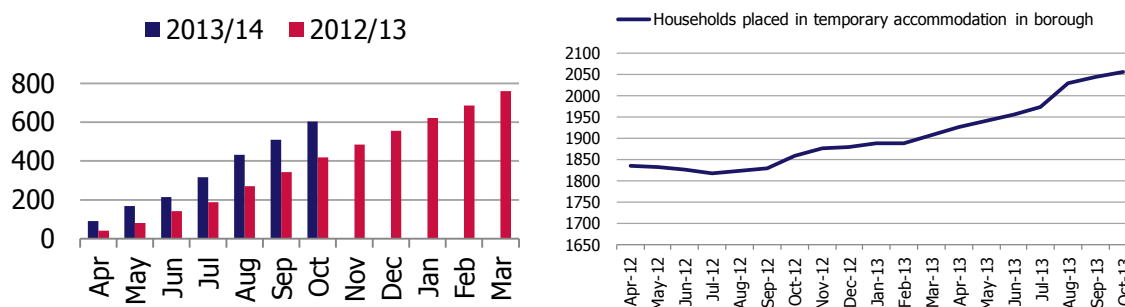
Figure 2.9 Shortfall: median private monthly rent not covered by Local Housing Allowance



Source: Tower Hamlets Council and *Inclusion* analysis

Figure 2.9 shows the gap between median (average) rents and Housing Benefit. In practice, HB claimants are likely to rent accommodation that is cheaper than the average. However even at the lowest quartile of rents (that is, the point where three quarters of rents are more expensive and one quarter are less expensive) there remain very large gaps between private rents and the LHA – of between £155 and £345 per month. Private rented housing is simply unaffordable from the Housing Benefit system alone. These may be contributing factors both to the large growth in homelessness decisions, and in temporary accommodation – which are shown in Figure 2.10 below.

Figure 2.10 Homelessness decisions made(left hand graph) and households placed in temporary accommodation (right hand graph)

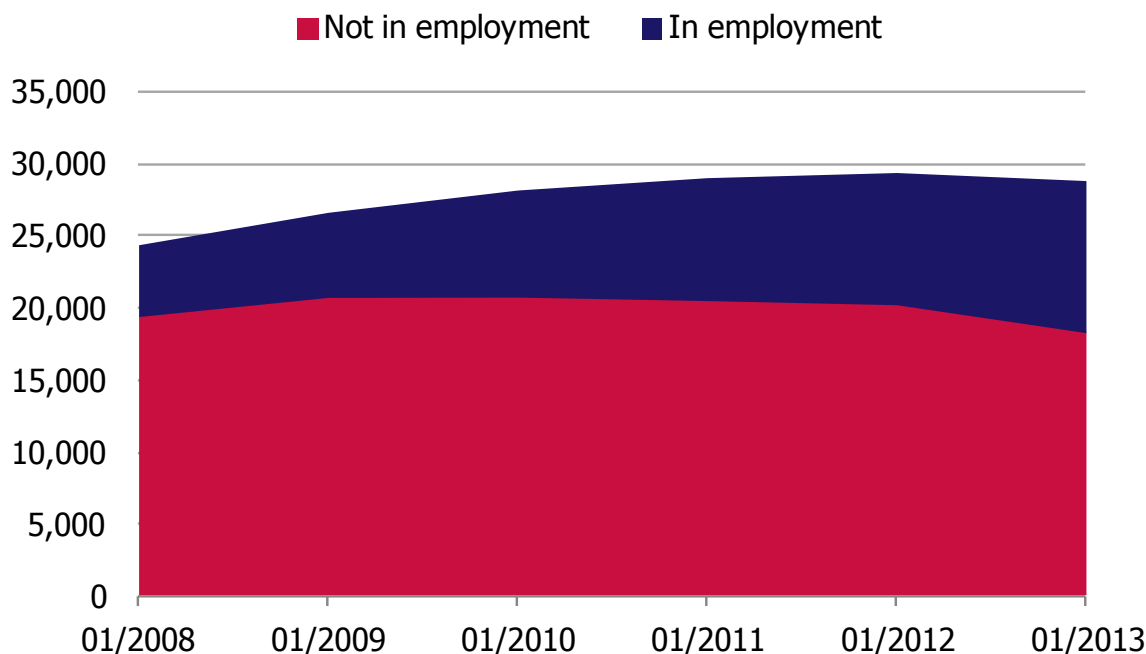


Source: Tower Hamlets Council

Secondly, high rents means that many more working households are drawn into the Housing Benefit system and then into welfare reform This is illustrated in Figure 2.10. The number of 'working age' households claiming Housing Benefit has edged down from its peak in 2012 and now stands at 28,900. However, this fall is driven

entirely by a decline in the number on HB that are out of work. Housing Benefit claims by residents who are in employment have more than doubled since 2008 and now account for more than one third of all claims.

Figure 2.10 Number of Housing Benefit claims in Tower Hamlets (16-64)



Source: Tower Hamlets Council

Thirdly, the shortage of affordable housing in the Private Rented Sector is a contributing factor to entrenching disadvantage in the social sector – as those households in social housing cannot afford to move out, even where they work or are affected by benefit reforms.

The impacts of reform over time

Importantly, the impacts of welfare reforms are set to continue to grow – particularly as the impacts of existing measures ratchet up over time, due to living costs (including costs of renting) continuing to rise faster than benefits. In addition new reforms like the reassessment of DLA claimants will begin to take effect.

Our analysis for the LGA concludes that only a very small proportion of households are likely to successfully mitigate their losses by finding work or moving home. This also reflects the emerging evidence on impacts of individual reforms so far, which

suggest that very few claimants are successfully moving or working.⁸ Our research below has similar findings.

Addressing these challenges over time, and particularly in the private rented sector, will continue to be critical.

⁸ See for example Beatty, C., Cole, I., Powell, R., Crisp, R., Brewer, M., Browne, J., Emmerson, C., Joyce, R., Kemp, P. and Pereira, I. (2013) *Monitoring the impact of changes to the Local Housing Allowance system of Housing Benefit*, DWP Research Report 838

3 The impacts of reform on residents

Residents interviewed were affected by a wide range of welfare reforms, frequently including changes to Housing Benefit and changes to income related benefits. The relatively disadvantaged cohort we spoke to meant that we interviewed fewer people affected by changes to tax credits, though as discussed in Chapter 2, these changes affect many residents in Tower Hamlets. Changes to Housing Benefit affecting residents included:

- Social Sector Size Criteria
- Non-dependent deductions
- Cuts to the Local Housing Allowance

We spoke to residents who had been moved from inactive benefits (Income Support and Incapacity Benefit) onto Jobseeker's Allowance as well as those who had not been found fit for work after Work Capability Assessments and were claiming Employment Support Allowance. Many residents were also affected by the fact that benefits were not uprated in line with inflation and by the overall Benefit Cap. We spoke to a number of residents who were extremely vulnerable (such as sleeping rough and speaking no English or those with severe mental health conditions) and were not clear about which reforms had affected them. Some residents were affected directly and indirectly by welfare reform where members of their support networks were affected.

Key groups impacted by welfare reforms

Through interviews with residents and service providers we identified three key groups who were affected by welfare reform in Tower Hamlets. These were:

- Households where one or more members were disabled;
- Lone parent households; and
- Households in the private rented sector.

In some cases, individuals were in more than one of these groups.

Households where one or more members were disabled

These households were more likely to be smaller, older and White British than others in this study, although this group also included some large Bangladeshi families. Very few of these households contained somebody who worked and in most cases these households had been workless for ten years or more. Most individuals had more than one health condition or disability and frequently had both mental and physical disabilities. For example, a 60 year old male resident was awaiting a knee replacement after having three operations on his knee in recent years and also had depression and agoraphobia. In another case, a 35 year old white British male resident had a degenerative spine disorder and also depression.

Almost all of these residents had undergone a Work Capability Assessment. In some cases they had been awarded Employment Support Allowance (ESA) in the Work Related Activity Group (WRAG), while in other cases they had been found fit for work and were claiming Jobseeker's Allowance (JSA) at the time of interview. Some of those found fit for work were appealing this decision. The exceptions to this were a small number of large families with a youngest child aged under 5 headed by a lone parent claiming Income Support. Almost all of these households were receiving Housing Benefit. It was common for disabled individuals in this study to be receiving Disability Living Allowance (DLA), including high and low rates, and two individuals were in the process of claiming Personal Independence Payments (PIP).

Residents were asked whether they knew about the changes to their benefits before the changes happened. Some residents reported that they were aware of the changes ahead of time while others reported that they were not. In some cases, residents said that they were aware that changes to benefits were happening but they were not aware of the detail or did not understand what the letters they received meant – the latter were always residents with limited English language. Residents who reported that they did know about the changes ahead of time reported receiving communications (typically letters), from their housing provider or from Tower Hamlets council. These were always about Housing Benefit changes and the Benefit Cap rather than changes to other benefits such as the Work Capability Assessment or DLA/PIP.

This group were particularly likely to have experienced reductions in their benefits, such as during reconsideration of ESA claims or through not understanding that they needed to make a claim for JSA after being found fit for work. Single households where the resident had a disability or health condition were almost all affected by the Social Sector Size Criteria. In all cases, these individuals were choosing to 'stay and pay' rather than move to smaller accommodation. They were paying £25-35 per week extra in rent.

Case study - Michael

Welfare reforms experienced - Social Sector Size Criteria and Incapacity Benefit reassessment

Michael is 60 years old and lives alone in a two bedroom social rented flat in Whitechapel. He has an adult son and two grandchildren who stay on a regular basis. Michael has multiple health problems. He has a history of lesions on his skull and has been out of work over twenty years.

In March 2013 Michael attended his Work Capability Assessment and was found 'fit for work'. A month later he was told that because he has a spare bedroom he would have to contribute up to £25 per week extra towards his rent.

Within the space of two months, Michael's income from benefits had reduced from around £250 per week to £99 per week in total.

Michael was deeply distressed with the changes and as a result had to borrow money from family and friends for groceries, which he rarely paid back in full.

"I don't want the upheaval of moving, I use it [spare room] all the time. I'm absolutely desperate, it is really hard, I know it will be harder for more people. I don't see any end to it."

Michael had not previously accessed advice services. He approached the CAB for help and they helped him apply for a Discretionary Housing Payment, which he currently receives. His doctor subsequently referred him to a different advice agency and at the time of interview they helping him to make a new claim for Employment Support Allowance.

Lone parent families

Almost all of these residents had lived in Tower Hamlets for many years, some their entire lives. It was common for respondents to have strong social networks with many family and friends living in the local area. There was a mix between younger families, where the youngest children were babies or pre-school aged and older families where some children were aged over 18 and where the youngest child was a teenager. Most of these families had three or more children and the largest families we spoke to had five children. Few of these families were White British and most were Somali or Bangladeshi.

Most of these residents were not in work. Of those who were, only one was working enough hours to claim Working Tax Credits. The one lone parent who was working

and claiming Working Tax Credits had started this job three months prior to the interview, this job was as a trainer for a housing association. The other lone parents in work were working as lunchtime assistants in schools. These residents were split between the younger families where the lone parent was claiming Income Support and older families where the lone parent was claiming JSA or in a small number of cases, ESA. Most of these households were receiving Housing Benefit.

Residents were asked whether they were aware of changes to their benefits before they happened. Most reported that they were not, with an exception to those affected by the Benefit Cap. These residents reported that they were written to by their social landlord or the council. In general, this group had poor English and were often unclear about which benefits they received and the timeline of changes to these.

As with households with a disabled person, this group was likely to be affected by multiple reforms. These include: those in private rented accommodation being affected by LHA cuts, the social sector size criteria (in cases where adult children have left home), the benefit cap, and non-dependent deductions. Those lone parents with older children were affected by Lone Parent Obligations, with some claiming JSA after their entitlement to Income Support ended. Others made claims for ESA and went through Work Capability Assessments.

Many of these lone parents were desperate to find work, either because they were now claiming Jobseeker's Allowance or because they had been advised that they could stay in their home if they found work. Most, however, had limited work experience or skills and had low level English. These issues are discussed in more detail in the section below on responses to welfare reform and support required.

Case study Safiyo

Welfare reforms experienced – end of eligibility for Income Support and non-dependent deductions.

Safiyo is 46 years old and lives in social rented accommodation in Limehouse with her three children aged 10, 15 and 18.

Safiyo's husband left her seven years ago and after this she claimed Income Support. Two years ago her entitlement to Income Support ended and she had to claim Jobseeker's Allowance. Safiyo has never worked but is desperate to find a job as she hates signing on at the Jobcentre and finds the advisors rude. She would like to work in childcare but does not think her English is good enough and is looking for a part time cleaning job.

Safiyo's Housing Benefit has recently been reduced because her eldest son has turned 18. Her son is doing an apprenticeship and she does not want to ask him for money.

Safiyo is struggling with the cost of living, eats less food and borrows money from her family.

At the time of interview, Safiyo had heard about an advice agency through a friend and was hoping to speak to an adviser about the changes to her Housing Benefit.

Unlike other groups affected, service providers reported that some lone parents who were affected by the benefit cap or Lone Parent Obligations had been able to secure employment. For example:

"We have had some significant successes with parents who haven't worked for 8/9 years, where welfare reform has given them a push and because the services are more accessible, they have accessed these and found work. It has given them that push and they have got themselves work and because the work related benefits have been protected in relation to the cap, it has made an impact with families with large numbers of children." (Family services)

Nonetheless, service providers reported that competition for entry level, part-time jobs was fierce and that most lone parents were struggling to find work or were moving into work but unable to secure enough hours to claim Working Tax Credit. They, like lone parents themselves, also reported that low level English language, skills and work experience were barriers to work. Service providers also reported that the type of work that many of these parents were likely to enter had irregular hours, for which it was difficult to find childcare.

Households in private rented accommodation

Most of the residents we spoke to who had been living in private rented accommodation had been evicted by their landlords. In a minority of cases, the households remained in private rented accommodation but were aware that their landlords did not want them to continue renting the properties that they were occupying. Most of these families had children, though we spoke to one single household. These families tended to be fairly young with most children at school or pre-school aged. Most of these families were Somali or Bangladeshi.

Families were mixed between those where no one worked and those where one member of the household worked. In households where no one worked, these were almost all lone parent families with young children where the lone parent claimed Income Support though we also spoke to a single person who claimed ESA. Those households where somebody worked were all two parent families. The one parent who worked was usually working part time in an elementary occupation such as cleaning or catering and were earning minimum wage. These families did not earn enough to cover the shortfall in their rent caused by Local Housing Allowance cuts.

As with the lone parent families discussed above, this group had lived in Tower Hamlets for a long time and had deep roots in the borough. Even families currently being housed out of the borough were sending their children to Tower Hamlets schools. All of these families were receiving Housing Benefit. Those in work were receiving Working Tax Credits.

This group did not remember hearing about changes to benefits before they happened and some families with poor English still seemed unsure of exactly what had happened that had led to their homelessness.

In all of these cases, Housing Benefit no longer covered rent. In some cases this led to building up of arrears and eventual eviction. In one case where the resident was still in their private rented property, they were trying to find another with no success.

"He could kick me out anytime, all they need to do is ring the bailiffs and I'll be homeless ... I have no other choice... I have tried my best to look ... but there is not that much, not much DSS property on the market ... if there is one empty DSS property, one hundred people look." (Private rented, Bangladeshi, partner works, LHA cuts)

These experiences were confirmed by reports from housing service providers we interviewed who reported that private landlords were no longer willing to rent to Housing Benefit recipients. This was because landlords could command higher rents from professional tenants but also because they were nervous about the ability of benefit recipients to pay their rent, given reductions in benefits.

"Private landlords are getting rid of anyone who in any way have benefit coming into the property. I think it is due to degree of nervousness from anyone who has got benefits, just in case, because of all the changes, how secure is that?" (Social landlord)

Others reported that large scale evictions from the private sector were occurring and that this meant that large numbers of low income working families were seeking support for the first time.

"New groups we are seeing are people who are in work and their landlord has just decided 'is that all you're going to give me? I can get more money and less hassle with someone else.' A large landlord just had a mass cull of tenants, more than 100 section 21 notices were issued, just because landlords want more money. They can get a lot more money from working professionals." (Housing workshop participant)

Residents in temporary accommodation were hoping that they would receive social rented accommodation in Tower Hamlets. Some were open to moving to social rented accommodation in a nearby borough such as Hackney or Newham. None of these families reported that they envisaged moving to an outer London borough.

Case study - Minesh

Welfare reform experienced – Local Housing Allowance capping

Minesh is 55 years old and lives with his wife and four children in temporary accommodation in Dagenham.

He has lived in Tower Hamlets for 23 years and is strongly attached to the local area. All four children attend local schools. Minesh's wife works as a cleaner in Tower Hamlets 28 hours per week, while Minesh receives Carer's Allowance, as he cares for their second child who has a learning disability.

Minesh and his family were evicted by their private landlord after the landlord decided that they would no longer rent properties to Housing Benefit recipients.. They have been living in temporary accommodation in Dagenham for three months and each day the family 'commutes into' their life in Tower Hamlets and back again.

Minesh and his family hope that the council will find them social rented accommodation in Tower Hamlets.

Impacts on health, education and wellbeing

Health

Residents with health conditions reported that welfare reform had led to a worsening of their health. This included both mental and physical conditions, though primarily the former. This is in line with interviews with health professionals in the borough, who reported significant impacts on health and mental health in particular. As discussed above, residents who were unwell typically had multiple health conditions

frequently including both mental and physical health problems. Those with depression and anxiety in particular reported that these conditions had worsened as they had coped with changes to their benefits. Two residents with mental health conditions reported feeling suicidal in response to housing benefit changes or being found fit for work. For example:

"It made my depression even worse, I felt suicidal ... you didn't know if you were going to get evicted or what was going to happen to you. I thought I was going to lose my property." (White British, social housing, social sector size criteria, ESA)

Some residents with physical health conditions also reported a worsening of their health as a result of welfare reform. These included respondents with high blood pressure and arthritis.

Organisations supporting disabled residents in Tower Hamlets reported that the Work Capability Assessment (WCA) caused significant anxiety for those who went through it. They reported that residents with mental health conditions were disproportionately being found fit for work and this was worsening their health conditions. Supporting residents with appeals over WCA decisions was a key activity that had increased demand for advice services in the borough. The latest figures from the Department for Work and Pensions show that 36 per cent of Fit for Work decisions were appealed and that 19 per cent of these appealed decisions were overturned after challenge.⁹

⁹ Employment Support Allowance: outcomes of Work Capability Assessments, Great Britain – Quarterly Official Statistics Bulletin, 27 March 2014, Department for Work and Pensions.

Case study - Daniel

Welfare reform experienced – Incapacity Benefit reassessment

Daniel is a 35 year old man who lives with his disabled parents in social rented accommodation in Poplar. He has lived in Tower Hamlets all his life and his sister and girlfriend both live nearby.

Until 2002, Daniel worked as barista in a café in central London. He was unable to continue this work due to a degenerative spinal condition. In the months after he stopped working, Daniel became depressed and he has struggled with depression ever since.

After leaving work, Daniel claimed Incapacity Benefit and received the low rate of Disability Living Allowance. In January 2014, Daniel attended Work Capability Assessment and was found fit for work. He did not make a claim for Jobseeker's Allowance but did receive a mandatory reconsideration. While without income related benefits, Daniel had borrowed money from friends and family and had put off paying his phone bill, which had now been cut off.

The stress of being found fit for work and not receiving his income related benefits had worsened Daniel's depression, and at times he felt suicidal. He heard about a local advice agency from friends and was receiving help with his reconsideration and had been referred to the food bank. He said that the agency had *been 'a massive help'* and that he no longer felt suicidal since receiving support.

Education

Only a small number of respondents (3) reported that welfare reform had affected their children's education. Those who did report this were either being housed in temporary accommodation out of the borough or were worried about the prospect of moving. The resident that we spoke to who was currently housed outside Tower Hamlets reported that the daily cost of train fares from Dagenham to Tower Hamlets was a significant burden for the family and that the family had to leave very early in the morning to ensure that the children were at school on time. The long commute meant that the children's attendance was falling and that they were too tired to study when they got home.

"I have to leave at 7 am to bring my daughter to school. She goes to [name of school] and has to do her GCSEs next year so she doesn't want to move school now. My little one goes to [name of school] ... he didn't come today.

The school rang and I went back and brought him in. The children are struggling. They have to leave the house at 7 am, by the time we get back it's 6 pm. When can they rest, and when can they study? It's a struggle for them. My youngest son falls asleep on the bus, and on the train. We're all tired." (Bangladeshi, private rented, partner works, LHA cuts)

As support from Discretionary Housing Payments ends and more families are moved out of borough, it is likely that these impacts on education will increase. One respondent reported that the stress from possible eviction was having an impact on their children's schooling.

"The whole family is scared that we might get kicked out of the house. It's affecting their education" (Bangladeshi, social housing, non-dependent deductions, benefit cap, DLA reassessment, loss of carer's allowance, husband claims ESA)

Parenting support workers in Tower Hamlets schools reported a number of impacts on children's education as a result of welfare reform. These included children arriving at school hungry and families having to find accommodation away from the local area. As one parenting support worker said: *"there is a huge strain and we would say that it is welfare reform that is hitting those families particularly hard"*. Schools were concerned that children arriving late had broader impacts on the other children in classes and on school attendance records.

Wellbeing

Beyond residents with mental health conditions reporting worsening of their health, other respondents reported that welfare reform had negatively affected their wellbeing. Respondents were asked how changes to their benefits had made them feel and were offered a set of stickers with faces and emotions to choose from. The words selected were: stressed, afraid/scared, angry, uncertain, tired, sad, confused, ashamed and worthless. Parents reported feeling particularly unhappy when their children had to do without due to reduced income. For example:

"I didn't have 65p to buy my son a drink, I felt down, it is a system that is reducing people to nothing, I have always worked, I love to work ... who does not want money to spend on themselves ... I don't have any savings, I have a bleak future." (Lone parent, social rented, African British social sector size criteria, benefit cap).

"It's difficult for the children, they notice that they cannot afford the same things as their friends [it] makes me sad." (Lone parent, social rented, Somali, benefit cap, Income Support)

Many residents reported that they were feeling stressed because of changes imposed on them and that solutions to their problems, such as finding employment, were not working. For example:

"I'm just a very unhappy person at the moment. I feel let down. If these things were a lot easier, you'd be able to progress but the support is not there, you're put in a box." (Lone parent, social housing, mixed race, WCA JSA – appealed and now claims ESA)

Other residents were worried about future changes to their benefits, as they were only just coping at present. For example:

"because you don't know what is next, they keep coming up with new ideas all the time" (White British, social housing, social sector size criteria, JSA)

The impact of sanctions

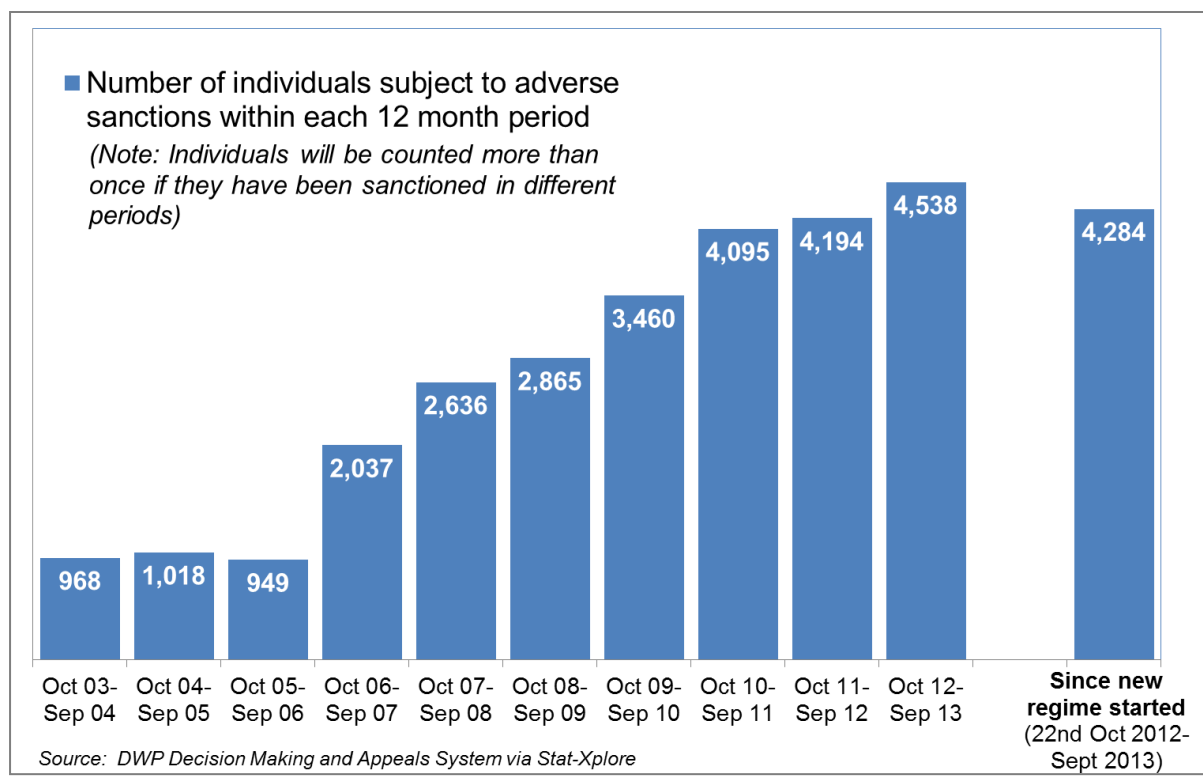
In 2012 a new sanctions regime was introduced for claimants of Jobseeker's Allowance. This introduced fixed penalties and increases in the duration of penalties. Low level and intermediate first sanctions are now for four weeks, followed by a thirteen week period for second failure and a 52 week period for a third failure. High level sanctions are now for 13 weeks for a first failure, 26 weeks for a second failure and 156 weeks for a third failure.

The impact on sanctioning on residents in the borough is driven by two factors:

- The number of residents being sanctioned; and
- The level of sanctions.

Analysis by Tower Hamlets Council shows that there has been a strong upward trend in the **number** of residents being sanctioned since 2005. This is shown in Figure 3.1 below.

Figure 3.1 – Number of individuals referred for sanction



The actual number of sanctions applied is higher than this, with around 1.5 sanctions for every individual affected.

As a proportion of the claimant count, the growth in adverse decisions has been less pronounced – and stands at around 5-6% of the claimant count. However there has been a sizeable increase in the proportion **referred** for sanctioning, particularly since the new regime was introduced – doubling from around 6% in 2010 to 12-13% now. (There is also some anecdotal evidence that many of those referred for sanction flow off benefit before a decision is made – which may be a contributing factor in a large growth in ‘cancelled’ sanctions.)

In Tower Hamlets, claimants aged 18-24 are over-represented among those sanctioned, making up 25% of claimants but 36% of those who are sanctioned. Men comprise over two-thirds of all those sanctioned and are also over-represented. They make up 61% of claimants and 68% of those sanctioned. However, trend data show that women are increasingly being affected by sanctions. The percentage of individuals sanctioned who are women has risen from 21% in 2008 up to 32% under the new regime. This increase in the numbers of women affected is driven by changes to the benefit entitlement of lone parents of school aged children who no longer eligible for Income Support and must claim Jobseeker’s Allowance if they are unemployed. Under the new sanctions regime 310 lone parents in Tower Hamlets have been sanctioned – most (289 - 93%) were women.

The ethnic profile of those sanctioned under new regime is broadly similar to the ethnic composition of the claimant count. Bangladeshi and Black residents are significantly over-represented on both the claimant count, and among those sanctioned, compared to the working age population in Tower Hamlets generally.

On the **level** of sanctions, analysis by Tower Hamlets shows that there have been 373 high level sanctions in the last twelve months. This is a group of key concern given that they face long lasting loss of Jobseeker's Allowance and risk permanent loss. Twenty-three Tower Hamlets residents in this group have lost their entitlement for 26 weeks.

Our qualitative research captured experiences of sanctioning for residents claiming Employment and Support Allowance or Jobseeker's Allowance. In the main part, those on Employment and Support Allowance who were sanctioned due to a general lack of understanding or an inability to fully comply with the Work Capability Assessment process:

"I did not appeal because nobody told me about appealing and then it was too late." (White British, IB reassessed for ESA, WCA, sanctioned)

In nearly all these cases, these residents were sanctioned despite having severe mental and/or physical health disabilities and were some of the most vulnerable subjects of the study. Residents from this group were more likely to live in single person households and tended to report that they did not have relatives nearby who might be able to provide support to offset some of the more severe impacts. In a number of cases, the significant drop in income and general experience of sanctioning exacerbated their mental health conditions:

"I have felt depressed, suicidal" (Mixed race, disabled, benefit uprating, WCA, sanctioned)

In one case, a 50 year old resident had been surviving on £20 per week Disability Living Allowance payment for the last five months while DWP continued to dispute a Work Capability Assessment decision that had been overturned on appeal. For this resident the experience had led him to despair:

"It has made me despair basically, it has made me even more withdrawn from society" (White British, disabled, IB reassessed for ESA, WCA)

In all the cases captured in the study, ESA sanctioning had the greatest impact on residents over and above impacts of other reported reforms.

Those who had experienced sanctioning while claiming Jobseeker's Allowance were all work focused but there were two main differences in experience. The first group

often had experienced short or one-off sanctions which had increased their work search activities leading to them being able to find work and sign off benefits. This group tended to report the greater negative impacts of other reforms such as the Benefit Cap or the Social Sector Size Criteria which had given them a further impetus to find paid employment. The second group had experienced a series of sanctions, reporting very negative experiences of Jobcentre Plus and had decided to sign-off from benefits all together without employment.

Some advice centres said that giving their clients the skills in order help them avoid sanctions was becoming a key part of their delivery as groups not used to claiming active benefits were at risk of sanctions.

"Our employment team help them with those job searches, help them to make sure they are doing enough job searches, on one level to help them genuinely look for work, but on another level just helping them to avoid being sanctioned." (Advice Centre)

Case study - Adejola

Welfare reform experienced – Sanctioned

Adejola is a 45 year old man who lives alone in a one bedroom flat that he rents from a Housing Association. He has lived in Tower Hamlets for twelve years and has two teenage daughters who live with their mother in Barnet. Adejola has moved in and out of work temporary work since he lost his job at a camera shop in 2010 but has not worked for the past 15 months.

Adejola was receiving New Enterprise Allowance and had progressed well to setting up a business making films of weddings and other special occasions. He had two weddings booked for this summer and was awaiting a loan to help him buy equipment. In February he was referred to the Work Programme, which meant he was no longer eligible for New Enterprise Allowance. Adejola did not think this was fair, as he was progressing well with setting up his business, and he did not attend his Work Programme appointment. This resulted in him receiving a sanction for 13 weeks. Without benefit income, Adejola borrowed money from his elderly mother – *'I felt very bad, it's not good - she's a pensioner, I should be helping her, it's not right.'*

He had also put off paying bills for gas, electricity and his phone. Since he received the sanction he had not been able to visit his daughters, as he could not afford the bus and train fares.

After he received his sanction, the Jobcentre referred him to the food bank. He was grateful for receiving the food, but did not like having to go there. *'I felt kinda like embarrassed because I had to go to a place and I feel like I am begging for food, you know what I mean? I feel worthless really.'*

Adejola had been told that he could only receive parcels from the food bank three times and was worried about what he would do if he was sanctioned again in the future.

4 Impacts on demand for support

Organisations delivering services to those affected by welfare reform were asked whether welfare reform had led to changes in demand for support. Almost universally, services reported that demand for services had increased. This was across diverse services and for a range of issues. The reforms that were reported as creating the largest increases in demand for support were:

- Cuts to LHA leading to evictions from the private rented sector
- Lone parents moving into work due to the Benefit Cap or claiming Jobseeker's Allowance
- Work Capability Assessment decisions
- Changes to Housing Benefit for those in the social rented sector

Which reform was generating the most increase for demand was closely linked to the service provided or customer group targeted by the organisation. For example, the Housing Options team within the council and some advice agencies saw cuts to LHA leading to evictions as the biggest issue. Those providing childcare and support for parents suggested it was the pressure on lone parents to move into work. Organisations providing services to disabled people and some social landlords were spending significant resource on supporting residents to appeal Work Capability Assessments:

"A lot of our advice appointments are around ESA appeals, also getting feedback around processes. People want extra support with the ATOS process - advocacy is getting more involved." (Advice service for disabled people)

Social landlords were often spending significant resource helping their tenants to avoid arrears after being affected by changes to Housing Benefit. This included both encouraging them to bid for smaller properties and encouraging them to take part in employability activities.

In some cases increases in demand were small, but more commonly service providers reported seeing increases in demand ranging from 20 to 50%. Participants in the workshop with advice providers were concerned with how they would meet demand with future welfare reform, given that they were unable to meet demand at current levels.

"We're busy enough as it is, we've lost resource, helping with ESA appeals, DHP is ending, PIP is coming, Universal Credit is coming." (Advice workshop participant)

Changing services to meet demand

Delivery organisations were adopting a range of strategies in the face of increased demand, usually within the context of decreased resource available to help. Community advice organisations reported that queues for drop-in advice sessions were starting at 7.30 in the morning and that it was impossible to support everyone who arrived. This queuing system potentially excluded lone parents with school aged children, as well as older and disabled people who could not wait in line. In some cases staff were working longer hours to try to meet demand.

"People are robbing Peter to pay Paul, especially if Paul has got bailiffs knocking on the window, so we lost members of staff, so we have had to reduce the advice service offered, but the demand for advice has gone up ... it means I have to work late. It is unsustainable; I can't guarantee that the quality of the service will be maintained." (Advice worker, social landlord)

Some service providers reported that as well as more people seeking support, cases were becoming more complex and time-consuming. One provider reported that knowing that they were unable to help everybody who approached them for support meant that they were seeing fewer people overall, but spending more time on each case.

"In an odd sort of way if you think you can't support everybody who wants an appointment, you end up just focusing on a few cases, because you're not even going to see 20%. I think we actually support fewer people now, but they take a lot longer." (Advice workshop participant)

Many providers were prioritising residents in the greatest need, but this meant that preventative support and early intervention was not occurring because it was very difficult for residents to be seen until their situation was in crisis. Other agencies with limited capacity to increase support were making links with other organisations in the borough and signposting residents to these services. Where partnerships and referral routes had strengthened, delivery organisations felt that this had been a positive impact.

Some services had changed radically as a result of welfare reform, for example social landlords reported that instead of merely chasing people for arrears they were working to provide debt and employability services. Other services, such as parental engagement teams in schools, were providing welfare advice as this was a priority

need for the people they supported. A legal advice centre had changed the focus of its drop in sessions to focus entirely on welfare reform.

"All our drop in legal advice sessions are now on welfare benefits, whereas before we would help people with a variety of things. Everything else is pushed to the evening and staffed by volunteers. The profile of our work has dramatically changed. We have focused on training law students to increase our capacity. ... a lot of the changes are yet to come and whether we can do further major changes, we'll see." (Advice workshop participant)

This focus from delivery organisations in the borough on supporting residents affected by welfare reform was not without cost, as resource was diverted from other activities in order to meet this need.

Changes in those seeking support

Delivery organisations were asked whether there had been changes in the types of residents seeking support as a result of welfare reform. Many organisations were still supporting the same groups of residents as they had been for many years. These were, depending on the type of service provider, workless households, disabled people, and large families. However, some providers reported that new groups of residents were seeking support as a result of welfare reform.

- The Housing Options team in the council reported that previously most families facing homelessness were family exclusions, for example when adult children needed to leave their parents' home. However, it was now established families who had been evicted from private rented accommodation.
- Community advice centres reported that they were now supporting low income working families whereas they had previously only supported workless families. This was because these families faced insecure employment and moves into and out of the benefit system as well as eviction from the private rented sector.
- A number of delivery organisations including advice centres and social landlords reported that older, often white British, residents were seeking support for the first time. This was because they were being found for work in Work Capability Assessments and made to search for work for the first time in many years, as well as requiring support with the social sector size criteria.
- Some social landlords reported that they were actively engaging for the first time residents affected by the benefit cap, largely Bangladeshi or Somali one parent households with three or more children. This was because these households had

previously had their rent fully covered by Housing Benefit and were classified as 'good payers'.

5 Responding to welfare reform

Making ends meet

Residents were responding to welfare reform in a variety of ways. These included coping with lower income through economising, borrowing money and putting off paying bills and trying to avoid the reform through looking for work or trying to move home. Almost all respondents had sought help from advice agencies, as well as seeking support from within their social networks.

Economising

All residents that we spoke to were economising due to a reduction in income. In some cases, such as many of those affected by changes to Housing Benefit, residents were dealing with large reductions in income. In other cases, residents were affected not by reductions in income but by the fact that benefits have not been uprated in line with inflation and the cost of living had increased. This method of responding to welfare reform was confirmed by some service providers. For example: *"Social landlords quite often portray themselves as the worst hit but it's people's shopping baskets that are worst hit."* (Advice centre)

The two main ways that residents were economising were through using less gas and electricity and spending less money on food. Some residents had made relatively small changes to their gas and electricity usage, such as ensuring that they switched off lights when they were not using a room. More commonly, however, residents reported taking radical action to reduce this expenditure and this was having a significant effect on their standard of living. For example, some residents no longer used any heating, or only used heating at the very coldest times when their children were home. For example,

"I can't put the gas on, I have no hot water. My budget is getting really, really tight. It is a struggle:" (White British, social housing, social sector size criteria, JSA)

Residents had also reduced the amount of money they spent on food. As with economising on gas and electricity, some residents had taken relatively small actions to save money – such as bulk buying – but more commonly residents had made large changes which had a negative effect on their household's wellbeing. Parents

always reported putting their children's need to eat above their own. However, even single respondents reported skipping meals. For example:

"I'm not eating properly, you're constantly working out numbers just to get cheaper food. I'm having one meal a day." (White British, social housing, social sector size criteria, JSA)

Some residents reported buying a vastly reduced range of food and relying almost entirely on staples such as bread. For example:

"Nowadays I hardly make a shopping list. I just buy bread and butter. I have eight people in the house so I used to buy lots of things but now I go shopping and only get one or two bags." (Bangladeshi, social housing, non-dependent deductions, benefit cap, DLA reassessment, loss of carer's allowance, husband claims ESA)

Discretionary purchases, such as clothes and shoes, were almost always being put off. Parents sometimes reported being unable to buy clothes and shoes for their children. For example:

"I could not afford to buy my son new shoes." (Lone parent, African British social sector size criteria, benefit cap).

Borrowing money

It was very common for residents to report that they had borrowed money. However, only one respondent reported taking out a payday loan. Almost always residents had borrowed money from family and friends. In most cases, residents had borrowed small, but regular amounts of cash, such as £5 for groceries. This money was rarely repaid, or repaid only in part. In other cases residents reported that relatives would buy them groceries or cook meals for them. In a small number of cases, however, residents had borrowed several thousand pounds from friends and family. For example, one respondent, who did not speak English and lived without benefit income for six months as she did not understand why her benefit had stopped, reported that she owes £5,000 to friends and family. She said:

"I borrowed from next door neighbours, from parents at my children's school, £300 from some, £200 from some, my daughter gave me £200 once. I have nobody else." (Lone parent, Bangladeshi, ESA, social housing, ESA stoppage)

Not paying bills

As well as owing money to family and friends some residents reported that they had put off paying rent and utilities. This was less commonly reported than borrowing

money, and those residents who did disclose debts often had large debts. It may be that debt is more common than indicated by this research and that respondents were not willing to disclose that they had debts. Residents typically put off paying water bills, mobile phone bills and gas and electricity bills. Creditors had taken actions such as installing prepaid gas and electricity meters, cutting off mobile phones and using debt recovery agencies. For example:

"I have a £2300 outstanding water bill. Over £2000 gas bill. About £1900 electricity bill. So now they've put a gas and electricity meter in my house. It's really tough and we don't know what to do." (Bangladeshi, social housing, non-dependent deductions, benefit cap, DLA reassessment, loss of carer's allowance, husband claims ESA)

It was common for residents affected by changes to housing benefit to have built up rent arrears. All of those in social rented accommodation reported that Discretionary Housing Payments had prevented arrears from accumulating, and in many cases had been backdated to clear arrears. Those in private rented accommodation who had accumulated rent arrears, however, had been evicted by their landlords and were currently in temporary accommodation.

Case study - Dimeji

Welfare reforms experienced – Ending of Income Support eligibility, Social Sector Size Criteria

Dimeji is 56 years old and lives with the youngest of her four children in a four bedroom flat in Bethnal Green. Dimeji's three eldest children, aged 29, 32 and 33 had moved out of home in recent years, and Dimeji and her 11 year old son still live in the family home where she has lived for the past 25 years.

Three years ago, Dimeji's eligibility for Income Support ended and she began claiming Jobseeker's Allowance. Last year she was referred to the Work Programme, which she found 'useless'. At the time of interview, however, she had recently secured a temporary job working as an administrative assistant for a Housing Association.

Dimeji's Housing Benefit was reduced by £51 per week because she had two spare bedrooms. She was struggling with this reduction in income and had mostly coped by putting off paying bills and had paid for groceries with a credit card, which she had not paid off. She had accumulated debts with TV licencing, her water and energy suppliers and her mobile phone.

Despite being written to by the council and her housing provider about moving to a smaller property, Dimeji had not tried to do so. However, at the time of interview she was seeking advice on how to move to a smaller property and how to manage her debts.

Awareness and use of food banks

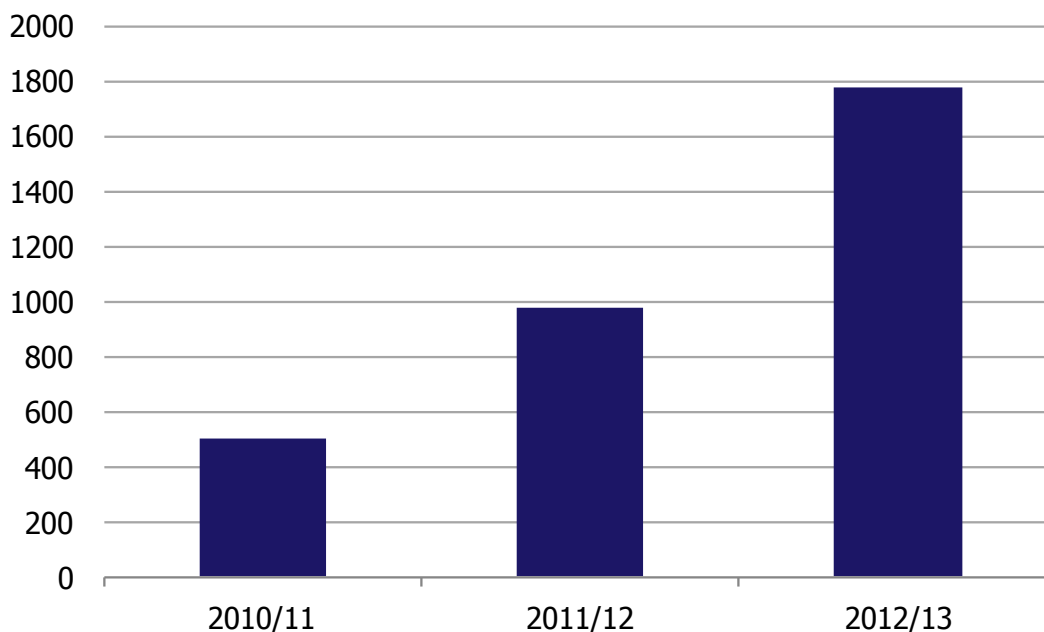
A small number of residents we spoke to, who were not recruited through the food bank, had heard of food banks through the news but had not been able to find details of a food bank in Tower Hamlets. From interviews with advice agencies, this is not surprising, as food bank assistance in Tower Hamlets is heavily targeted and not widely advertised.

We interviewed five residents at the Tower Hamlets food bank. These residents had all experienced a sanction or benefit stoppage. This is in line with interviews with advice agencies who told us that they refer residents who have received sanctions to the food bank. In several of these cases, residents had gone without ESA or JSA for three months. All of these residents had been referred to the food bank after presenting at an advice agency, housing provider or social worker. They were happy

with the support they had received through the food bank, but worried about what they would do in future if their benefit income was stopped and they were not able to access the food bank again.

Figure 4.1, below shows that the number of referrals to the Tower Hamlets has risen steadily from 500 in 2010/11 to 1,777 in 2012/13.

Figure 4.1 Number of food bank referrals



Source: Tower Hamlets Council

Changing circumstances – employment and housing

The policy intent of the welfare reforms discussed in this report is to encourage claimants to move into employment and/ or cheaper accommodation. We did find residents responding through trying to do both of these things, though usually unsuccessfully. Service providers reported that residents had put off longer term solutions to their problems, such as moving into employment or to cheaper accommodation because at present Discretionary Housing Payments were solving their immediate problems. *"DHP has shielded people and delayed them from looking at longer term solutions that are more sustainable."* (Social landlord)

Looking for work

Those who reported looking for work fell into three broad groups: those who had been moved onto Jobseeker's Allowance from an inactive benefit; those affected by the benefit cap, and working families in private rented accommodation. Previous

research has shown that claimants who move from inactive to active benefits respond by seeking work, largely because of the push of the Jobseeker's Allowance regime.¹⁰ Residents in this study who had moved from Income Support onto JSA reported that they were actively job seeking as they did not want to keep claiming JSA.

"It is very hard, it is stressful. When I sign [on] I feel like to cry because you have to show 16 job minimum you have applied [for] and now you have to show the computer account with them" (Lone parent, Bangladeshi, owner occupier, JSA)

Those who had moved from Incapacity Benefit onto JSA were split between those who wanted to find work and those who were appealing the decision that they were fit for work. Almost all of those affected by the benefit cap were hoping to find work. This is unsurprising given that the very large financial incentives that these households faced if they moved into work or, rather, the large loss of income that these households faced if they did not move into work. Usually these households were headed by someone on an inactive benefit, typically a lone parent on Income Support. For example:

"I want to work. It is a struggle time to time ... I'd rather work for myself and my kids than rely on the government." (Private rented, lone parent, Income Support, Somali, never worked)

In one case, a resident in private rented accommodation, where the other partner worked part time in low paid work, was seeking work in order to increase the family's income and become more attractive to private landlords.

"It's difficult because of the timing and because of my career gap, but I'm still applying." (Private rented, partner in work, Bangladeshi, LHA cuts)

We spoke to three residents who had moved into work as a result of welfare reform. However, almost all respondents who told us they were looking for work had significant barriers to work and employability support needs. These are considered in more detail below.

Some social landlords reported that the use of Discretionary Housing Payments was disrupting the message to tenants affected by Housing Benefit changes that they would need to find employment if they were to stay in their properties.

¹⁰ Lane, P. et al (2011) *Lone Parent Obligations: work, childcare and the Jobseeker's Allowance regime*, DWP Research Report Series.

"DHPs disrupt the message. We were saying to people you need to find work. But then we got the message about getting DHP claims in, and that whole push [about employment] has been delayed. We haven't had the rent arrears that we feared, but are we just storing up the problem for a later date? The message going out to claimants is mixed." (Social landlord, Housing Workshop)

Moving home

Residents reporting that they were trying to move home generally fell into two groups: those who were currently in temporary accommodation having been evicted from private rented housing and those in social housing who were affected by the social sector size criteria. We did not speak to any residents who had chosen to and successfully moved home as a result of welfare reform.

Almost all residents we spoke to were looking to move home were hoping to move into social rented accommodation within Tower Hamlets. Some residents in private rented accommodation were willing to stay in private rented within Tower Hamlets but, as discussed above, found it difficult to find landlords who would accept tenants who claimed Housing Benefit. Respondents had a strong preference to remain in Tower Hamlets because of their strong links to the local area including children attending local schools. In two cases, residents affected by the social sector size criteria were open to moving out of Tower Hamlets, in both of these cases this was because they had family outside of London that they wanted to move closer to. Residents who were in social housing and bidding for smaller properties reported that bidding was competitive. For example:

"It's the only way out. I bid for something but I don't think I'll get it because fifteen other people bid for it as well." (White British, social rented, social sector size criteria, JSA)

Although we did not speak to any residents affected in this way, service providers told us that some residents affected by the social sector size criteria were prevented from moving to smaller accommodation because they were in rental arrears.

Residents in temporary accommodation who were hoping to find social rented accommodation in the borough also reported that they had not so far been successful. This is in line with interviews with Tower Hamlets Housing Options staff who reported that most families moving into temporary accommodation from the private sector were unlikely to find social housing in Tower Hamlets. More generally, organisations supporting residents affected by the benefit cap and/or in private rented accommodation reported that it was difficult to support these families to move out of the borough while Discretionary Housing Payments were available.

"It is difficult to have conversations with people about the decisions they are going to have to make in the long term when they know that DHP is available to them." (Housing workshop participant)

Other service providers reported that they were dealing with the immediate crises facing their clients and putting off discussions of long-term solutions. This was also linked to a lack of capacity due to increased demand for services and reduced resources.

"We have the time to fire fight ... I don't want to get my clients breaking down in front of me because we have to talk about you moving to Stoke on Trent. You don't want to do it, I've got an hour, I can just about speak to someone on the DWP ESA helpline, I might be able to squeeze 15 minutes to speak to social fund repayments. There is crisis after crisis after crisis." (Advice worker, social landlord)

Some delivery organisations reported that even when these conversations occurred, residents found it difficult to believe that moving out of borough was their best option because Tower Hamlets has historically been able to meet the needs of its residents, such as finding accommodation close to schools and families.

Where have residents gone for support?

Given that we recruited most participants through advice centres, it is perhaps not surprising that they were well connected to support. However, even residents recruited through schools had accessed advice and guidance after signposting through talks on welfare reform at school. A number of residents recruited through advice centres had found them through picking up a leaflet while queuing for help at the Citizens Advice Bureau (CAB). Several respondents reported that they had queued but been unable to receive support from the CAB but then gone on to receive support elsewhere. Most commonly, residents had heard of advice centres through recommendations from friends or family. Many residents were accessing specialist advice such as support in residents' home languages or with a specific issue such as mental health. This support was accessed through specialist organisations. More generally, residents often reported receiving advice on a number of different issues from the same service provider, including benefit advice, form filling, debt, financial and budgeting skills.

Residents appeared to be less likely to seek help from advice centres on finding work or moving to cheaper accommodation. Some respondents reported that they had accessed or sought to access employment support through Jobcentre Plus or the Work Programme. Residents tended not to be satisfied with the employment

support that they had accessed through these sources. Most of these residents required intensive support including ESOL, basic skills and work experience. Some lone parents had reservations about using formal childcare that could be overcome through support, such as not knowing that you could receive financial support for childcare fees or that children could receive halal food at nursery. However, the support that these residents reported experiencing was restricted to help with job searching. Some residents on Jobseeker's Allowance reported that they felt that advisers at both Jobcentre Plus and Work Programme providers were unfriendly or rude. For example:

"The people [at Work Programme provider] were not friendly, they were uptight, you could tell they were under pressure. They want you to tick the box that you've been there... that is not a proper objective to achieve." (Lone parent, social rented, African British social sector size criteria, benefit cap).

Some delivery organisations supporting lone parents reported that the employment support available to lone parents was insufficient for their needs.

"These lone parents don't have the skills or experience to find work. The measures put into place to support these women are meaningless. ... They need skills, English, confidence, work experience." (Advice workshop participant)

Some residents reported seeking support from Tower Hamlets council for finding cheaper accommodation. These residents were unhappy with the service they had received, however, this was because the council recommended moving to smaller accommodation or to a cheaper area out of borough and the residents were not willing to consider these options.

Another key source of support was through family and friends. As discussed above, many residents borrowed money from family and friends. However, residents also reported receiving help from their family and friends with form filling, translation of letters and suggestions of where to seek further advice. Many respondents reported receiving emotional support from within their social networks and this was helping them to cope with the emotional stress they were under as a result of welfare reform. These experiences were making residents feel that living near to their family and friends was more important than ever. As one resident said: *"It takes years to build up those networks."* (White British, social rented, social sector size criteria, ESA). Indeed, some respondents reported wanting to move within Tower Hamlets to an area closer to key members of their support network. Although changes to housing benefit are aimed at encouraging residents to move to cheaper

accommodation, the experiences of welfare reform and the support from family and friends was making some residents more determined to stay where they were.

The role of additional financial support

Discretionary Housing Payments

4,828 DHP awards were made by Tower Hamlets Council during 2013-14, benefiting 2,480 households. Total spending on DHPs was £2.96m (including £0.89m from the Mayor's Homeless Fund), with an average award of £613.

The vast majority (90 per cent) of DHP spend went towards supporting residents hit by the Bedroom tax or the Benefit Cap. Of all awards:

- 48 per cent were given to support those affected by the Bedroom Tax, accounting for 33 per cent of all DHP spend during 2013-14.
- 36 per cent of awards were provided to support those subject to the Benefit Cap, accounting for more than half (57 per cent) of total DHP spend.

80% of all households affected by the Benefit Cap in March 2014 had also received a DHP award.

Those affected by LHA reforms comprised a small minority of DHP spend – accounting for 4 per cent of spend and 3 per cent of awards. LHA levels reflect the maximum Housing Benefit that can be awarded in respect of most private sector tenancies if the rent charged is higher than the LHA, a DHP can be considered.

Over one third (37 per cent) of awards were given to provide 'help pending a move' – that is, to help with short term rental costs until the claimant is able to secure alternative accommodation. Just under one third (30 per cent) of awards were to provide 'help pending employment' (ie to help with rent while the claimant seeks employment).

Of the 2,480 claimant households receiving DHP, 15 per cent (379) were in receipt of certain disability benefits¹¹.

Ethnicity data about DHP claimants are limited because around one third of claimants did not provide information about their ethnic group. However, where

¹¹ These include Disability Living Allowance/Personal Independence Payment, Attendance Allowance and those still on Incapacity Benefit. Note: Those in receipt of ESA are not included here as disabled.

available, the figures indicate that those affected by the Benefit Cap and Bedroom Tax have very different ethnic profiles. Specifically, Benefit Cap claimants were more likely to be Bangladeshi than Bedroom Tax claimants, who were more likely to be from White ethnic groups.

Crisis and Support Grants

6,391 residents were supported through Crisis and Support Grants administered by Tower Hamlets Council in 2013/14. This is substantially more residents than were supported through the previous system of Crisis Loans and Community Care Grants in 2012/13 (4,460 residents). Indeed of the 139 authorities who responded to a recent FOI request on their local schemes, Tower Hamlets is one of only ten that will support more people through its local scheme than were supported under the previous Social Fund.

Of those awarded support, 2,678 received grants for daily living expenses (two fifths of all awards), with an average award of £65. It is likely that many of these were households experiencing financial impacts from welfare reforms, and Crisis and Support Grants will have played an important role in supporting those families. However we did not find in our research any households who had received support.

Preparing for Universal Credit

Residents were prompted with a description of changes to benefits under Universal Credit including monthly payments and managing claims online. They were asked if they had heard of these changes and then further questioned on how they would manage with them.

Residents were split between those who had heard of the changes to be brought in with Universal Credit and those who had not. A small number of residents were knowledgeable about different aspects of Universal Credit and reported that they had been on a course where it had been discussed. More commonly, residents were aware of just some aspects, such as monthly payments or that a number of benefits were being rolled into one.

Residents were asked a series of questions around internet usage and their confidence in managing their claim online as well as how confident they would be managing a single monthly payment.

Only one resident reported that they would be comfortable managing a monthly payment without any support. All other residents felt that it would be difficult to

manage and that they would require support. As found in other studies,¹² many residents used different benefit payments as a budgeting tool, for example using Child Tax Credits to pay for certain bills and Jobseeker's Allowance for others. Moving to a single, monthly payment would require new budgeting skills. Several respondents mentioned that beyond needing help with budgeting, a single, monthly payment made them nervous, as they had previously experienced problems with individual payments but had been able to survive because they had payments from other benefits. They worried that if similar problems occurred under Universal Credit they would be left with no money.

Residents were much more mixed in their views of online claiming. Respondents ranged from those who did not have a computer at home and did not know how to use one to those who were confident using the internet and had access at home. Older residents were more likely to not know how to use computers and not have access to the internet at home or via a smartphone. The activity most associated with being confident claiming online was online shopping – even in cases where residents did not have internet at home. Some residents did other online activities such as emailing, job searching and even online banking, but did not feel confident to manage a benefit claim online. In some cases this was due to not feeling their English was good enough, but in others this was due to a lack of confidence in computer skills. Some residents who did not have a computer at home, or did not have a good enough computer at home, reported that they would not like to manage their claim in a public place, such as a library. Among those who reported that they would require support to manage a claim online, some suggested they would use their children while others said they would use advice agencies that helped them to manage their benefit claims already. Some residents who used the internet for emailing and social networking said that they would not trust online banking and felt similarly about managing a benefit claim online.

Those organisations providing digital inclusion support in the borough reported that they were not able to meet demand for these services. It is likely that demand for these services will rise further after the introduction of Universal Credit.

¹² See, for example: Hall, S. et al (2012) *Qualitative research to explore the information needs of tax credits customers during their transition out of the tax credits system*, HMRC Research Report Series.

Summary

Residents were responding to welfare reform through economising, borrowing money and putting off paying bills and to a lesser extent through trying looking for work or trying to move home. Almost all respondents had sought help from advice agencies, as well as seeking support from within their social networks. Across Tower Hamlets, 6,391 residents were supported through Crisis and Support Grants administered by Tower Hamlets Council in 2013/14. This is substantially more residents than were supported through the previous system of Crisis Loans and Community Care Grants in 2012/13 (4,460 residents). [Line on DHPs] Almost all residents we spoke to said that they would require support with budgeting under Universal Credit and many would also require support with online claiming.

6 Conclusions and recommendations

The impacts of welfare reform are being felt by residents across the Borough, with up to half of all families seeing their incomes fall. Many of these families continue to cope, although impacts will grow as rises in rents and prices outpace benefit income. However we identify three key groups that are struggling now:

- Families where one member is disabled or has a health condition – many of whom are in the social rented sector, often in rent arrears, and are a long way from work;
- Lone parent families – again, who have often been out of work for a long time; and
- Families on low incomes in the private rented sector, in and out of work, and particularly larger families.

Many of these households are already in contact with the Council or other services and are receiving some support – to budget, to increase income (including through work) or simply to cover the losses in the short term through discretionary support. However, the impacts of reform will continue to grow in the future, as the gap between living costs and benefits income further widens and new reforms – in particular the rollout of Universal Credit and the Personal Independence Payment – put new demands on families and on support services.

As the Fairness Commission has set out, a holistic response is needed for families in crisis, that works across local organisations and support services.

Responding to welfare reform – objectives

In developing its response to welfare reform, we consider that there are three key objectives:

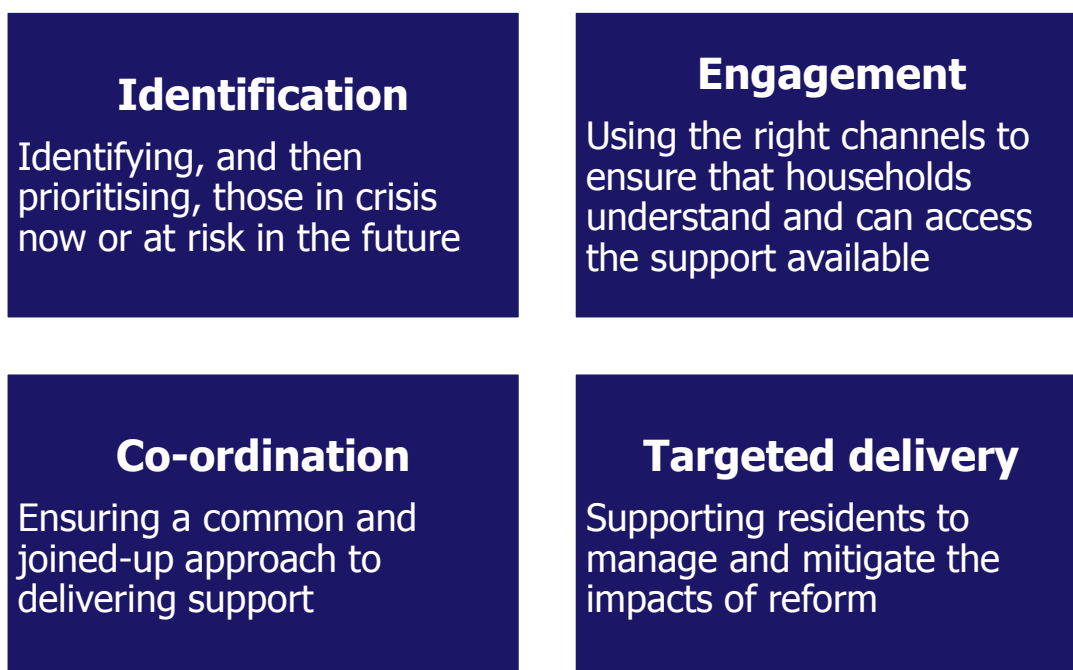
1. To ensure that **all households** have access to the right information on welfare reforms that may affect them, and know where they can go for support
2. For those **in crisis now**, to ensure that they have access to timely, appropriate and joined-up support – to:

- a. Increase their income – in particular through finding or increasing employment;
 - b. Reduce their outgoings – in particular by reducing their rent;
 - c. Cope in the short term – including transitional support to deal with shortfalls, moving home, problem debts; and
 - d. Manage in the longer term – for example through budgeting, housing, skills and other support.
3. For those **at most risk**, ensure that they have access to the right support to mitigate those risks – through many of the steps above – and to build resilience for the future.

It is important to note that there was strong support from stakeholders and agencies on the work that the Council had done so far to support residents in understanding potential impacts and sources of support. This included the establishment of the Welfare Reform Task Group and its oversight of the response to reforms in the Borough.

We set out twelve recommendations below for the design and delivery of future support. These are based around four 'blocks', set out in **Figure 5.1**:

Figure 5.1 – Developing Tower Hamlets Council's welfare reform strategy



These four areas are taken in turn below.

We recommend that for those proposals that are taken forward, the Council or the Welfare Reform Task Group establishes small 'task and finish' group involving relevant lead officials and partners (housing associations, Jobcentre Plus, advice agencies, etc) to lead their development.

Lastly – housing affordability in the Borough is at the root of many of these challenges. Tower Hamlets has a strong record in developing new housing, and the Fairness Commission has made recommendations for how this can be further enhanced. The Borough and its partners will need to continue to explore how to deliver on this – in the meantime the recommendations below are intended to help support residents in the short to medium term.

Identifying residents in need of support

Issue

We found that residents impacted by reforms come into contact with a range of different council and local services: Housing Options and Benefits Services; specialist support like the Family Intervention Service, Parenting Team or Multi-Agency Safeguarding Hub; Jobcentre Plus, the Work Programme, Skillsmatch and Raising Aspirations; the Tenancy Talks Service and employment and benefits advice from social landlords; local voluntary and community services; and outreach and support provided through Children's Centres, schools, health services, food banks and more.

It is likely, then, that there are opportunities to identify and refer individuals for further support who are 'in crisis' or 'at risk' – but also that there are risks of duplication and even confusion and disorientation.

Workshops with delivery organisations and stakeholders raised two linked issues:

- First, the need to ensure that staff in different organisations in frontline roles knew how to assess needs and then take appropriate action; and
- Secondly, the need for this to be underpinned by effective processes for data gathering and sharing. This means moving on from using aggregate data to monitor impacts, to using individual contact and data to target support.

We therefore propose that the Council and partners look to develop a common approach across agencies to identifying and referring priority groups impacted by welfare reforms.

Recommendations

<p>1. Tower Hamlets Council and its partners should develop a common approach to identifying and referring those likely to be 'in crisis' or 'at risk' due to welfare reforms</p>
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This common approach should be applied as far as possible across all of those services listed above – i.e. Tower Hamlets Council services, employment services, housing, voluntary sector partners and so on.

In order to do this, the Council and partners should develop a common set of 'asks' of data to be collected where residents impacted by reforms come into contact with support. This should be relatively light touch, and could include:

- Some key characteristics of the family – in particular, any disability or health condition, the number of children if any, whether they are single or in a couple
- The size of the financial shortfall from welfare reforms – i.e. the shortfall between previous and current benefits
- Which reform(s) are causing this impact
- The financial impact so far – including debt, rent arrears, Council Tax arrears
- Housing tenure
- Labour market status – whether they or anyone in their family is in work
- Their potential resilience – in terms of their ability to increase their income, gain employment, reduce expenditure, move home and so on

Ideally these common 'asks' should be applied across services and agencies – including those claiming Discretionary Housing Payments and Crisis and Support Grants; those contacting housing and benefits services; social and children's services; employment services like Skillsmatch and Raising Aspirations; and those engaging with non-statutory services like financial mentors, social landlords and advice agencies.

Developing this common approach to triage – collecting information, assessing needs and referring on – should allow the Council and partners to identify those most in need and ensure that they are then referred on to appropriate support (Recommendation 4 below addresses referrals and signposting).

2. This common approach should be underpinned by data-sharing between partners and enhanced monitoring, to ensure that the right groups are being supported

Stakeholders reported that information on household impacts was often being collected already – for example, social landlords and the Council reported having quite detailed records on the financial impacts of the size criteria and the characteristics of households affected. However it was not clear that information was being systematically shared between partners – and specifically with the Council and then the Task Group – to ensure that there was a shared understanding of impacts and of who was being supported and how.

Improved data sharing could help to identify the numbers of residents with different characteristics and their impacts. In particular, our research suggests that those facing the largest impacts are lone parent households, large families in the private rented sector, and those with family members with a health condition or disability. However the number of households with these characteristics and impacted by reforms could not be quantified.

Data sharing could also quantify those with particularly low resilience to cope – because of distance from the labour market or their (in)ability to move home. Our research suggests that this is particularly the case for many residents in social housing, and those with poor qualifications and/ or poor English.

Lastly, it could also be used to better monitor impacts on services – both referral patterns and then take-up of services, including employment services, debt and tenancy support services.

Engaging with priority groups

Issue

Stakeholders and agencies interviewed felt that the Council had done very well in communicating the impacts of welfare reforms. As one put it,

"I think that the different organisations, the voluntary sector and the local authority have really worked hard to get information to families and offer some really constructive support"

Our interviews with residents also found that most were relatively well-engaged – they were in contact with support services – and this applied even for those recruited directly through schools or food banks.

However there were common concerns that residents only engage with services when they have reached a crisis point – and many do not engage for cultural or other reasons (including poor health, poor mobility, language and literacy issues). There was a strong view from many of those interviewed and in workshops that there was greater scope for voluntary organisations to identify and engage those further from mainstream support and less likely to engage with Council services (or to only do so too late).

Recommendation

3. Work through communities and local services, including faith groups, to engage those further from support

Given that the Council and local services appear to be engaging with residents relatively effectively, we recommend building on this to explore how key groups can be engaged earlier in order to reduce the risks of them reaching crisis.

Tower Hamlets has a strong voluntary sector with existing strong networks and there are a number of initiative and projects in place already. So in our view, engagement activity should build on these foundations.

One option would be to develop 'community champions' and peer mentors to provide information and signposting to vulnerable residents, and to refer on those most at risk. These have been used in some local areas (for example Manchester City) and could build on the Community Money Mentor project in Tower Hamlets which has trained two hundred local residents.

There was quite strong support for this from stakeholders. As one Housing Association said,

"Having local champions is good because it builds skills that make them more employable. Having a cohort of people trained to deliver advice, by speaking with residents and allaying fears, who are trusted, that would be an incredible piece of work if we could do it"

We would recommend that this is closely targeted at those areas and groups identified as at highest risk of being impacted. In particular this means the three broad groups that we identified: those with a health condition or a disabled person in the family; lone parent households; families in the private rented sector. However beyond this, in particular it would suggest that priorities are:

- Older people in social housing, impacted by the size criteria and/ or changes to disability benefits, usually out of work and often White British

- Lone parents who are out of work, usually with three or more children, and often from Bangladeshi or Somali communities
- Larger families in the private rented sector, with low or no incomes – again often Somali or Bangladeshi

Faith groups did not appear to be playing a prominent role in supporting residents affected by welfare reform. In our view, there would be value in exploring the scope of working with faith groups to engage and identify families.

Co-ordinating delivery of support

Issue

Advice agencies considered that services were generally well joined-up – or at least, better joined-up than other London Boroughs – but that there was still scope to improve how support was integrated and aligned around the needs of households. As one put it:

"A fully signposted, clear pathway for residents isn't there yet."

Improving how support is co-ordinated across services – including housing, family support (including through family intervention services), Jobcentre Plus and local advice agencies – was raised as a priority within workshops and interviews, and separately by Children's Centres consulted by the Council.

There is a spectrum of potential approaches to co-ordinating support for residents, all of which are being used or piloted within the Borough. We consider that these can be grouped into four:

- **Signposting** and **referring** to specialist support – for example, we found that Benefits Services routinely signpost residents to specialist support with debt, housing or employment; however, these referrals did not seem to be routinely followed up to identify whether issues have been resolved or actions taken
- **Linking services** to provide joined up support – the Raising Aspirations project in East India and Lansbury Ward, and the Troubled Families initiative, are both built on assessing and understanding families or individuals' needs, developing action plans and then linking up support across services
- **Co-locating services** that are complementary – in particular, the Council are developing a 'No Wrong Doors' model, in conjunction with Jobcentre Plus and other agencies, for the Housing Options Service – which will co-locate housing,

employment and training/ skills support for residents with the greatest housing needs

- **Integrated case management** through a single key worker – a number of projects join up support across different areas of need – for example the Troubled Families initiative; social landlords’ work to provide employment and training support; the REAL service supporting disabled people – however this is not always a multi-agency, case-managed approach – as one interviewee put it, support should be: *"multi-disciplinary, multiagency work; it is about joining up what is going on for a family, with housing, with social workers, schools, everything. It should be a bit more joined up."*

Recommendations

4. Co-ordinate referrals and signposting for residents, by mapping agencies and services that can provide specialist support, and ensuring that referrals are logged and followed up

We recommend that particularly for those identified as priority groups for support, the Council ensures that referrals are logged and that there is light touch follow-up with agencies to identify whether claimants have received support and/ or resolved their issues. This should include common protocols where suggested, and training on good referrals.

5. Explore the scope for greater co-location of services – particularly to bring in support on debt and financial inclusion and from health services

The Fairness Commission concluded that “where organisations work together in a ‘community hub’ model to provide a range of support based on the needs of an individual or a family, that support is more effective.”

We similarly found strong support – from the Council, Jobcentre Plus, Housing Associations and voluntary groups – for exploring greater co-location of services to join up support for residents. We consider that there would be value in exploring the scope to extend the “No Wrong Doors” work being undertaken by the Council, in particularly to include support from:

- Voluntary agencies that provide support on debt and financial inclusion; and
- Health services that engage residents on Employment and Support Allowance or Disability Living Allowance.

6. Consider piloting an integrated case management model with a lead professional/worker for those in crisis – with an assessment of its fiscal and economic costs and benefits

Many of those interviewed who had significant needs were in contact with multiple agencies and often reported that they did not know about reforms impacting on them, or that they did not understand the information that they had received.

We would recommend piloting a model that goes beyond signposting, linking and co-locating services for those most in need, but instead has a single lead professional empowered to join up support across agencies and services – including employment, housing, skill, health and debt. These lead professionals would put in place a single action plan with clear timescales and then support residents to achieve it.

There is likely to be a clear fiscal case for engaging more systematically with those facing larger reform impacts: by avoiding evictions and expensive re-housing in Temporary Accommodation, and by supporting residents to move into work, interventions can deliver clear savings that could exceed the costs of intervention. So we would recommend also looking to quantify these benefits as well as the costs of support. There are opportunities to engage with central government on this through its work on public services transformation and localism, and clear(er) processes for how costs and benefits should be captured and estimated. Residents who might particularly benefit from this approach include clients with long term sanctions, mental health conditions and Employment Support Allowance claimants.

Targeted support around particular needs

Issue

Residents reported that they felt that they needed support in three key areas:

- Help with moving to cheaper accommodation
- Help with personal finances, including budgeting and managing debt
- Help with finding employment or increasing their earnings

These three areas are taken in turn below. Overall, almost all residents reported that they wanted to continue to live in Tower Hamlets; while for most this also involved finding work (even if this was sometimes in the longer-term).

Recommendations – Housing

7. Provide case-managed 'resettlement support' for those relocated out of the Borough

Those supporting residents who had moved outside the Borough reported that many did not view this as permanent, had not moved their children's school(s) and often were not looking to find work in their new area. This was also borne out in our interview with a resident living outside the Borough – who had a strong view that the family would eventually be found social housing in Tower Hamlets.

There are currently over 500 homeless families in temporary accommodation being housed out of Borough, with 20 housed out of London – all receive ongoing housing management support. Of this figure approximately 300 are due to welfare reform. However for those who are not statutory homeless and have to relocate as a result of welfare reform, where those moves are likely to be permanent (as they will in many cases for large families) the Council and partners should ensure that households have both:

- Clear messaging on what will (and will not) happen next; and
- Appropriate resettlement support with work, education, health services, budgeting and so on.

8. Explore the scope to make Discretionary Housing Payments – and potentially Crisis and Support Grants – conditional

There were strong views from workshop participants that the use of Discretionary Housing Payments (DHPs) was 'masking' the true impacts of reform and that residents were not addressing their underlying issues. However we found mixed views on introducing conditions to the award of DHPs – with some strong support from housing services and those working directly with households impacted by the benefit cap and LHA reforms; but concerns from other Council staff and some voluntary organisations (that conditions may not be applied fairly or may not be understood).

A number of London Councils have used conditions in the award of DHPs to create stronger incentives for residents to take steps to reduce their housing costs or increase their other income. There has not been any evaluation of their effectiveness, but we know from the use of conditionality in the benefits system that conditions can work where they are:

- Clearly communicated and understood;

- Agreed upon – as a commitment between two parties – and owned by the claimant;
- Are specific and achievable – not vague aspirations; and
- Are matched with appropriate support.

We recommend that the Council explores the scope to introduce conditionality to DHPs. This would need to be matched with the right support to meet conditions, develop action plans and review progress – simply introducing conditions alone is unlikely to change behaviour without matching this with more targeted support.

9. Make it easier for residents in social housing to move – in particular by using discretion on rent arrears

A number of participants in workshops stated that social housing residents with rent arrears either could not move, or thought that they could not move, without first paying off their arrears. Others stated that this could be ignored at the discretion of the landlord.

This issue creates two problems: tenants are less able to manage arrears, and likely to see them grow. Making it clearer and simpler for residents to suspend arrears where they wish to move – and potentially in some cases to waive them – could provide an incentive to re-house, help free up social housing and better support those residents impacted.

Recommendations – Employment

10. Take forward the Fairness Commission’s ‘re-imagined’ labour exchange by piloting specialist, personal adviser-led employment support for those affected by welfare reform – working in partnership with Jobcentre Plus and local colleges

Supporting residents to find and then keep work will be the most effective way to mitigate the impacts of welfare reform. It was common for residents who were out of work to state that they wanted work but would need support in order to achieve this. Specifically, residents reported that they would need help with improving their skills and their work experience in order to compete in the job market. Many residents interviewed had not worked for many years, or ever, and felt that they would need significant help.

Residents with low level English language skills reported that they needed support to improve their English, sometimes just with a particular aspect of English, such as

reading or writing. Some residents reported that they needed help with learning to use computers and the internet.

The Fairness Commission has had similar findings – that those further from work faced multiple barriers including poor English skills, ill health or disability, poor work experience, low skills, a lack of access to childcare and poor access to networks. The Commission concluded that those with more complex needs were often not well-served with mainstream programmes, which did not provide personalised support that helps to address their barriers, and that a ‘re-imagined’ labour exchange is needed to support these groups.

Both Skillsmatch and the Raising Aspirations pilot go some way to addressing these issues, and have been developed, or adapted, in response to welfare reform. For example Skillsmatch has also restructured its service and developed a pre-employment project to particularly helping residents impacted by welfare reforms.

We would recommend building on this, by working with Jobcentre Plus to explore the scope for a pilot that would develop the ‘re-imagined’ labour exchange and focus on supporting residents most at risk – in particular lone parents, older residents with health conditions, and those with high housing impacts.

This should build on the range of evidence on ‘what works’ for supporting those furthest from work. This suggests that **personalised, adviser-led, case management support** should be central¹³ - the precise nature of this support will vary according to the characteristics and needs of those being supported, but common features include: setting goals and developing action plans, regular engagement, support with building confidence and dealing with setbacks, support with looking for work and preparing application forms and for interviews, and helping people to access other more specialist support when they need it.¹⁴ This additional support can often include training, work experience placements, financial incentives and support to overcome specific barriers to work.

For those groups identified in this research, the evidence suggests:

¹³ See for example Hasluck, C. and Green, A. (2007) *What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions*, Department for Work and Pensions Research Report 407; Martin, J. and Grubb, D. (2001) “What Works and for Whom: A Review of OECD Countries’ Experiences with Active Labour Market Policies”, *Swedish Economic Policy Review*, Vol. 8, No. 2

¹⁴ Sienkiewicz, L. (2012) *Job profiles and training for employment counsellors*, European Commission Mutual Learning Programme for Public Employment Services, European Commission

- For **disabled people**, that personalised and specialist support is most effective in overcoming barriers to work¹⁵. 'Supported Employment' principles seem to be effective for a range of groups¹⁶. This model typically focuses on placing individuals with a supportive employer and then working with them intensively to sustain employment, rather than training people first and then placing into work. This also points to the importance of engaging with employers in a different way – not just to place individuals in specific vacancies, but also to build larger scale relationships that are focused on both meeting recruitment needs and placing disadvantaged jobseekers.
- For **lone parents**, the most commonly cited factor that reduces the probability of return to work is the presence of pre-school aged children¹⁷, so cost and availability of childcare are likely to be particularly important. In common with other groups effective case management and support to look for work is key.¹⁸ Previous programmes have also emphasised the importance of friendly, informal, flexible and accessible advisers¹⁹. The implementation of lone parent work-focused interviews in Jobcentre Plus also underlined the importance of a menu of additional forms of support for lone parents that advisers can refer to, particularly around employability and confidence, finding good quality employers, financial returns from work and childcare²⁰.
- For **the lowest qualified**, the evidence suggests that having low qualifications is often an indicator of other underlying disadvantages – like poor work histories, disability, older age, being a lone parent and so on.²¹ It is not necessarily the case, therefore, that a lack of qualifications itself is the main problem: even among those with poor qualifications, other barriers are often highlighted as the reason for being out of work, like a lack of work experience.²² Support for those who are disadvantaged and who lack qualifications needs to do more than just

¹⁵ Rangarajan, A, Wittenburg, D., Honeycutt, T. and Brucker, D. (2008) *Programmes to Promote employment for disabled people: Lessons from the United States*, Department for Work and Pensions Research Report 548

¹⁶ Bond, G., Drake, R. and Becker, D. (2008) "An update on randomised controlled trials of evidence-based supported employment", *Psychiatric Rehabilitation Journal*, 31

¹⁷ Ibid

¹⁸ Avram, S., Brewer, M. and Salvatori, A. (2013) *Lone Parent Obligations: an impact assessment*, Department for Work and Pensions Research Report No.845, p.3:

¹⁹ Griffiths, Durkin and Mitchell, 2006, pp.5, 103

²⁰ See for example Collard and Atkinson (2009) *Making decisions about working in one-earner couple households*

²¹ Research on these links, in the context of the characteristics of other disadvantaged groups, is well summarised in Hasluck, C. and Green, A. (2007) *What works for whom? A review of evidence and meta-analysis for the Department for Work and Pensions*, Department for Work and Pensions Research Report 407

²² See for example Anderson, T. and Pires, C. (2004), *Lone Parents and Work Based Learning for Adults*, Department for Work and Pensions Research Report 188

address skills – it must also build on what works more generally, and be joined up with wider support.

11. Explore the scope for the Council and Partners to expand the provision of work focussed training and ESOL, and that residents are referred as appropriate

Our research has found a clear issue around workplace skills and readiness to take up jobs. Previous Local Economic Assessments have also identified skills mismatches at entry level as a significant barrier – with demand for entry-level jobs far outstripping the supply of those jobs. In addition we found in our research strong demand from residents for language support (English for Speakers of Other Languages).

Tower Hamlets has good provision in these areas and should seek to protect and expand them. Adult Skills Budget funding can be drawn down to provide accredited training to claimants of JSA and ESA. We would recommend exploring the scope to work with colleges and training providers to provide short, focused training to priority residents on employability, confidence and motivation, jobsearch techniques, budgeting and financial management and other areas that may support employment and generally greater resilience. This could have a particular focus on those most likely to benefit from this support – such as older residents in social housing; those with health conditions and lone parents.

In addition we would recommend that the Council, Jobcentre Plus and local colleges/ training providers look at the scope to develop flexible, responsive English language support at entry and pre-entry level for those most affected by welfare reforms.

Preparing for Universal Credit

Issue

Lastly, with Universal Credit likely to be rolled out from late 2015 it will be imperative to ensure that plans are being made to support residents with needs around financial inclusion, digital inclusion and personal budgeting.

The Government has called for 'Expressions of Interest' for further pilots of new Local Support Services to support Universal Credit, with pilot sites testing how support for residents can be joined up across agencies and services. It is likely that one pilot will be in London, and almost certainly in an area that has already piloted an aspect of the local support services framework.

Alongside this, the Government is calling for 'informal trialling sites' to volunteer to test specific aspects of UC preparation – in particular around triage; digital inclusion; budgeting support; and partnership working.

Our research suggested that most residents were familiar and comfortable with using the internet for financial transactions, but may need support to access the internet (as they did not have it at home) and would likely need support with the complexity of submitting a claim online. The Fairness Commission has also addressed digital exclusion in its report, calling for Tower Hamlets to become an 'online borough', with support for excluded residents to develop their IT skills and use online resources.

Personal budgeting appeared far more challenging – with almost all respondents saying that they would not be able to manage their incomes monthly without additional support.

Recommendation

<p>12. Focus on testing approaches to supporting residents to manage their finances monthly in preparation for Universal Credit – and consider becoming an 'informal trialling site'</p>

Given that the Borough will be developing its plans on digital inclusion in response to the Fairness Commission, and we have set out recommendations on partnership working and improving identification of need, we consider that the key priority in preparing for Universal Credit is around budgeting support.

The Borough should look to test approaches to supporting residents that build on the effective community outreach programmes already in place like Money Mentors. For example this could include working in partnership with London Community Credit Union to extend access to its jam jar accounts, developing money management tools, or further improving financial education. Digital inclusion support will also be a priority need for some Universal Credit claimants.

As part of this, the Borough should also consider becoming an 'informal trialling site' – which would give it access to a restricted online resource to share practice with other areas.

7 Appendix I – Breakdown of interviews with residents

Table 7.1 Research respondent demographics

		Number of research respondents
Geographical area	Bethnal Green	10
	East India/Poplar/Limehouse	10
	Isle of Dogs	3
	Mile End	3
	Shadwell	2
	Stepney	5
	Whitechapel	1
	Out of borough	1
Gender	Female	21
	Male	14
Age	16-25	1
	26-35	7
	36-45	10
	46-55	11
	56-65	6
Ethnicity	Bangladeshi	11
	Black – African (not Somali)	3
	Black – Caribbean	1
	Latin American	2
	Mixed Race	2
	Pakistani	1
	Somali	4
	White	11
Household Type	Couple household no children	2
	Couple household with children	8
	Single household with children	11
	Single household no children	9
	Homeless	2
	Other - non-relatives	1
	Other - parent(s) with adult child	2
Housing Tenure	Owner Occupied	3
	Private Rented	4
	Rented from LA/HA	28
Current Benefit type	Carers Allowance	3

Impact of welfare reform in Tower Hamlets

	Employment and Support Allowance	14
	Income Support	4
	Jobseekers Allowance	6
	Not on out of work benefits	8
Working households	Non-working household	29
	Working household	6

Table 7.2 Reported Welfare Reform impact

	Number of reported instances
Social Sector Size Criteria	7
Benefit Cap	7
Benefits non-uprating	17
Disability Living Allowance transferred to Personal Independence Payment	2
Transferred from Incapacity Benefit or Income Support to Employment Support Allowance	7
Transferred from Incapacity Benefit to Jobseeker's Allowance	11
Housing Benefit Reduced due to Non-dependent Deductions	2
Housing Benefit too low to cover private rent	4
Jobseeker's Allowance / Employment Support Allowance Sanction(s)	8
Tax Credit Reductions	2
Transferred from Income Support to Jobseeker's Allowance	3
Other / indirect welfare reform impact	10
TOTAL	71

Table 7.3 Number of reported Welfare Reform impacts

	Number of interviewee respondents
One reform	12

Impact of welfare reform in Tower Hamlets

Two reforms	14
Three reforms	7
Four reforms	1
Five reforms	0
Six reforms	1
TOTAL	35