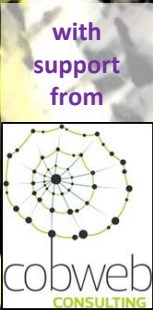




**Experiences and effects  
of the benefit cap in Haringey**

**October 2013**



**This report has been produced by the Chartered Institute of Housing in partnership with Haringey Council and with support from Cobweb Consulting.**

**Research and report by:**

Abigail Davies, CIH  
Danny Friedman, Cobweb Consulting  
Ros Grimes, Cobweb Consulting  
Ben Taylor, CIH

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## About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals with the advice, support and knowledge they need to be brilliant. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse and growing membership of more than 22,000 people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org)

## About Haringey Council

Haringey is one of London's 33 boroughs and is located in the north of the capital covering more than 11 square miles in area. Haringey has a total population of around 254,900 (2011 census) with a higher proportion of young people (0-19) than many other London boroughs. Haringey is also an ethnically diverse borough with around 63 per cent of residents coming from non-white British Ethnic Groups. Haringey is the 13th most deprived borough in the country and the 4th most deprived borough in London (using the average deprivation score). The west of the borough is relatively affluent whilst the East contains some of the most deprived wards in the country.

In February 2013 the Department for Work and Pensions announced that Haringey would be one of four boroughs to implement the benefit cap as part of a first phase roll out from April 2013. Remaining local authorities began to implement the cap from the 15 July 2013. Further information is available at: [www.haringey.gov.uk](http://www.haringey.gov.uk)

## About Cobweb Consulting

Cobweb Consulting is a collaborative network of highly-experienced freelance professional researchers, practitioners, evaluators, policy and strategy developers operating within the community and public sectors, across the range of social policy. Although our roots are in the housing sector we work across the social policy spectrum, including research into disability issues, needs of younger and older people, welfare reform, employment, health, regeneration, diversity and equalities, and migration. Further information is available at:

[www.cobwebconsulting.com](http://www.cobwebconsulting.com)

## Introduction

*“No more open-ended chequebook. A maximum limit on benefits for those out of work, set at the level that the average working family earns. Money to families who need it - but not more money than families who go out to work. That is what the British people mean by fair - and we will be the first Government in history to bring it about.”*

**George Osborne October 2010**

In June 2010 government announced its intention to cap the total amount of welfare benefits any working age household with children can receive at £500 per week, and at £350 per week for child-free households. The aims of the cap are to:

- Ensure that no benefit dependant household can receive more money than the median average income of a working household
- Encourage households into at least 16 hours employment per week
- Make fiscal savings.

This report presents early lessons from Haringey – one of the first areas to implement the benefit cap. It will be of interest to national policy makers; any local authority staff, councillors and local services involved with implementing the cap; and commentators with an interest in the impact and implications of welfare reforms.

## The cap

The benefit cap can be applied to any working age household apart from those that contain someone who is:

- Entitled to working tax credit
- Receiving a disability-related benefit (disability living allowance (DLA)/personal independence payment (PIP), the support component of employment support allowance (ESA), industrial injuries benefit)
- A war widow/widower or in receipt of war disablement pension
- Recently unemployed (within the last 39 weeks) after a period of 12 months continuous employment.

Where a household's circumstances mean they would ordinarily be eligible for more money than the cap allows, the difference is deducted from any housing benefit payable. Local authorities are responsible for applying the cap until households are moved onto universal credit, although to do this they must be provided with current information on total household income from DWP and HMRC.

DWP and the Treasury initially estimated that the cap would affect around 56,000 households in 2013-14 and 58,000 in 2014-15, generally those living in areas with higher private rental prices or with larger than average families. It was also estimated that the cap would save £550m (in cash terms) in the financial years April 2013 to March 2015. More recent DWP and HMT assessments expected that 40,000 households would be affected, with a saving of £110m in 2013-14 and £185m in subsequent years.

The benefit cap was rolled out across Great Britain between April and September 2013. Four London boroughs (the pilot areas) implemented the cap between 15 April and 31 May, working closely with DWP to establish mechanisms to identify and cap appropriate households. All other councils implemented the cap between 15 July and 30 September.

## Public attitudes

The cap has proved popular with the public. In June, Ipsos MORI found that 67% of people supported the policy after having it explained in some detail. Public support for the headline aims of the policy - reducing the benefit bill and

pushing people to find employment - is high, although support falls sharply if negative consequences - such as moving house and loss of income for basic living costs - were to result.

The media has been divided in its opinions on the policy, as might be expected, with a predictable split between those supporting objectives and those opposing likely negative consequences for households.

## Assessing the impact

Very few studies have examined the cap since its implementation. Data analysis published by Sheffield Hallam in April 2013, DWP in July 2013 and Ipsos MORI/DWP in July 2013 found that:

- Over half of the households expected to be affected by the benefit cap live in London, with a total of £130m to be cut from household incomes each year
- The top 20 worst affected local authority areas are all in London, with Haringey tenth on that list
- 2447 households were capped between 15 April and 31 May 2013
- Of these, 86% had 1-4 children and 67% were capped by £100 or less per week
- 29% of households who found work after being notified that they would be affected by the cap, and who remember receiving notification that they would be affected or were aware that they were affected, say they looked for a job as a direct response to being notified or becoming aware of the cap.

As one of the pilot areas, Haringey Council dedicated significant time and resource to implementation. The council wanted to gain a detailed understanding of the impact of the cap in its area to inform its strategic responses, policies and future planning. It worked with the Chartered Institute of Housing to explore:

- The financial, behavioural and practical impacts on capped households
- The resource and service delivery impacts on council services
- The resource and service delivery impacts on local voluntary services

The findings are derived from Haringey's data about all households that have been subject to the cap; conversations with households affected by the cap; relevant council departments and local service providers. The resulting picture of the first four months of the cap is presented as data (section 1) and issues and experiences (section 2). Findings and recommendations are presented throughout.

Haringey Council and the Chartered Institute of Housing would like to thank the households, staff and volunteers who contributed their time and opinions to this important study.

## Executive summary

Government started to introduce a cap on the total amount of money that households can receive in welfare benefits from April 2013. In Haringey, 747 households had their benefits capped between 15 April and 16 August 2013. Extensive work was undertaken by the council and local agencies to adapt service provision and review policies so that appropriate information and support could be provided to local households and businesses affected by the cap.

CIH has worked with Haringey Council to assess the early responses to, and impacts of, the benefit cap. In particular the effects on households, council services and local voluntary services have been identified. The findings of the research can help to inform:

- The immediate approaches taken by councils and local agencies in areas that have only recently implemented the cap
- Councils and local organisations' planning for future delivery of services
- Future government decisions on the operation of the cap and on wider housing and welfare policy.

## Achievement of policy objectives

The research found that the benefit cap policy is some way from meeting all of its objectives, and that it will face significant barriers to doing so.

- The benefit income of capped households has been reduced to that of a median average working household. However capped households are still receiving other financial support that takes them over this limit. Nearly all receive help to cover 80% of their council tax bill, in addition to the £350/£500pw maximum. Also, and significantly, nearly 50% of affected households are receiving discretionary payments from the council on top of their £350/£500pw benefits to help them pay their rent, and many look set to receive these payments for some time to come
- Only a few capped households have so far secured 16 or more hours employment. There is evidence that the benefit cap is changing attitudes to work, but for many claimants there are still significant barriers to them gaining employment, particularly a lack of job seeking skills, the availability and affordability of childcare, and knowledge of how to access childcare
- Savings have been made to the benefit bill (around £60,000 per week). However the increased expenditure on discretionary payments to help affected households pay their rent (around £960,000 to date), the increase in intensive support provided to help claimants deal with the effects of the cap, and the imminent increase in households losing their home because they cannot pay the rent are all evidence of 'cost shunting' between national government budgets and from national government to local authorities and voluntary organisations.

## Challenges faced by capped households

Households affected by the cap in Haringey are facing significant challenges:

- People who are already marginalised in society are disproportionately affected by the benefit cap. Without interventions to offset the impact, social disadvantage is likely to grow over time
- Over 2300 children live in households whose income has been capped. The effects on these children could include instability in education, increasing tensions within the home, sudden relocation and loss of social and educational opportunities or networks
- Wider welfare reforms/cuts, such as the introduction of the Council Tax Reduction Scheme, have hit at the same time as the cap and have further reduced household incomes

- Where households are facing a large shortfall, are far from the labour market, and are not receiving discretionary housing payments (DHPs), their move into serious financial problems will be rapid
- Agencies' responses can sometimes give less attention to households living in the private rented sector, who are likely to be disproportionately affected by the biggest losses and also be the people less likely to ask for help.

## Unintended consequences

A number of unintended consequences are becoming apparent:

- The feared mass evictions and relocation of benefit recipients to cheaper parts of the country have not yet materialised (though they are visible on the horizon), but many claimants are currently relying on discretionary housing payments to remain where they are and this will be unsustainable in the longer term because the scale of claims will exceed council budgets
- There have been severe consequences for a small number of households which are likely to have longer term policy implications e.g. exacerbation of mental health problems, women left unable to flee abusive partners, children now in danger of being taken into care, and pre-emptive evictions of some private tenants
- Some private landlords and letting agencies are withdrawing from letting to benefit recipients because of concerns over the cap and other welfare reforms. This conflicts with, and potentially undermines, the government's policy of encouraging local authorities to place homeless households in the private rented sector (PRS) and to prioritise households in employment for social housing
- A positive consequence has been improvements in joint working and consequently in integration and quality of service provision to affected households.

## Learning

Local decision makers can learn from Haringey's experience:

- Most claimants are likely to respond to the cap by seeking employment. A small number may look to move to a cheaper area, or to a cheaper property in the same area, however in most cases claimants are unlikely to want or be able to relocate and will have very constrained housing options if they did wish to
- Many claimants are likely to need intensive and personalised support to help them respond to the cap and move into employment, so local authorities and other agencies need to consider the resourcing implications of this
- Identifiable cultural communities may not cater for themselves in helping households to respond to the cap, so culturally sensitive services may need to be provided
- Joint working between departments and with other agencies operating locally (e.g. social landlords, schools, voluntary organisations) is key to responding effectively to the cap – but this way of working is resource intensive, cannot cater for all who need assistance, and may be hard to sustain for as long as it is needed
- Affected households may not fully understand what help is available to them (even after being told) or share agencies' views of what effective service provision looks like. Repeated personal contact may be needed to bring people into services, and their opinions should be actively sought when reviewing and refining services e.g. by gathering feedback on their awareness, what additional/different services they would like, and ways of delivering services
- Availability and accuracy of data on affected households is important, so effective arrangements for data sharing should be in place. The introduction of universal credit may pose a further challenge to ability to support households because local authorities will no longer have data on which households are affected by benefit reductions

- DHPs can be used to give claimants some 'head room' but will not cover all affected households and are not sustainable over the longer term. It is important to have a clear policy/strategy for targeting DHPs and this should fit smoothly with policy for meeting statutory homelessness obligations
- Local authorities need to work with the PRS in their area to provide information and incentives to avoid the housing options of low income families being reduced even further as landlords pull away from housing non-working households
- The changing landscape is putting pressure on policies for homelessness, social housing allocations, housing advice, procurement of accommodation, social services' interventions with vulnerable households, and strategic approaches to influence future supply.

Although the cap is now fully operational in Haringey, work to support affected households, address impacts on organisations and revise local policies will need to continue for many months yet.

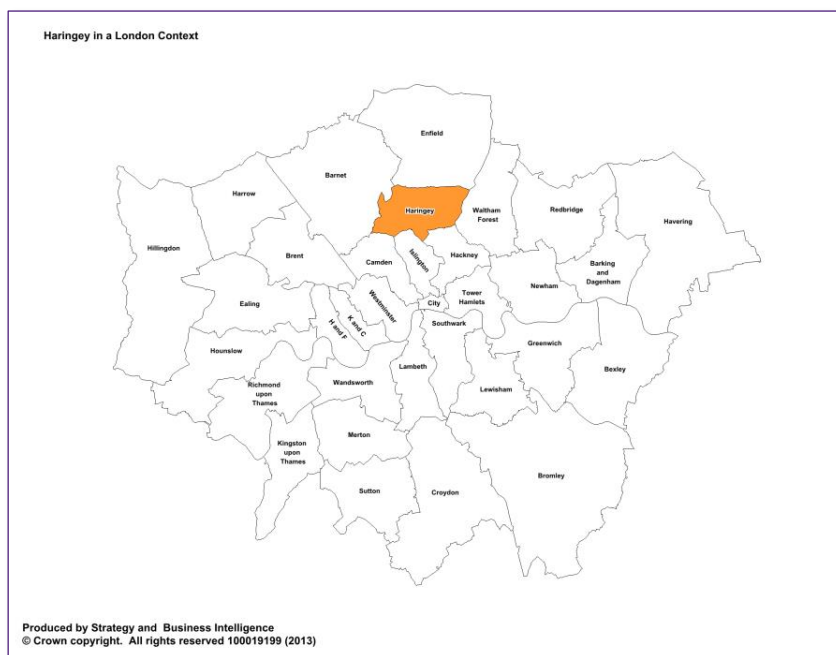
# The first four months of the benefit cap

## Part 1: Data

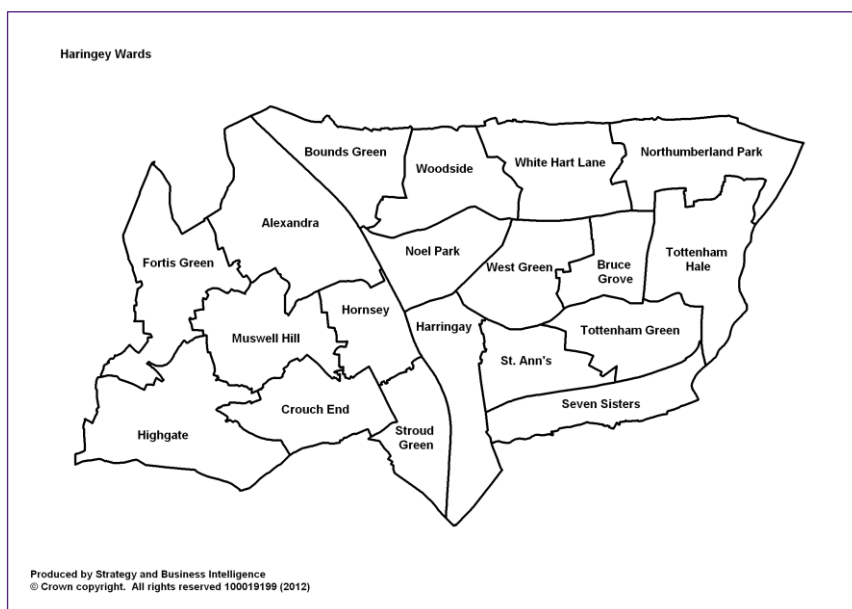
This section gives an overview of Haringey as a borough, and looks in some detail at the profile of households affected by the cap.

### An overview of the London Borough of Haringey

The Borough of Haringey is a diverse area covering just over 11 square miles to the north of London. It is made up of the districts of Hornsey & Wood Green, and Tottenham.



*Haringey's position in London*

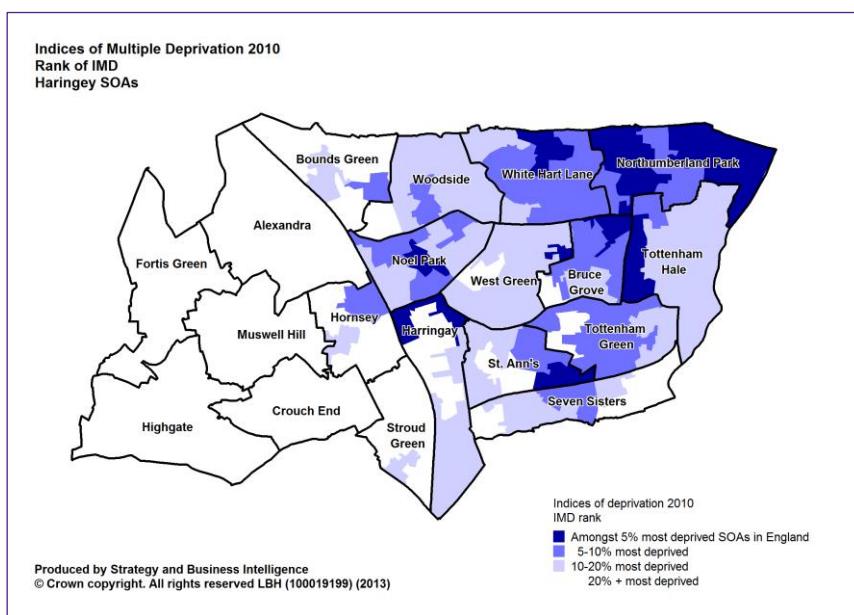


*Haringey's wards*



There are 102,000 households (255,000 people) in the borough, forming a population that grew by 17% (faster than the London average) between 2001 and 2011. It is a young population – a third of households have dependent children and the proportion of young adults is higher than the rest of London. Nearly two thirds of people living in the borough are non White British. Of the groups that have emerged as significant in this research, there are 3,325 residents with Somalia as their country of birth (of which 2,948 have Somali as their main language), and 10,096 born in Turkey (with 11,994 first language Turkish speakers).

There is a diversity of social and economic experience between the west and east of the borough, with some wards in Tottenham experiencing noticeably lower life expectancy, health outcomes and incomes, and higher unemployment. Across the borough the proportion of people with no qualifications is about the same as the London average. Three wards to the north east of the borough are in the 5-10% most deprived super output areas in England.



*Levels of deprivation in Haringey*

In terms of the housing market, house prices have been about the same as the London average over the last ten years. However there are lower levels of owner occupation and higher levels of social and private renting than the London average.

Across the borough, average private rents are £1280<sup>1</sup> per month, which is close to the London average. The cheapest areas are to the north east of the borough.

For the purposes of housing benefit, most of the borough is in the Outer North London BRMA. Local housing allowance (LHA) rates are:

- 2 bed £236.08 per week / £1,023.01 per month
- 3 bed £300 per week / £1,300 per month
- 4 bed+ £370 per week / £1,603.33 per month.

These rates are all below the nationally set cap on local housing allowance.

<sup>1</sup> Valuation Office Agency, Private Rental Market Statistics, data from 1 April 2012 to 31 March 2013

Average monthly rental prices in Haringey are around<sup>2</sup>:

- 2 bed £301 per week / £1304 per month
- 3 bed £380 per week / £1646 per month
- 4 bed £518 per week / £2244 per month.

It should be noted that the lower average monthly rent across the borough is influenced by the substantial number of room lettings, studio flats and one bedroom lettings.

### Number of households affected by the benefit cap in Haringey

The benefit cap was applied in stages in Haringey, starting on 15 April 2013 and with the intention of having the cap in place for all households meeting the criteria by 31 May.

Initial estimates in March 2013 were that 1000 households would be capped, but in the event 669 households were identified to be capped as at 31 May. It was established that some of the 1000 were exempt from the cap because disability living allowance was being paid for a child in the household. Other households that should have been capped in April and May were given a grace period as further investigations into their circumstances were completed and claims for ESA processed. This meant that the actual figure at the end of May was 585. By the end of June, 683 households had been capped. By August the number had risen to 747.

Month	Number capped in month	Cumulative total
April	158	158
May	427	585
June	98	683
July	57	740
August	7	747

The substantial majority (78%) of those currently subject to the cap had it imposed by the end of May, with a fairly long 'tail' (22%) being processed between June and August.

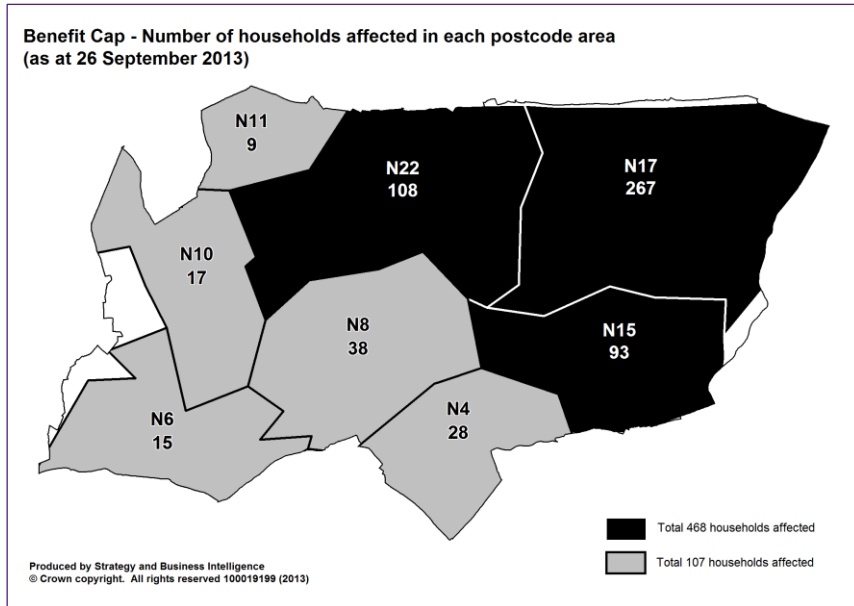
The number of households subject to the cap will fluctuate as household circumstances change. These changes will primarily relate to household composition (number of adults and dependant children), employment status, rent levels, and household eligibility for ESA and DLA/PIP. This means that there will be an ongoing need to administer the cap (as with any housing benefit claim) and provide appropriate information and support for affected households.

### Profile of households affected

The data presented below show households capped as at 16 August 2013, when 747 households in Haringey were subject to the cap. At May 2013, 36,824 households were in receipt of housing benefit in the borough, so households subject to the cap made up 2% of the total caseload.

At September 2013, 70.6% of people capped lived in the postcode areas of N15, N17 and N22. Of these, 57% lived in the N17 postcode area. This reflects a concentration in the north east of the borough where rents are in the lower quartile of prices charged in the area.

<sup>2</sup> Haringey Council (March 2013 figures)



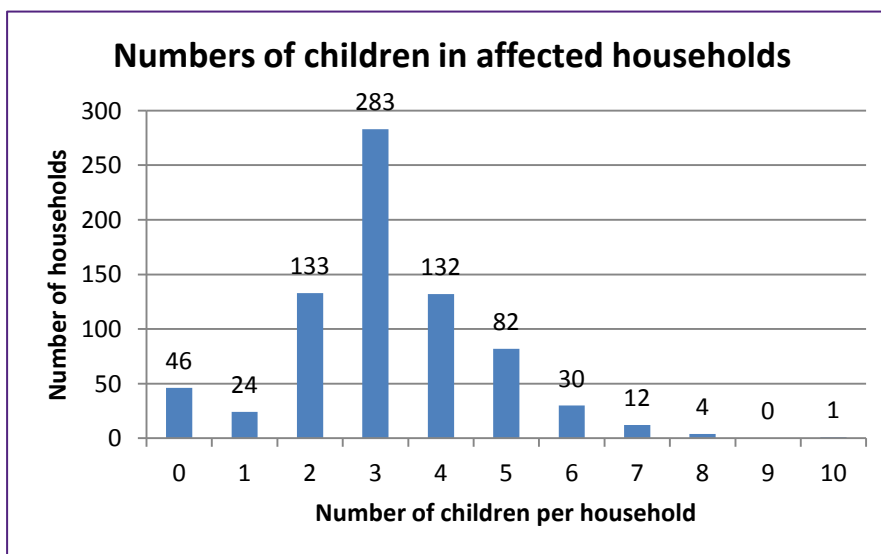
*Concentrations of capped households by postcode area*

Of the 747 households capped:

- 333 (45%) lived in private rented accommodation
- 319 (43%) lived in temporary accommodation
- 57 (8%) lived in housing association homes, and
- 38 (5%) were council tenants<sup>3</sup>.

74% of households were headed by a single adult, and 24% by couples (there was no information regarding the remaining 2%).

The total number of children currently affected is believed to be 2383. This compares to 2000 at the end of May. Households subject to the cap have between 0 and 10 children. 27% of households have 0-2 children, 38% have 3 children, and 35% have 4 or more children. Contrary to a widespread perception that the cap mostly applies to very large families, just 17% (129) of the affected households have 5 or more children. 60% of households had children below school age, affecting 1179 children, though this may well represent an undercount because the data set on children's ages is incomplete.



<sup>3</sup> Figures do not add to 100% because of rounding

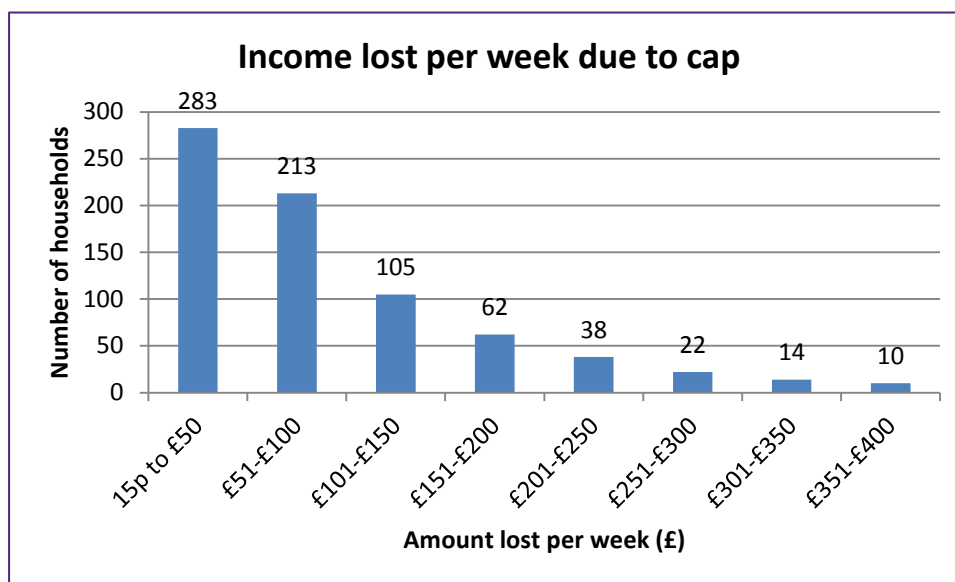
Most households affected were receiving either job seekers allowance or income support. Other households were in receipt of carers allowance, bereavement allowance, or employment support allowance (work related activity group).

	No. claimants	% claimants
<b>Child Benefit</b>	717	96
<b>Council Tax Reduction Scheme</b>	710	95
<b>IS</b>	365	49
<b>JSA</b>	171	23
<b>ESA</b>	138	19
<b>Carers Allowance</b>	22	3
<b>Bereavement Allowance</b>	1	-

Data on ethnicity of those capped has not been recorded so it is not possible to present this information. However, households and professionals interviewed believed that the cap has a disproportionate impact on some groups e.g. travellers and some single parent immigrants who, for cultural reasons, tend to have larger families and be further from the labour market.

### Financial losses per week

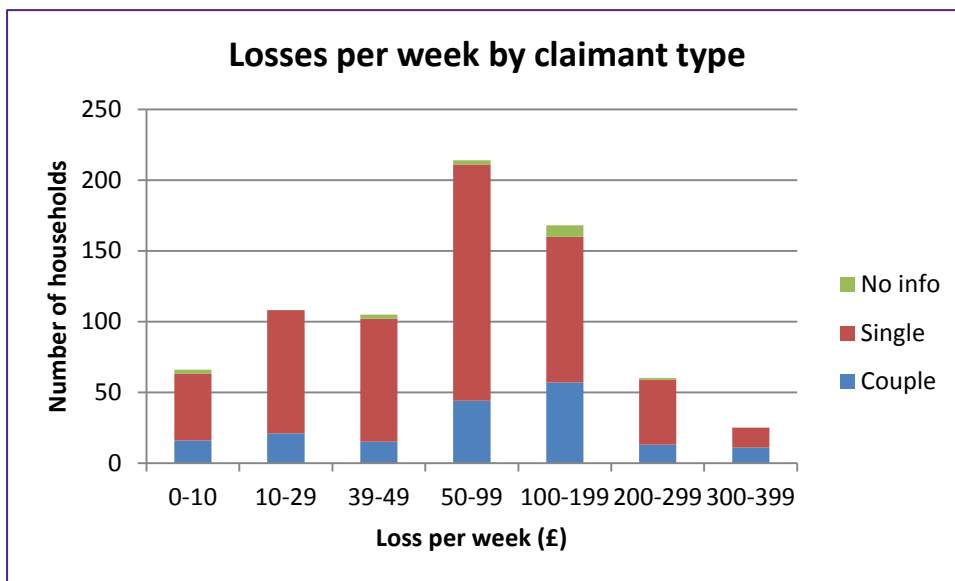
Amounts of benefit lost due to the cap ranged from 15p to £374.50 a week, with the majority (51%) losing £50-199 per week. Over all the households capped at 26 September 2013, £61,374 a week was being cut from housing benefit expenditure. This is 1.18% of Haringey Council's total weekly benefit expenditure.



On top of this, the introduction of the Council Tax Reduction Scheme in April 2013 means that 710 households (95% of capped households) are now required to pay 19.8% of their council tax bill. This would cost between £3.77 and £11.32 a week, with someone living in a Band C property having to pay £5.03 per week.

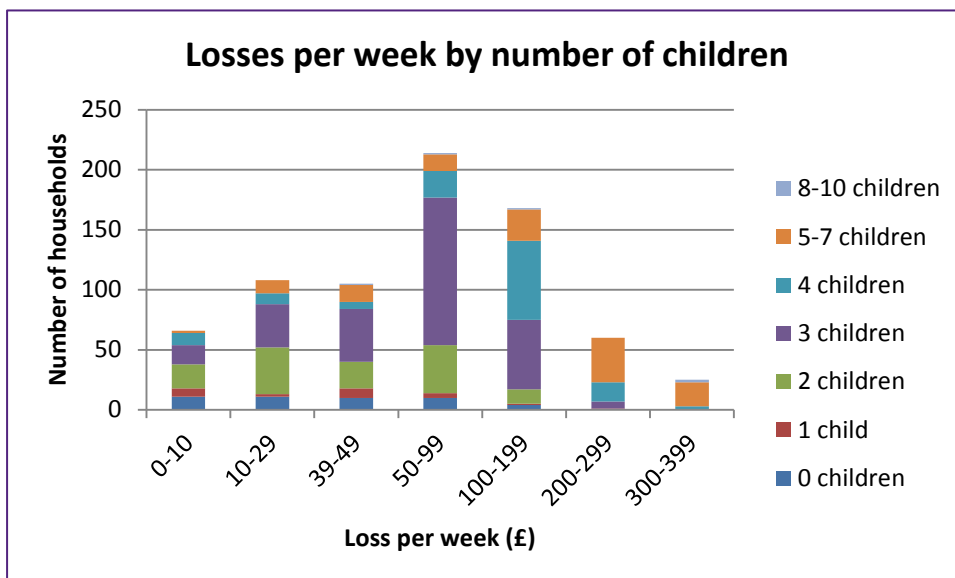
## Amount of housing benefit lost by claimant type

Single parent and single person households form a larger proportion of capped households than those including couples, but both claimant types feature in all categories of loss.



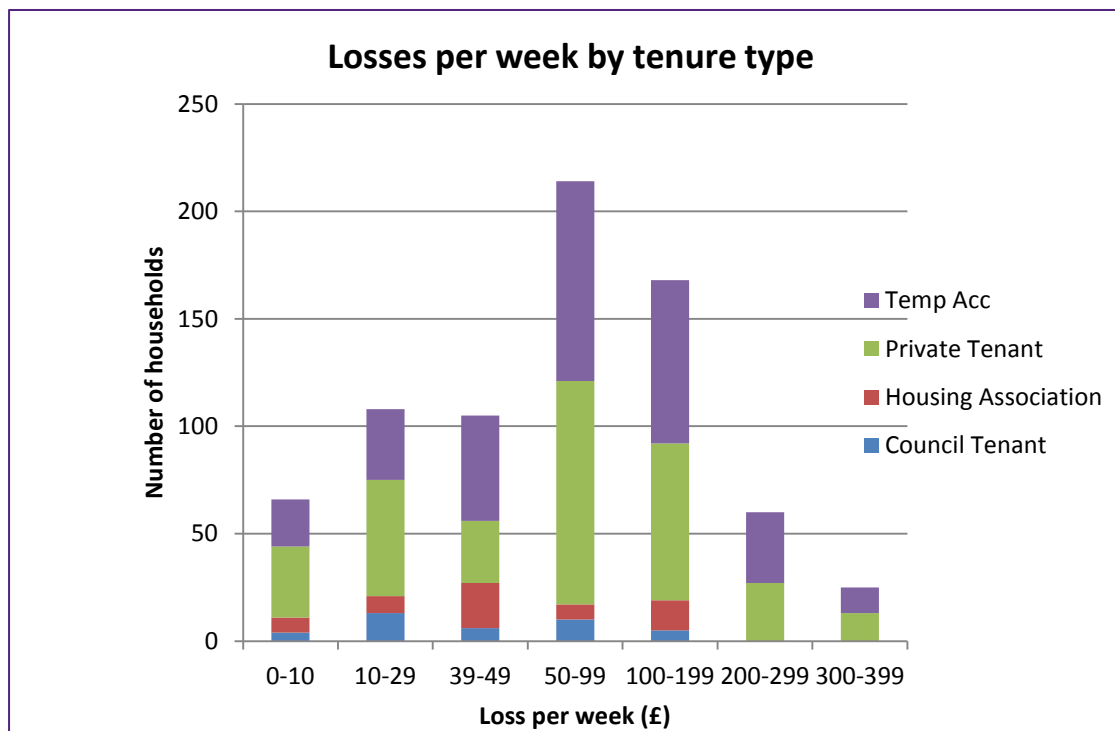
## Amount of housing benefit lost by number of children

The highest amounts of benefit loss have been experienced by larger families. This is particularly well illustrated in the graph by considering those with five to seven children – once the loss exceeds £100 they form a progressively larger proportion of affected families.



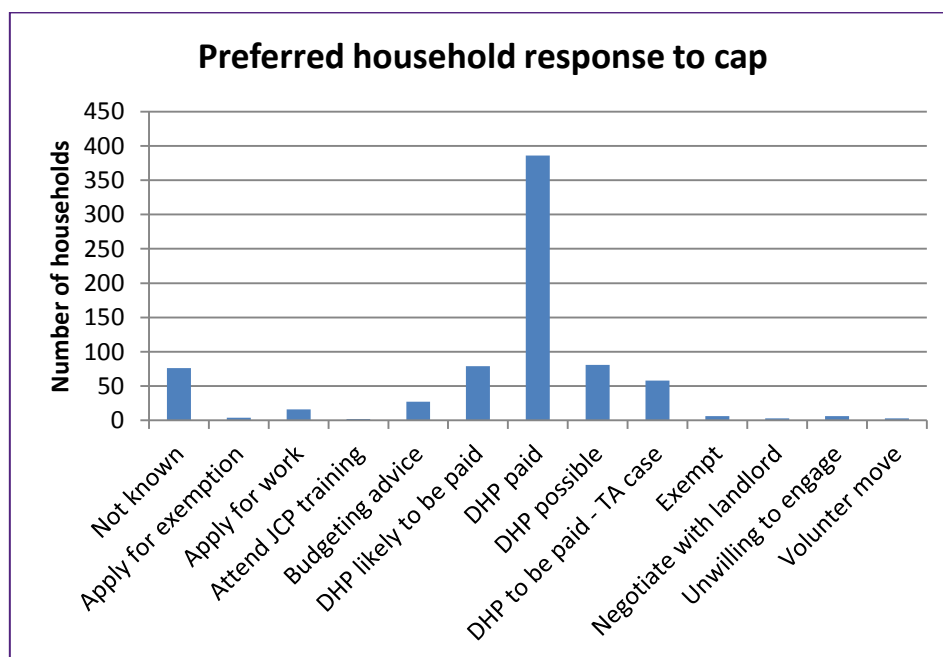
## Amount of housing benefit lost by tenancy type

People living in social housing form only a small proportion of affected families, and do not suffer the highest losses. Private tenants and those in the private sector by virtue of temporary placement are affected to a very similar degree.



## Expected responses by households affected

When Haringey council and the job centre first made contact with households who would be subject to the cap (September 2012 – April 2013), staff recorded information on the most appropriate initial action that could help the tenants after discussing this with the households. The majority (52%) were to receive a Discretionary Housing Payment.



Other points to note from the data above include:

- The very low proportion that were incentivised to look for work (2%)
- The even lower proportion that would seek to move (under 1%)
- The low level of engagement with landlords to reduce rents (under 1%).

Where the primary outcome to be sought by the household was known (only known for 60% of cases), 42% were to claim DHP and look for work, 9% were hoping to become exempt from the cap following a new benefit claim, and 8% intended to downsize.

351 applications for DHPs had been received from the 747 people affected by 23 August. This is lower than indicated by the council's initial survey of preferred household responses (604), but is still 47% of affected households.

A primary aim of the benefit cap was to encourage households to move into employment for at least 16 hours per week. At the end of August, 74 claimants who had been subject to the cap at any point since 15 April were known to have moved into employment and 11 had increased their existing hours sufficiently to escape the cap. These are the households who had secured enough hours to escape the cap – data is not currently available for capped households gaining less than 16 hours employment.

Hard data is not currently available on the skills and qualifications of capped households, the types of employment they can and do access, and the accessibility of childcare to them. However, the qualitative information presented in Part 2 gives quite a clear picture that will be of use to the council in assessing and developing initiatives to help these households enter employment and benefit from regeneration initiatives currently under way in the borough.

### Illustrations of household incomes

The following examples use real households to illustrate their position before the cap was introduced, after the cap was introduced, and if they were to enter employment. They highlight the sizable losses experienced when the cap is applied, that securing employment reverses the losses, and that households can be better off in employment than they would have been even before the cap was introduced.

#### Household income before the cap

<b>Household 1</b>	
Couple; 3 children aged 8, 5, 2; not employed; rent £300pw; council tax £19.02pw (Band A)	
Job Seekers Allowance	£112.55
Child Tax Credit	£167.40
Child Benefit	£47.10
Housing Benefit	£300
Council Tax Reduction payment	£15.29
<b>Total weekly income</b>	<b>£642.34</b>
Remaining after rent/council tax	£323.32

### Household 2

Single; 6 children aged 18, 17, 16, 11, 9, 5; not employed; rent £323pw; council tax £19.01pw (Band C)

Job Seekers Allowance	£71.70
Child Tax Credit	£324.33
Child Benefit	£87.30
Housing Benefit	£323
Council Tax Reduction payment	£15.25
<b>Total weekly income</b>	<b>£821.58</b>
Remaining after rent/council tax	£479.57

### Household 3

Single; 3 children aged 7, 5, 5; not employed; rent £286pw; council tax £19.01pw (Band C)

Job Seekers Allowance	£71.70
Child Tax Credit	£167.40
Child Benefit	£47.10
Housing Benefit	£286
Council Tax Reduction payment	£15.24
<b>Total weekly income</b>	<b>£587.44</b>
Remaining after rent/council tax	£282.42

### Household income since the cap

### Household 1

Couple; 3 children aged 8, 5, 2; not employed; rent £300pw; council tax £19.02pw (Band A)

Job Seekers Allowance	£112.55
Child Tax Credit	£167.40
Child Benefit	£47.10
Housing Benefit	£172.95
Council Tax Reduction payment	£15.29
<b>Total weekly income</b>	<b>£515.29</b>
Remaining after rent/council tax	£196.27 (£127.05 reduction)



### Household 2

Single; 6 children aged 18, 17, 16, 11, 9, 5; not employed; rent £323pw; council tax £19.01pw (band C)

Job Seekers Allowance	£71.70
Child Tax Credit	£324.33
Child Benefit	£87.30
Housing Benefit	£16.67
Council Tax Reduction payment	£15.25
<b>Total weekly income</b>	<b>£515.25</b>
Remaining after rent/council tax	£173.24 (£306.33 reduction)

### Household 3

Single; 3 children aged 7, 5, 5; not employed; rent £286pw; council tax £19.01pw (Band C)

Job Seekers Allowance	£71.70
Child Tax Credit	£167.40
Child Benefit	£47.10
Housing Benefit	£213.80
Council Tax Reduction payment	£15.24
<b>Total weekly income</b>	<b>£515.24</b>
Remaining after rent/council tax	£210.23 (£72.19 reduction)

### Household income on entering employment

### Household 1

Couple; 3 children aged 8, 5, 2; works 24 hours at £6.19; rent £300pw; council tax £19.02pw (Band A)

Net salary	£149.88
Child Tax Credit	£167.40
Working Tax Credit	£64.34
Child Benefit	£47.10
Housing Benefit	£272.03
Council Tax Reduction payment	£3.62
<b>Total weekly income</b>	<b>£704.37</b>
Remaining after rent/council tax	£385.35

### Household 2

Single; 6 children aged 18, 17, 16, 11, 9, 5; works 16 hours at £6.19; childcare £101.25pw (childminder £4.50ph); rent £323pw; council tax £19.01pw (band C)

Net salary	£100
Working Tax Credit	£145.51
Child Tax Credit	£324.33
Child Benefit	£87.30
Housing Benefit	£323
Council Tax Reduction payment	£12.48
<b>Total weekly income</b>	<b>£992.62</b>
Remaining after rent/council tax/childcare	£549.36

### Household 3

Single; 3 children aged 7, 5, 5; works 16 hours at £6.19; childcare £135pw (nursery £6ph); rent £286pw; council tax £19.01pw (Band C)

Net salary	£100
Working Tax Credit	£169.12
Child Tax Credit	£167.40
Child Benefit	£47.10
Housing Benefit	£286
Council Tax Reduction payment	£10.15
<b>Total weekly income</b>	<b>£779.77</b>
Remaining after rent/council tax/childcare	£339.76

Part two of the report further develops the picture of impacts on capped households and local services, drawing on interviews conducted with households and professionals.

## The first four months of the benefit cap

### Part 2: Issues and experiences

This section shows households' and professionals' experiences and responses to the benefit cap, grouped by issue. It looks at:

- How households, support services and housing providers have responded to the benefit cap
- Ways for households to escape the cap
- Social and cultural impacts
- Sources of support and advice.

#### 1. How households, support services and housing providers have responded to the benefit cap

##### Household responses

<p><b>Households</b></p> <p>The research has identified three broad groups of reactions to the benefit cap:</p> <ul style="list-style-type: none"><li>• <b>People with illness, injury or disability sufficient to make them incapable of working in the foreseeable future, or those with significant caring responsibilities</b>, are generally hoping this will be recognised and they will become exempt. Some were previously unaware of DLA / PIP or had shied away from the perceived stigma of disability. Some had previously been in the labour market and were now on ESA, and affected by the cap. This group covered five of the twenty five interviewed.</li><li>• <b>People who have fairly quickly developed a plan for dealing with the situation and seem committed to following it through even if it is not working yet.</b> No-one could be said to welcome the situation but some are more positive than others in their response. The group with a plan are perhaps thirteen of the twenty five but that includes three or four who may know what they have to do but who exhibit a less determined approach to the necessary actions.</li><li>• <b>People who have far less idea how to cope and are still relying on something turning up or someone else sorting out the difficulties for them.</b> This may be due to a lack of knowledge and awareness as much as a lack of will to address the problems. This group are seven of the interviewees.</li></ul>	<p><b>Professionals' views of household responses</b></p> <p>Professionals' experiences of different household responses to the introduction of the cap depended on the nature of their role.</p> <p>People working in employment &amp; skills, family support and advice services generally split affected households into two broad groups:</p> <ul style="list-style-type: none"><li>• <b>People who were already actively engaged in preparing/looking for work</b> – these people mostly have a work-related plan for dealing with the impact of the cap and have generally intensified their search, engaged more with available services, and/or become more realistic in their approaches</li><li>• <b>People who were not previously required to look for work</b> (e.g. income support claimants) – these people have divided into two sub-groups:<ul style="list-style-type: none"><li>○ <b>Those who have a work-based plan</b> for dealing with the cap and have embraced job search and the support available</li><li>○ <b>Those who have less idea how to cope and do not have a plan.</b> There was some feeling that this group was not abdicating responsibility, more that they were confused about their options, and lacked confidence and self-esteem to address what is a fairly challenging problem with no easy solution.</li></ul></li></ul> <p><b>People whose illness or very challenging family circumstances made them incapable of working were much less often spoken about by the people driving responses to the benefit cap</b> – doubtless because of the employment-as-solution response taken by most services – and consequently help to address their needs may be more limited. This group seemed to be engaged with statutory services (e.g. social services) rather than employment and advice services.</p>
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One further observation is that **many of the affected households had found the situation overwhelming.**

*'It's hit me all at once'*

There were many changes at the same time – the benefit cap, new council tax liabilities (19.8% of the annual bill to be paid by households who would previously have had the whole bill covered by benefits), perhaps benefit changes due to changed circumstances, employment – and given that many of these households are already living in difficult or chaotic circumstances, it was often too much to cope with.

*'They are not giving me any options, they are just throwing things at me.'*

In many cases **the scale of the challenge experienced by capped households was exacerbated by language problems and low levels of education.**

**Most households had not acted or taken up support until the cap was applied**, even though there had been a coordinated awareness and support programme up to a year before the cap was introduced. This means that **opportunities for longer term skills training were lost.**

Professionals felt that the threat posed by the cap felt 'real' to different households at different times – there was a sense that **households whose housing benefit was paid direct to the landlord (all social and temporary accommodation tenants, and a significant proportion of the PRS tenants) felt more detached from the problem** than those who actually had access to their housing benefit money.

Similarly, **tenants in temporary accommodation (TA) were more likely to feel that the council had an obligation to sort out the additional housing problems caused by the cap** – which reflects their knowledge that the council does have a statutory duty to them as a homeless household. This feeling that others had an obligation to help was also reflected to some extent by social tenants who had been 'housed' in their accommodation rather than securing it themselves as private tenants had.

Of those households who were known to have acted before they were affected, **some had moved out of London to places where they had family/friends. Those who had applied for Discretionary Housing Payments (DHPs) had been led through it by advisors** who had made direct personal contact with them.

#### Policy implications

- Efforts to warn people at risk of falling into the cap are not likely to change behaviours in advance of the cap being applied – post-cap interventions will be necessary and more effective
- The behaviours of people who feel overwhelmed may not follow a 'rational' path, so efforts to drive particular behaviours may not achieve the expected or desired outcomes unless they are tailored to take account of people's likely responses
- People who could be exempted from the cap by claiming more appropriate benefits must be identified, given benefits advice, and moved through the application process quickly to avoid placing household finances under unnecessary pressure
- Claimants are not all the same so should not be treated as such in terms of efforts to motivate or support them, in order to get the best possible outcomes. Professionals need to establish what 'group' people are in and support them accordingly. This will include ensuring that support is available to cater for the needs of all groups
- As with other welfare reforms, the cap disproportionately affects certain groups who are already marginalised in society. Without interventions to offset the impact on these groups, social divisions and disadvantage are likely to grow over time
- The interface between agencies' statutory obligations and their impact on households' responses to 'nudge' techniques should be further explored to establish whether efforts to motivate and empower households can be incorporated alongside delivery of statutory duties.

## Support service responses

**Support services' responses to the introduction of the cap appeared to have been well coordinated.**

### Assessing suitability of service provision

The **council and job centre had identified likely impacts on households well in advance** (based on knowledge of customer profile), and had mapped likely support needs to services already available in the borough. Most needs were already covered, but **changes were made to staffing levels, location of services and delivery of services in advance of the cap.** Specifically:

- Four Jobcentre Plus staff were re-allocated to be specific advisors to affected households, and co-located in the council's central housing office sitting alongside housing and housing benefit staff
- In 2012, staff from the housing department and Jobcentre Plus started making joint visits to the homes of households likely to be affected
- The credit union and the CAB agreed to support the delivery of services from the central housing office
- Secondment of one worker from welfare rights to the Families First (troubled families) project to provide tailored advice on employment to affected households in this project
- Secondment of one worker within social services to secure accommodation for homeless families not being supported by the housing department
- Four employment services – one council-run, three voluntary – given extra funding for one year to help 160 people affected by the cap
- Recruitment of two employment workers within a housing association
- Some voluntary agencies had increased paid and voluntary staff for one year
- Many services had hosted briefing sessions for affected households to drop in for information.

Some **gaps were identified and new services were commissioned to fill them** e.g. courses for how candidates should present themselves at interview, which now run every two weeks. The scale-up of services was based on the initial number of people likely to be affected by the cap provided by DWP. The actual number of households capped was lower than anticipated, but the level of resourcing was maintained. **Funding for the changes came from several sources:**

- Jobcentre Plus' 'Flexible Support Fund'
- Internal re-allocation of staff at the council
- Dedicated staff resources from Jobcentre Plus
- Self-funded recruitment, sometimes using volunteers, in voluntary agencies.

### Coordination and briefings

Many **professionals were complimentary about how the council had managed preparations for the cap.** Some voluntary services were very engaged in preparation for the cap as official delivery partners. Others said they were well briefed about the cap, its possible implications for their clients, and what services were available to provide support. Some did comment that they found out about briefings by accident rather than being notified by the council. **A number of regular partnership meetings had been established to help share information and inform approaches to the cap:**

- Housing association forum – enabled the council to link into employment and financial advice services already provided by social landlords, and to add more detailed benefits advice to existing services
- Internal council preparation meetings – enabled coordination and alignment of services across the council, and involved housing, schools admissions, employment services, benefits, adult social care, children's social services
- Private landlord forum – enabled explanation of the changes and awareness raising about advice services available to tenants

**It is notable that the households interviewed were largely unaware of the preparatory activity undertaken by support services** because they have been reactive only to their own situations. Any knowledge extended only to having received joint interviews with council and Jobcentre Plus staff.

### Partnership approach

There was a clear acceptance that **coordinated use of the capacity and expertise of a range of partners was essential to deliver a sufficient response**. A number of **benefits of this partnership approach were identified**:

- Relationships had strengthened, understanding of other services' role and offer had improved, organisations developed a shared vision for the response and preferred outcomes
- Problems of data sharing between services (restrictions on what can be emailed etc) were mitigated by co-location of staff from different services
- The customer journey became smoother for many households in terms of moving into and between services, and customers began to get more consistent advice from professionals approached for help
- Voluntary services valued getting direct referrals from people they knew rather than the past approach of just leaving leaflets with other services and hoping potential clients would find them
- Strengthened working relationships with training providers
- The drop ins had led to several households accessing services and applying for DHPs.

When reflecting on what could have been approached differently, professionals suggested:

- Commencing co-location of services earlier to get the benefits to relationships and customer journey
- An additional drop in specifically for travellers would have been valuable, because members of that community had not attended the general sessions.
- Additional clarity on how tenants should claim DHPs to ensure all advisors understand and can maximise take-up
- More focus on people in the private rented sector, to equal the attention given to households in temporary accommodation and social housing
- Putting the employment services in place earlier – at the same time as home visits to provide information and advice started – to pull people into proactive job search before the cap was applied
- Some services (in particular schools and voluntary advice services) would have found it helpful to be given a list of their existing clients who would be affected.

### Future administration

Poor benefits data had led advisors to mistakenly contact people who were not going to be capped, which used time and caused anxiety. Having had the challenging experience of trying to combine and verify data from housing benefit, DWP and HMRC, **professionals were concerned about how they could find out who was capped when universal credit is in place and the council is removed from the benefits equation**.

### Policy implications

- Areas that want to support households to respond to benefit reforms in the way that government intends will need good knowledge of the profile of people affected and local services available, and statutory and voluntary agencies will need to be prepared to change their approach to service delivery
- Local service providers can improve the customer journey experienced by people who can benefit from accessing multiple services to overcome one challenge by co-locating statutory and voluntary services
- Government changes to benefit rules place a significant resource burden on local services that are designed to advise and support households. Identifying local resources to address this results in a reduction in resources available to other services
- A lead partner is required to coordinate local responses to national reforms that will impact on multiple local agencies and multiple facets of a household's life
- There is a need for central government to find ways to communicate with local authorities about households whose benefits are being capped once universal credit is in place and the cap is no longer applied through the locally administered housing benefit system. This will ensure local councils can coordinate proactive services to support capped households.

## Private landlord responses

### Households

There was every indication that **current private landlords were unwilling to introduce any flexibility** into the situation. Almost all of the private tenants had tried to negotiate a lower rent with a complete lack of success or sympathetic response. The attitude of private landlords seemed to be ‘pay or go’.

**Three landlords had effectively forced out their tenants in response to the cap**, two by increasing the rent and one by asking for the property back. All three tenants had eviction notices at the time of the research. Others felt under threat of losing their homes; one tenant in temporary accommodation was concerned because the landlord had given another tenant in the property an eviction notice. There seemed to be no awareness of any alternative options if a request to reduce rent or forbear on eviction had been refused by a landlord.

There was also anecdotal evidence that if tenants looking for cheaper accommodation had managed to find a suitable property, they were then **refused by a private landlord on the basis that they were reliant on benefits**. Additionally, some tenants reported that lettings agents were now refusing to consider letting to those on benefits.

### Professionals

**There had been a flurry of pre-emptive evictions after landlords’ awareness of the cap was raised** (in a planned ‘campaign’) but before it was implemented.

In the months since the cap was implemented **the number of people actually losing their home seemed quite low, though some were very close**. The housing service had dealt with three homeless referrals for capped families. Many households were known to be focusing on making sure they paid their rent – at the expense of other bills and commitments – so **rent arrears had been minimised, albeit through a strategy which is likely to be unsustainable** over the medium-long term.

**Professionals had helped households to get forbearance on eviction action due to arrears** by explaining to landlords when DHP claims had been submitted and were likely to be approved.

The council feels that it is possible to negotiate rent reductions of £10-20 per week for long standing tenants, especially when the council has an existing relationship with the landlord. However, most households face much higher losses than this from the cap so **renegotiating rent is not considered a helpful action**.

**Letting agents were reported to be tightening up letting conditions in response to wider benefit reforms**, in particular universal credit and the anticipated end of direct payments, for example requiring households to be in 16 hours employment before they could access a tenancy. This is likely to reduce housing options available to capped households who need or want to move.

### Policy implications

- Local policy responses that focus on negotiation over rent levels with private landlords are not likely to be a realistic response to the benefit cap in higher value areas
- Communication with, and reassurance of, landlords around all the welfare reforms are essential if low-income households’ access to the private rented sector is to be maintained. Similarly, incentives such as rent guarantees, deposit schemes and ‘thank you’ payments for housing particular types of household may help. The council will need to consider how it works with lettings agents who have a policy of refusing to deal with those on benefits
- A review of the impact of welfare policy on implementation of housing policy should be conducted at national level – for example it appears that housing policy is seeking to reduce the number of homeless households placed in the social sector, but welfare policy is reducing the ability of these households to access the private rented sector.

## Social landlord responses

### Households

Housing association **tenants seemed to have received little information and advice from their landlords**. One has been given an eviction notice due to arrears and is struggling to know what to do about it. Two of those in temporary accommodation are in housing association properties and again seem to have had little contact or help.

The one settled council tenant interviewed has lost a manageable amount of income and has not really required a response from the council.

**The greatest frustration is where people in TA are waiting for a council property, which would have a lower rent.**

Overcrowding is an issue for several social housing residents, so downsizing to reduce costs is not really an option

### Professionals

Only a small proportion of households affected by the cap live in the social rented sector. Nevertheless, **some social landlords have been active in trying to contact and support these families**. Some also had very clear policies about how the different types of household would be treated and how much help landlords could give. Depending on how much money a household was losing, they were either referred into existing services offered by the landlord or to services that had been newly created in response to the cap. **One landlord anticipated that the total annual cost of the benefit cap to them was £300,000**. This covered the cost of project interventions as well as anticipated lost rent. Households are exclusively larger. **Those with greater losses had no option but to get a job – as social tenants their rent is already well below market levels so moving will not help.**

Information on tenants likely to be affected had been passed to social landlords by the council in advance. Like the council, **social landlords had found that the information on tenants likely to be affected was not always accurate**. Once final decisions had been made about who would be capped, landlords said that this information and intended start dates had not been passed on, and they felt their own activity could have been better targeted if they had received this information.

Landlords said that **the impact of the cap on arrears was not easy to analyse at this early stage**. They had not yet evicted anyone or had any properties abandoned, but where tenants had been advised to pay something rather than nothing **ad hoc payments made to rent accounts were requiring more active housing management**.

**Over the longer term, landlords are reviewing their practices so they do not set new tenants up to fail**. This means collecting a financial statement assessing a potential tenant's ability to pay (establishing in advance if their benefits will be capped, and by how much), and ensuring that the appropriate support services are in place for tenants who are capped before or during their tenancy.

### Policy implications

- Local bodies should be clear about who is responsible for communicating with and supporting capped households, and agencies must play their role in the agreed approach. Local arrangements should be reviewed to check effectiveness and action taken if they are shown not to be working – otherwise some capped households will fall through gaps
- The benefit cap has increased social landlords' costs where they seek to support capped tenants. Those who continue to house capped tenants will have less resource to spend on other local social contributions (e.g. development of new homes). Others may close their doors to this client group completely, not least because the cap is not the only welfare reform creating such costs
- The benefit cap creates pressure to move certain households into the social rented sector, but wider welfare reforms have also created new pressures on social landlords to ensure that tenants they house are able to pay the rent. This may mean that some capped households have no housing options in their area. It will be necessary to develop initiatives that help these households to secure accommodation – whether through intensive projects that link employment and housing, or by relocation to other areas
- Where social landlords are to play the role adopted by the council for households in other tenures, care needs to be taken that they receive accurate and timely information about tenants who are capped.



## Housing Advice & Options responses

### Households

**The impact of benefit capping seems to be felt more acutely by those in temporary accommodation.** This is because they know that their rents are higher than they would be in a house provided by the council and there is considerable frustration where they have had a long wait (up to ten years) for a council property. **Some feel that their situation will not improve until they are successful in obtaining a council tenancy.**

*'The only thing that could save us is if we could have a council house.'*

**The options for private tenants to reduce their housing costs by moving to cheaper properties are limited in two ways.** Firstly, many landlords will not take tenants in receipt of benefits at all or allow voluntary overcrowding (this is the only way for some to reduce their costs). Secondly, if they can find a landlord prepared to take them they will not have the resources to provide the necessary deposit and advance rent. **At least one of those interviewed would move out of Haringey if these constraints could be removed.**

One family describe themselves as 'stuck'. They rent from an unsympathetic private landlord and would move if they could afford the deposit. They are willing to move to a cheaper area but one has recently found a small job after a great deal of trying so now cannot move away. They have approached a housing association and a mortgage lender with no luck on either front. They spend more on travel to work for two people than they do on food for six.

**Households interviewed were not aware of help that the council can offer.** The council's policy is that if a private tenant's losses mean they could face homelessness without a DHP they can be provided with assistance either through the Home Finder scheme or through an application for DHP to fund a move.

### Professionals

The council had **intentionally prioritised efforts to contact households in temporary accommodation** who were affected by the cap – these were the ones known to them and to whom they already had a statutory obligation. This meant that **private rented tenants were contacted later, and consequently they seem to have lower rates of DHP application and service use.** There was some concern that private rented tenants are often more self-reliant and would not think to approach the council for help until they had a serious problem.

**There are some real tensions for the council's policies on assistance for homeless households.** It is generally cheaper for them to keep people in housing need where they are (e.g. paying DHP to a private tenant is cheaper than letting them become homeless and then securing temporary accommodation), so their desire to enforce conditionality of DHPs received by private tenants is low. Essentially this means that there is little motivation for them to implement the cap as government intended.

In addition, they need to decide whether they will begin to discharge their duty to homeless benefit capped households outside of the borough. **The council's current approach is unsustainable due to the level of demand on the DHP budget and the lack of appropriate accommodation in the area,** but they feel very reluctant to require people to move away. If they do revise their policy, they will need to consider the impact on local services in receiving areas as well as ensuring that the moves are sustainable for the relocating households.

**The benefit cap has affected the council's ability to offer private rented housing as an option for larger families at risk of homelessness** and approaching it for assistance. It is notable that this has happened just at the time when government has made discharge of duty to PRS easier. This means that their only options are temporary accommodation or social rent in the area, or cheaper private rented accommodation away from the area. As all TA and most social rent goes to homeless households anyway, the council would have to make a strong case to change its policy and give extra priority to people affected by welfare reform. Giving extra priority would presumably also go against government intentions of using welfare reform as an incentive for households to change behaviours.

Housing professionals have a culture of 'offering' accommodation options, but feel **concerned that they may be pushed towards using housing to impose sanctions on households' behaviour,** in the same way as Jobcentre Plus currently sanctions benefits, as the pressure increases to get capped households into work (which they expect it to).

**There was concern about what happens to households if they do lose their home,** whether the council has an obligation to help them, and what happens if people are evicted from temporary accommodation due to benefit cap arrears. This underlined the need for the council to be clear about its future policy intentions.

### Policy implications

- The way homelessness is currently addressed means that motivation for councils to implement the cap as government intended is low – this means some councils may choose to use their own resources to stop households from ‘failing’ due to the cap, in order to reduce potential expenditure on homelessness
- Pressure on the DHP budget and the need to meet statutory homelessness obligations may push councils to increase their use of out of borough temporary accommodation and out of borough discharge of duty. This will require councils to re-configure their homeless services and the financial support available to support relocation. It will also increase pressure on services in receiving authorities, and is likely to exacerbate accommodation pressures already experienced in these areas. Councils seeking to minimise costs of discharge of duty will need to balance this with the social impact e.g. benefit dependant households who find themselves in areas with weaker economies and fewer services will have reduced opportunities for positive lifestyle improvement in future
- The experiences and options for capped households will be different according to their tenure, and agencies’ responses to the cap need to take account of this
- Fears about introduction of the cap, and then about introduction of universal credit, are changing landlords’ and agents’ letting behaviour. Understanding of these new patterns must underpin and inform central government housing policy (in terms of where they want/expect different types of household to live). Local agencies also need to take account of the changing landscape in their policies on homelessness, allocations, housing advice, procurement of accommodation, and strategic planning to influence future supply.
- Care needs to be taken to ensure that private rented tenants get as much information and support around the cap as social tenants and homeless households living in temporary accommodation – it might require additional effort to identify and contact this group
- Loss of private rented accommodation as a housing option for capped households increases pressure on social housing – this may drive revisions to social housing allocation policies but would have a detrimental impact on other households waiting for the same accommodation, as well as potentially undermining central government efforts to push people into employment
- The benefit cap is another example of restricting access to housing as a ‘sanction’ for particular behaviours – this fundamentally changes the established philosophy that stable housing is a basis for a household to improve its situation. Further forays into this territory may meet strong resistance from the housing profession and cause recruitment and retention problems as roles change.

## 2. Ways for households to escape the cap

### Attitudes to obtaining employment

#### Households

**For most of the households interviewed, deciding to seek employment was the main element of their response** to the prospect of lower benefit income. Although some said that they did not understand why benefit capping was being introduced, most had some impression that it was intended to get people into work. Once they became aware that they would be affected and had an initial meeting with the council or other agency, people seemed to come away with the impression that their options were to seek employment or move home to reduce their housing costs. Finding employment was the priority action for sixteen of the twenty five interviewed although it was sometimes combined with other actions such as moving to cheaper housing. However, **looking for work was not something that all embraced willingly and the approach taken was variable.**

*'I don't know how to work.'*

In cases where children were at or approaching school age, **some parents had been planning a return to work anyway but the benefit capping had accelerated the process**, possibly leaving them with less time to prepare or obtain qualifications. **At least one was resigned to just finding work for now and worrying about a career later** when the immediate situation eased. Amongst the seven in or close to work, three would have sought work anyway around this time when their youngest reached the age of five.

*'You have to educate yourself, whether you want to or not.'*

At the time of interview, five people had found employment and two others seemed to be on the brink of doing so or entering a paid training role. It was notable that two **people had gained employment they regarded as rewarding but felt that the associated negative impacts of the cap had outweighed the benefits.**

Major barriers to seeking employment were childcare responsibilities, poor English, generally low education and skills levels, and health issues (discussed further below).

#### Professionals

Professionals also reported that most households had identified gaining employment as their main response to lower benefit income. **Employment services and some advice services had seen a shift in attitude from 'I want to work' to 'I need to work'**. Services not directly concerned with employment and skills reported that their clients had heard that they needed to access employment but **many households feel it's not possible to get a job, largely because of childcare requirements.**

A number of professionals commented that **some, though not all, households did need a push to move them towards employment and the benefit cap had provided this push.** They felt that the cap was helping people to see the realities of life faced by most households who need to juggle work, childcare and housing. Others said that households already engaged with employment services had increased their appetite once their home was put at risk.

*'This did need to happen because it gets children into an environment with other children and one where they see parents going to work'*

However, **there were strong feelings that the push was too hard and the costs/consequences for the households were too high**, especially when coupled with the other benefit changes that are being implemented. There was a strong awareness that the 'sanctions' for benefit capped households (risk of homelessness or loss of social networks) are significantly more severe than for anyone else in the benefit system, in particular when they apply to people on income support who were not expected by the benefit system to be seeking work. **There were also concerns that the negative stereotyping of capped households are not actually reflective of people affected and create an additional barrier for people when seeking employment** (they are not work shy, and some people are only recently unemployed and can easily be helped back into the workplace).

*'The stereotyping and way of implementation is wrong and not fair'*

**Changes in professionals' attitudes to households' ability to get work were also identified**, in that advisors to people with other support needs started to believe their barriers could be overcome and consequently had become more encouraging to clients about employment and its role as a solution to housing problems. It was felt that **a consistency of attitude and information from the professionals that households contact is likely to contribute to households drive to move into work.** There was still a feeling that for some households, such as those with babies or multiple needs, a move into employment was asking too much and the cap would ultimately have very negative and unavoidable consequences for these people.

**Most (not all) professionals felt that there are sufficient opportunities to secure low-skilled employment in or near the borough.** Several commented that households often incorrectly believe that there are no jobs out there – a perception driven by the news rather than local fact. Services generally focused on getting people into cleaning, catering, retail, hairdressing or care positions because generally households affected by the cap

had no formal skills. Nobody reported that households had any objection to doing these types of work. Some said that people were attracted to care work and find it enjoyable when they secure it.

**Significant professional effort was invested in helping people develop realistic attitudes to seeking employment**, for example many single parents wanted to work between 10am and 2pm to fit with school hours but these jobs are generally not available. Some felt that they only needed to earn enough to make up the shortfall from the benefit cap, and did not understand that benefit rules do not work this way. **Single parents were often very reluctant to use childcare** – because they feel it is their own responsibility to raise their children – and professionals had spent time illustrating that, for financial reasons, most households just don't have that choice. **Some households entering employment while protected from the cap by DHPs were surprised to find that they were not better off after securing employment, and needed support to accept and adjust to this.** Hopefully universal credit will remove this experience.

**The ability to avoid the cap by working 16 hours rather than full time helped households to feel more comfortable about going to work.** Consequently, professionals worried that any future changes in government policy on minimum hours worked would have a negative impact on households' motivation and capacity to secure employment. There was a strong feeling that it is not possible for a single person to work 30 hours and to support a larger family effectively.

#### Policy implications

- Pushing people into employment rather than training may limit them to entry level jobs, resulting in reduced prospects for increasing income and reducing dependency on welfare support over the longer term
- Even a sanction as strong as the benefit cap does not necessarily drive workless households towards the employment market – if this is a primary policy goal, alternative mechanisms will be needed to complement the cap
- The cap does change attitudes to employment, but unless accompanied by additional approaches to supporting people into the workplace it will not achieve its goals. Ways in which people are supported into work should be reviewed at national and local level if policies with a strong element of compulsion are to be embedded in the welfare system
- National messages about the cap can create additional barriers for people affected by it. Local agencies may need to undertake one to one work with local employers to overcome negative perceptions of benefit capped potential employees
- Local briefings and training are needed to ensure all professionals from a range of disciplines working with households likely to be affected by a major benefit reform need to have the same information about local policies, services and options open to households. This enables them to support a change in household behaviour to follow any change of attitude driven by welfare reforms
- Better information about, financial support for, and provision of childcare is needed to enable larger households to enter sustainable employment. This may require a national as well as local response
- Moves to extend the cap, e.g. by lowering it or by raising the number of hours worked to avoid it, would further limit local services' capacity to provide the necessary support and would further restrict households options to respond positively to it
- Clear information to help households understand the benefit system, the employment market, and the options available to them must be provided at national and local level.

## Opportunities and barriers to securing employment

### Households

**Where people had not previously been looking for work, they often had little idea how to go about this effectively.** Initial support from Jobcentre Plus may not have been followed through and although people were making applications they were having no success. A lack of awareness of *how* to seek work could therefore be a significant barrier. This extended to both making applications and sourcing opportunities.

**Other important barriers included poor English skills and a lack of education or qualifications.** The preponderance of households from Turkish and Somali backgrounds makes this a critical issue in Haringey. Several of the single mothers with poor English seemed to have limited their search to cleaning jobs. At least one of the men interviewed was reliant on picking up casual work (warehousing, security) through agencies. **Low income also reduced the opportunities to seek work** – for example one respondent had to walk to potential employers because he could not afford the bus fares.

*‘What they want from you is so high, even for simple little jobs’*

**Childcare issues created another significant barrier and there was very limited awareness of the available options.** Most people seemed to assume that they could not afford to pay for childcare and, as a result, many were looking for work within school hours. The frequently mentioned cleaning, for example, did not then seem to offer opportunities to match this need.

**Those from traveller families thought that they would face the additional barrier of ingrained prejudice and discrimination** should they try to enter the job market.

Long-term and chronic illnesses (e.g. diabetes, joint and mobility problems) featured for a number of those interviewed with some trying to access ESA and others reliant on IS. **Where people with illnesses and disabilities felt they may need to try to find work if their other options failed, they would be severely limited in the type of work open to them.**

An important point made by several people was that **it is now**

### Professionals

Since being capped, 74 of 747 households had found at least 16 hours of work and 11 had increased their hours sufficiently to escape the cap. **It was felt that capped claimants entering employment were already close to the labour market and may have secured work regardless of the cap, or were already working part time and had received help to increase their hours.** Agencies had some examples of successfully getting people into work, but not huge numbers. This is likely to be because they are targeting the households with the most significant barriers, leaving others to access usual Jobcentre Plus services.

**Several professionals were certain that there are opportunities to find work, even for people who have been out of the workplace for many years or who do not speak good English.** This is because there are low-skilled jobs in Haringey, new employers are currently investing in the area, and transport links to other parts of London are good (two thirds of working people in Haringey work outside of the borough). Some employers will offer training and will employ people nominated by Jobcentre Plus or agencies.

Equally, they were well aware of significant barriers to employment for households affected by the cap and **there was a strong sense that many households would be unlikely to secure employment without professional support beyond the level offered by Jobcentre Plus.** There are a number of employment support services (voluntary and council/Jobcentre Plus) in Haringey, and capacity has been boosted by additional investment in anticipation of the benefit cap. Services include:

- Job search – 1-1 meetings twice or three times as long as offered by the job centre
- Pre-employment mentoring
- Interview skills/personal presentation/workplace rights training
- ESOL, literacy and IT courses
- Skills training – for catering, cleaning, accountancy etc
- Work placements
- Assessment centre training (for those with more work experience and capacity to access skilled employment)
- Coordination of childcare options, upfront payments for childcare, running breakfast/after school/holiday clubs
- Job brokerage – identifying employers who will take people considered ‘far from the labour market’
- Payment for DBS checks (criminal record checks) and work clothes
- In-employment mentoring (to ensure sustainability)
- Accountancy support for people becoming self employed

Barriers are:

- Skills mismatch and competition in the jobs market – the pool of potential employees is large so employers do not need to ‘give people a chance’
- Childcare – lack of affordable good quality places, lack of knowledge of what is available, and difficulty understanding eligibility for financial support. Parents need 20-22 hours childcare to support 16 hours employment. See below for more on childcare.

**much harder to find work than it might have been a few years ago because the processes for application have changed.** You now need to have a cv, often have to apply online and the requirements are much higher, even for very basic roles. This problem was even more severe for those with no previous experience of working.

Another point of confusion was that **some people were unsure how much or how little they needed to work or could work without it affecting their benefits adversely.** Two of those finding employment as a result of the cap were working fifteen or sixteen hours only because that seemed the best option for their situation.

- Communication – poor spoken English and comprehension often, but by no means exclusively, due to not being a native English speaker
- Lack of IT skills for application or in-work requirements
- Weak job search skills – often people rely on old fashioned methods (asking around) and are not familiar with current online job searches. This is a particular challenge for people who have skills to work but not to get through interviews e.g. people who worked before having children, or people recently unemployed after a long stint with one employer
- Lack of knowledge of how to present at interview – appropriate clothing, ways of speaking, turning off mobile phones
- Lack of knowledge of how to behave in the workplace – timekeeping, use of mobile phones, customer service skills
- Criminal convictions, especially for those considered ‘troubled families’.

**The barriers are usually greater for income support claimants (49% of capped households)** – they have often been away from the workplace for a long time and have more complicated personal circumstances or very young children.

*‘These are new rules for people with children under five - it doesn't fit with the current benefit journey’*

**The cap has changed the way employment services are provided.** In the past there was more focus on training to enhance people’s skills. The cap now means that there is not time for training for many (so they will be limited to minimum wage jobs). Some providers have worked with training providers to compress training schemes so they are completed much more quickly and reduce the delay before employment can be accessed. This is relevant for careers in catering and hairdressing, but not for childcare.

**Demand for employment services has increased, but services have actively sought this increase** and most have been resourced to meet it with extra money or staff diverted from other duties.

### Policy implications

- Local level professional support is required to help capped households overcome the barriers to securing employment – to be effective for all capped households this support will need to go beyond what is currently available at the job centre
- People furthest from the labour market are likely to take a long time to access it, even with the push provided by the cap. Intensive services to provide support over the medium term, or services to address their destitution when it arises, will need to be commissioned
- Professionals operating in areas that do not have a strong entry-level jobs market may have to find alternative mechanisms to support capped households than those adopted in Haringey
- Interventions that reduce the likelihood of households being capped in the future, and/or that ensure people are more familiar with successful job search techniques (either in work or pre-work) could help to reduce the challenges faced by capped households. Voluntary engagement may not be effective here
- Changes to the way employment support is provided should be reviewed at national and local level to assess impact on shorter and longer term outcomes
- Councils will need to be aware of the skills and qualifications of affected adults, the types of work they may be able to secure, and the accessibility of childcare so that these households can be proactively supported into sustainable employment and given the opportunity to benefit from local regeneration and economic development programmes
- Haringey does have a specific issue around language skills and education levels, and a longer-term strategy needs to recognise and tackle these characteristics.

## Household mobility: moving within London

### Households

**Moving home was not seen as a realistic alternative or a good solution to their problems for most people.** There were often several reasons for a reluctance to move but the key one would be because children were settled at schools or colleges and their parents were very anxious not to disrupt their education. Receiving support from family and friends was another reason for some families wanting to stay in the same neighbourhood. Several households were caring for elderly relations in the locality.

Several families who had migrated to the UK had spent considerable numbers of years in Haringey, and it was clear they did not have the relations, the communities, the language skills or the confidence to move far from the borough. **Many of the families were already living in overcrowded conditions and would not have been able to reduce their housing costs by ‘downsizing’**, although one or two would have been prepared to become even more crowded if it was seen as their only option. Even those who desperately needed a larger home or who were facing eviction would still not generally want to move far from the area they knew. There were exceptions – **a few would be prepared to move within London if their housing would be improved as a result.** Two people actively wanted to move, both back to areas where they had lived previously and where they felt they had more support and connections.

Households were also asked whether having a lodger or relation move in to help pay the rent was an option. **The main barrier to sub-letting to help cover the rent was the consistent and sometimes high levels of overcrowding that already existed** (for example, one household with a single parent and six children in a two bedroom flat). The other barrier was sometimes religious or cultural – Muslim households with young or school age daughters would not find it acceptable to have a non-family member in residence, for example.

**Some of the families acknowledged that they were in what they saw as ‘expensive’ accommodation and would either like or be prepared to move, but they had found difficulty sourcing accommodation** within the private sector where a landlord would be willing to take a new tenant in receipt of benefits or who would allow voluntary overcrowding.

### Policy implications

- Local authorities may need to enhance brokerage services with landlords and letting agents to ensure suitable property continues to be/becomes available for benefit dependent households
- Local policy responses to the cap which seek to encourage house moves are not likely to be successful with newly capped households because households will prefer to try other options first
- Harmonisation of policies and practices across services will be beneficial to ensure different bodies that can influence a households’ housing situation and plans (e.g. housing

### Professionals

**Few professionals considered that moving home would be a good or effective solution to the benefit cap for most households**, though some did state that households ‘needed’ to downsize or leave London due to the cap.

**Households affected by the cap are already concentrated in the cheaper parts of Haringey so would mostly struggle to find like-for-like accommodation at a lower price.** Finding landlords who will a) house people they know to be on benefits/not working or b) allow voluntary overcrowding is reportedly becoming more difficult. There is also competition for properties with other councils who secure temporary accommodation in the borough.

**Professionals who had worked with households that were prepared to downsize had found that they would still be affected by the cap in an unmanageable way after moving** – for example reducing the shortfall from £300 to £100 per week – so this was not a realistic strategy. Similarly, because rents in the east of Haringey are already quite low in comparison to the rest of London, **most households would still find themselves affected by the cap if they tried to relocate within London.** It would be possible for some households with lower losses to escape the cap by moving to, for example, east London. However, the greater the loss the further they would need to move to be able to afford their rent.

Schools were not yet aware of any impacts of the cap on their services – though this may become apparent once the new school year gets underway. **Professionals working with the most vulnerable households generally felt that keeping families near schools and medical services was a top priority**, so whilst they would help people to move if they wanted, they would not force them to. See below for more on the cap and impact on education.

options, social services, troubled families, advice centre) are behaving in consistent ways

- Households currently choosing not to move may find this choice removed over time if they cannot secure employment, and therefore services to support mobility within and outside of the local area may become more important over time. If they are to support sustainable moves these services will need to provide reassurance, and support creation of networks and links to services. Without such services, receiving areas may find an increase in the numbers of high-need households.

## Household mobility: moving away from London

### Households

**The majority of households were extremely reluctant to move out of London to another part of the country**, although it had clearly been mentioned as an option to some of the households. Some had very good reasons such as access to ongoing medical services or education but others simply felt it was too big an unknown. Some of the migrant families had never been outside London and were confused as to what they might find. One young respondent was adamant that he would not move, he acknowledged the rationale that housing might be cheaper but had the clear impression that work would be even more difficult to find out of London. As noted above **there are also cultural and communication issues that discourage extra-London and international mobility**. One respondent mentioned that she had relations in Norway and Sweden – but given that even her English was very poor after a substantial time in the UK, it seemed unlikely she would be able to cope in these societies.

Again, **there were exceptions and some households are prepared to move away**. One young woman had made up her mind to move to another city where she had friends and the cost of housing was much lower; she was reliant on receiving help from the council to make this move. Another reluctantly accepted that she may need to do this if she could not find work relatively quickly. Another was prepared to move near relatives in Essex but could not afford to enter the private housing sector to do so. Yet another was quite prepared to move ‘outside the M25’ (although not to another area altogether) but said it had not been suggested as an option.

### Professionals

Professionals’ objections to tenants leaving London were different to those for downsizing/securing cheaper accommodation in the borough.

Professionals reported that **households were looking to move outside London but that few had yet done so, preferring to see if they could find solutions in the borough**. They reported the sense of fear households feel about the possibility of having to move away, particularly homeless households in temporary accommodation. To make a sustainable move, families moving would need to know in advance if they were still going to be affected by the cap, and the state of the labour market in the area they were moving to. Where households were known to have left London due to the cap, they had moved to areas where they already had friends and family who could provide support.

**There was concern about the practicalities of mobility for households with multiple needs**. Some professionals had concerns that it would not be possible to replicate the services they were receiving outside of London. Others felt that while suitable services probably were available, and while official transfer procedures were in place for services like child protection and special educational needs, relocation was still not desirable because of the time taken for professionals to ‘get up to speed’ with a households’ needs, build trust etc. **There was still some concern that households subject to child protection could ‘disappear’ and that people with disabilities would lose support**. There is a particular risk for households that have significant additional needs but are not in the formal system, because it is easy for them to fall between cracks. **There was a widespread awareness that households can struggle to get through the processes required to access services**, for example because they don’t know what is available in an area or find it difficult to communicate what they were previously receiving and the reasons for this. Services often used by low income, large households include those providing support with:

- Learning difficulties
- Speech and language delay
- Safeguarding / child protection
- Physical disabilities
- Mental health
- Domestic violence
- Truancy.

The schools service was particularly concerned to ensure that families leaving London know how to apply for school places, as there is a risk that children could drop out of the school system. **Access to school places can**



**prove a particular challenge for households with several children** – for example because they are unlikely to get places for all children in one school.

**Professionals commented that, for households with lower needs, leaving the area would be likely to reduce employment prospects** because they often relied on local friends and family for childcare that enabled them to access work.

The travellers service was concerned that if travellers choose to leave there could be an increase in illegal encampments and a subsequent worsening of challenges particularly faced by travellers such as poverty, educational exclusion and harassment.

Haringey Council currently does not discharge its duty to homeless people by finding them homes outside of London, though it is currently assessing the impact and logistical challenges if it did. **A policy of out-of-borough discharge of homeless duty would provide an additional driver for capped households to relocate** (they would lose their accommodation if they refused to go), and consequently would require development of approaches to support provision and service coordination that take account of the above points. Households are aware that the council is considering its policy, and their uncertainty about what will be 'done to them' in future makes them feel in limbo and hinders informed decision making about how to respond to the cap.

**Because of the council's reluctance to ask people to move away from the borough they have not developed new schemes to make it easier for people to do so.** They do have a Home Finder scheme that helps priority homeless households (and capped households who would become homeless if not given a DHP) to look for private rented accommodation. A small number of households affected by the cap have used this scheme to relocate. The council does not offer relocation packages for all tenants, but homeless or potentially homeless households can claim DHPs to cover moving costs. A Home Finder incentive is paid to the landlord when a let is secured if this has helped the council to move a household to prevent homelessness or discharge its homelessness duty.

#### Policy implications

- Local policy responses to the cap which seek to encourage or enable house moves are not likely to be successful with newly capped households because households will prefer to try other options first. They are likely to become more necessary over time as the pressure of the cap bites for households who are unable to secure employment
- Local authorities will need to review their policies and procedures for securing accommodation for homeless households outside of their area – looking particularly at ways to support sustainable moves and understand the impact on services in the areas in which accommodation is secured
- Households will need clarity about what local as well as national policies are, so that they can make informed choices about what to do
- Households currently choosing not to move may find this choice removed over time if they cannot secure employment, and therefore services to support mobility within and outside of the local area may become more important over time. If they are to support sustainable moves these services will need to provide reassurance, possibly financial assistance, and support creation of networks and links to statutory and voluntary services. Without such interventions, receiving areas may find an increase in the numbers of high-need households
- Professionals may need help to gain greater understanding of the realities and possibilities for longer-distance moves for low income households
- Processes for transferring people between services (especially education, social services, disability services) will need to be reviewed and ensured they are tight enough to ensure people are not 'lost' or unable to access the services they need
- Areas likely to receive households re-locating from London (ideally lower value property markets but reasonably strong low-skilled employment markets) will need to assess and prepare for any likely impact.

## Reducing household expenditure

**Where the shortfall after capping was relatively small, cutting back was probably the only action needed.** At the other extreme a very significant reduction in income meant that cutting back was scarcely relevant or effective. A family of seven, for example, was left with £600 per month for everything else once rent was paid.

Some of the people affected already manage with very little and are quite astute about things they can change to help them cope with the new situation. But some of **those who will lose larger amounts of money see little realistic hope of making up or managing the shortfall.** In addition to the implications of benefit capping, it should also be noted that the **increases in council tax liability that came in at the same time are having a further financial impact.** They are also causing confusion and some people do not seem to know or understand their liability.

**Some of the families were already living at a fairly basic level and could not see how they could cut back any further** or sufficiently to meet the shortfall in income. Many anticipate that in the worst case, they will not be able to pay other bills. Options were:

- Cutting food expenditure by shopping more cheaply e.g. in the markets rather than supermarkets, by cooking more and eating less fast food or simply by eating less. This would be more difficult for families with special needs such as diabetes. Several families commented that ‘treats’ like occasional take-away meals were no longer possible
- Trying to reduce expenditure on gas and electricity. Some people had looked at moving to meters, key systems or cheaper tariffs as a way of doing this but did not necessarily seem well informed about their options
- Reducing expenditure on clothing by ‘shopping around’ but this could be difficult where there were several children requiring school uniform
- Cutting other expenditure such as phones or internet connections, reducing the ‘pocket money’ given to children, cutting down on visiting family or outings for the children. All these can lead to household tensions including, for example, schoolwork suffering because of lack of internet access, or arguments about money and outings.

**The council does provide services to help people reduce their household expenditure and these are targeted at benefit capped households** e.g. reducing fuel poverty. Several other services had increased their capacity to deliver money management skills training, with a focus on either helping people with lower benefit cap losses to cope, or ensuring that people who entered employment could manage their new financial situation. However, **only one family we interviewed seemed to have taken advantage of any advice on how to live on less money.**

### Policy implications

- Local provision of support to reduce household expenditure could be usefully targeted at households facing a small shortfall due to the cap – advice on switching energy provider, stretching a budget and accessing affordable credit may be useful here. Providers will need to be proactive in contacting households that could make use of these services
- Where households are facing a large shortfall, are far from the labour market, and are not receiving discretionary housing payments, their move into serious financial problems will be rapid. The consequences of this – for the household and for demand on local services – will be long lasting. For this group, a realistic assessment of likelihood of securing employment or relocating to avoid the cap should be conducted, and the scale of impact on voluntary and statutory services if destitution occurs should be assessed
- National and local government should seek to understand the total impact of welfare reforms on households rather than just looking at individual changes in isolation – this will help to explain households behaviours in response and the options available to them to increase their situation. It will also inform approaches to advice and service provision.

## Discretionary Housing Payments

### Households

At the moment, **many of the families are receiving DHP and this has cushioned the impact of the cap**. It has also allowed, for some, an element of denial so that they still have no real idea of how they will manage when this payment ceases. It has not necessarily stopped them from taking appropriate actions but it has, for many, confirmed their belief that they will not be able to manage when it ends. **Some households seem unclear about whether they are getting DHPs, how much it is, or how long it will last.**

Awareness of how DHPs work is limited, for example **few households seem to be aware that they can apply for an extension to the DHP payment period.**

### Professionals

It was considered that **DHPs provide an important breathing space**, but for some households it pushed the problem three months further away, and for others it creates the anxiety of not knowing what happens after three months.

**There was quite widespread support for DHPs being conditional on households demonstrating that they are trying to resolve their problems**, e.g. by engaging with support services in a planned way.

**There was some frustration at the time taken to process DHP applications**, even though the council's monitoring shows that dedicated housing benefit staff have been clearing them quite quickly. Some professionals felt that processing time causes concern to households who need to find some way to maintain their accommodation whilst the claim is processed.

DHPs were believed to give households headroom to plan a response to the cap, although **it was felt that households would not have enough knowledge or skill to apply for DHPs without assistance**. The council did revise its DHP policy when the welfare reforms started, but it has yet to publish a firm policy on extension of DHPs for benefit capped households and on the enforcement of conditions attached to payment of DHPs. Consequently **many professionals were unsure about what happens when DHPs stop – this meant that they were struggling to advise clients** and had a strong feeling that worse circumstances for households are to come.

There is a particular challenge relating to temporary accommodation, if tenants were already receiving DHPs before the cap to make up the difference between the local housing allowance and the rent charged. Where cap losses are more than £30 per week, their DHP has been increased to cover the impact of the cap. **Use of DHPs to maintain households' access to temporary accommodation could undermine a policy of conditionality for DHPs** because some tenants are already used to having the payments unconditionally due to their homeless status, and because legal guidance suggests the council would be open to challenge if they did not maintain affordability of temporary accommodation.

### Policy implications

- It is important for councils to be clear about discretionary housing payment policies and how they are applied. This means that households are able to plan appropriately for the future and to maximise access to financial help that they might be entitled to. It also means that professionals are able to provide accurate and appropriate advice. Ensuring that households understand how much they are getting, why they are getting it, and how long they will get it is essential
- Councils in high value areas will need to thoroughly consider the fit between their use of DHPs to give headroom around welfare reform impacts, and their use to secure access to temporary accommodation. A consistent policy may be difficult to achieve – for example where statutory obligations and desire to drive particular behaviours interface
- Discretionary housing payments are only effective over the medium term if households use the time the payments are made to change their circumstances. Some form of conditionality (probably an expectation of meaningful activity, rather than an expectation of a particular outcome) accompanied with appropriate personal contact and services will be beneficial to ensure the household is proactive
- There seems to be a mismatch between the homelessness code of guidance on affordability of temporary accommodation (where applicable amounts are used to assess what is affordable and councils must secure affordability) and the benefit cap (where applicable amounts are bypassed). Councils will need to take legal advice on how they manage the interface between compliance with guidance, administration of the cap, and management of DHP payments
- The DHP pot is unlikely to be big enough to give sufficient headroom to all the households who could benefit, and therefore some alternative provision must be made for those who will not be helped and will consequently suffer serious financial hardship despite any best intentions to move into employment.

### 3. Social and cultural impacts

#### Finances and debt

##### Households

**For most people, the priority will be to pay rent and council tax if possible to ‘keep a roof over our heads’.** However, at the time of the research, **at least half the families have arrears of some sort on rent, utility bills and/or council tax.** It is difficult to identify how far this is directly due to the benefit cap - some people say that it is but some debts clearly go back further, although the cap may have added to the problems. Where the debts are seen as manageable, some people have already got arrangements in place for repaying them. For example, several instances of arrears on council tax had been dealt with in this way. Apart from cases relating to eviction there are two people not paying their rent. One is a large family without DHP who are paying other bills but simply cannot manage the rent, and the other is a single parent who feels let down by the council over a number of years and chooses to prioritise other things.

**Most people are very anxious to avoid using loans or overdrafts to pay household bills because they can see no prospect of being able to pay them back** which would simply worsen the overall situation. One or two people had had loans in the past and found repaying them difficult so were particularly keen not to borrow again. Several households made the point that they could not borrow from reputable agencies anyway because they were not in employment. Where loans were being considered there seemed a good awareness of the potential pitfalls and people were keen to be very clear about the terms and repayment details. Whether a situation of desperation in the future would make them less careful is uncertain.

##### Professionals

People providing advice and family support services to capped households had seen an increase in financial difficulties, though specific awareness of household debt arising because of the benefit cap was limited. They did report that **people are getting behind with bills (for utilities etc) and struggling to afford food as they prioritise paying rent and council tax** (following the introduction of the Council Tax Reduction Scheme).

Households were usually in debt already, before the cap. Some were now accessing food bank services, and some were turning to the new ‘support fund’ but found it provided less support than the old social fund. There was awareness of travellers borrowing money from within their community to offset the impact of the cap. **There was a feeling that DHPs were postponing the risk of additional debt for many households.**

**There was a sense that many services do not know the whole picture of their clients’ financial lives** and that they may not be able to tailor services quite appropriately because of this (for example some were working with clients who were losing £100+ per week, were not getting DHPs and had not faced eviction yet – which seems unlikely).

Some employment services found that **it is difficult to get people to focus on employment issues because their attention is dominated by their immediate debt and housing issues** – this reflects the scale of the challenge faced by some households.

##### Policy implications

- Child poverty and children’s prospects for the future could worsen, for example if fuel poverty, digital exclusion and social exclusion increase due to the cap, which will create additional demands on public services over the longer term
- Local advice providers would be better able to provide effective services if they had clearer information about their clients’ circumstances – this could be aided by better information sharing (with consent) as households often find it hard to understand or explain their situation.

## Children, childcare and education

### Households

**Parents were keen to minimise the impact of the benefit cap on their children** and whilst some discussed the situation and explained things to older children, others tried to protect them. They felt it was their responsibility to deal with the effects of the cap not that of their children. Most importantly, **they did not want their children's education to suffer**, whether in the early stages or at critical times such as examination years. They wanted their children to have better life chances than they had perhaps had themselves, and to have wider employment prospects. Having to cut off access to services like the internet because of downward pressure on household expenditure was seen as detrimental to children's education progress.

On a more everyday level **they wanted their children to have some quality of life and not be confined to their home by a lack of money for any type of entertainment or leisure opportunity**. Pocket money was one of the things often restricted after the cap and this could lead to arguments.

Where older children were able to work and contribute to the household income, parents did not want this to be at the expense of education. It was not generally part of their strategy for coping with the shortfall. In one case the reliance of a household on the part-time earnings of a student son was a cause of tension. One parent was keen to protect his children from the cap because he did not want them to grow up 'bitter towards society'.

### Professionals

Professionals felt that some capped households were quite isolated and young children had limited contact with children outside their household. **They had invested quite some time in trying to persuade households that childcare could be beneficial to social skills and networks**, particularly for younger children. In this sense, being pushed to spend less time in the home could be beneficial. However, child minding is not popular, and whilst children's centre places are attractive and affordable, there are not enough places available.

Childcare is a significant cost for working households, such that if parents work more than 16 hours to escape the cap they may still face financial problems. Many felt that is not impossible to get childcare, but that you need to know what is available and how to make it financially feasible – and this tends to require professional support. **Coordinating and funding childcare is a particular challenge for large families, and uncertainty about childcare drives people out of employment.**

*'Problems with childcare can make a job unsustainable in the longer term.'*

School holidays started only a few weeks after the cap was fully rolled out, and schools were alive to the possibility of impacts once the new term commenced. In general schools were not yet aware of any impacts of the cap on their services, such as increased effects of poverty. One school had reported losing seven children due to the cap, and expected more to follow. **School monitoring systems had been improved over the summer so that impacts of the cap can be better tracked in the new school year.** Schools would prefer children not to move at critical times (years 6 and 10-13) and wanted stability for children with additional needs (educational, developmental, physical) regardless of age.

Notwithstanding concerns about impact on children's education, **for Haringey as a provider of school places, loss of pupils who move away is not a particular concern because schools are good and demand is high so places are easily filled.** If families do move within the borough it is common to travel long distances to enable the children to keep their school place, and they expected that benefit capped households may also choose to do this. However, even if school vacancies are easily filled, churn of pupils is a concern because of the time taken to assess and understand individual pupils' needs.

**Professionals were aware that lack of money was impacting on parents' relationships with older children.** Beyond this there were concerns about loss of children's networks, homelessness, and crime committed to make ends meet, but these had not been observed yet.

### Policy implications

- Schools and education departments will need mechanisms for tracking movement of children due to the cap, and will need policies in place to smooth transition between schools where necessary. Modelling could help establish the threshold at which lower demand schools could face financial difficulties as a result of household mobility driven by the benefit cap, as well as helping schools to understand the level of resourcing needed to support children settling in to new schools
- Welfare reforms that push people towards employment could increase demand for both affordable childcare and advice about accessing it from low income working households. Reviews of levels of provision and accessibility may be required, along with campaigns to raise awareness of options
- Efforts to streamline national funding for childcare at different ages could make it easier for larger families to secure childcare without professional assistance.

## Health and social stability

### Households

**The situations created for families by the impacts of benefit capping are stressful even for those who are, on the face of it, coping at the moment.** There were probably only two people who were not affected by, at the least, the worry of it all.

The research identified a significant risk of mental health issues as many people reported being stressed and depressed by their situation. **Stress and sleeplessness were common but some people were clinically depressed and one reported that she had made attempts to take her life.** It is likely that many of these people had existing underlying problems but these are likely to be worsened by the additional issues raised by benefit capping.

*'You feel like you are being crushed in the middle'*

In single parent families the burden is probably borne by one individual, which may make this situation more acute. In other families, the stress brought on by financial circumstances is radiating out to affect other family members including school children and teenagers, and is a cause of family rows. **Given the lack of awareness of other sources of help even more pressure may be placed on adults' mental health.**

**The pressures are also exacerbating physical disability and ill health in some cases,** such as the sugar levels in diabetics, recuperation from operations, and mobility issues.

Another potential negative impact is increased crime levels. One respondent observed, in a general sense, that young people might take to crime to provide the things they wanted and one person interviewed claimed that they would be prepared to steal to provide for their family if there was no alternative.

### Professionals

Professionals reported benefit claimants presenting with high levels of stress – experiencing loss of sleep etc which is not conducive to maintaining a stable household or successful job search. **Some had increased referrals to counsellors to help people cope and give the space needed to talk through issues.**

*'It's a massive knock on effect, I feel really sorry for them'*

There were **several reports of women choosing to stay with violent (employed) partners because they knew they would be affected by the benefit cap if they left with their children.** These women would not necessarily come to the council's attention and so it would be difficult for them to intervene.

There was concern that **support provided by adults in capped households could be withdrawn as they sought to avoid the cap, with the council having to pick up costs of re-providing the support** on a professional basis. For example there were reports about a family who had avoided their child being taken into care because of the support that could be provided by a member of the extended family. That extended family member was now under pressure to seek employment to escape the benefit cap, but this would remove her ability to provide the required support to keep the child out of social services care.

### Policy implications

- It is likely that, for households least able to respond positively to the cap, there will be an increase in mental health problems. This may have an impact for demand placed on local health providers, specialist mental health services and counsellors. Poor mental health can affect ability to manage a household and there could therefore also be a knock on impact for children's social services, financial and housing advice providers, and homelessness services. Assessment of the potential scale of impact should be undertaken to inform service planning. Equally, the initial impact may be hidden from service providers if households do not seek help, and it may only come to light once the level of need becomes more serious and therefore require more difficult interventions
- Local service providers will need to make sure that they are able to offer feasible options to ensure people with large families who are experiencing domestic violence are able to protect themselves. For example this might mean prioritising access to cheaper accommodation, or making provision in discretionary housing payment policies.

## The neediest households

**Some of the borough's 'neediest' households are affected by the cap and services supporting them have had to change their approaches to service delivery in response.** In terms of households already known to social services, the housing department has a list of vulnerable clients and can therefore alert social services and initiate joint working if their accommodation is at risk. It is believed that 80 families identified for Families First – the troubled families project – are also affected by the benefit cap. A dedicated worker has been seconded to Families First to work with clients who are affected by the cap, but in this service restrictions on data sharing between departments have made it difficult for the service to identify the households she should target.

Social services have a statutory responsibility to help vulnerable families where the children are considered to be destitute and in need. This definition applies to families who have nowhere to live once the housing department has discharged its statutory homeless duty, and **social services report that they are starting to see families who have been found intentionally homeless after being unable to afford the rent due to the benefit cap.** These households will face additional barriers to securing accommodation because they have a history of arrears. Accommodation can be procured on their behalf, deposits paid etc – but this funding is separate from the DHP or homelessness budget. These are not families who were already involved with social services e.g. due to child protection concerns, and they often have no other serious problems other than lack of accommodation. However, they often have no coping strategy and poor English. **An expansion in the number of council departments getting involved with provision of housing services indicates an element of cost shunting from the benefits bill to local authority non-discretionary services, and shows that new households are being drawn into reliance on statutory services.**

It is notable that **different departments' policies may prove incompatible when trying to support people affected by the cap,** and this could create difficulties for departments trying to work together to deliver a coordinated approach to a household. For example social services' policy of keeping families near schools, health services etc may not be compatible with any future housing department policy on moving households out of the area.

### Policy implications

- Local authorities will need to concentrate on monitoring and streamlining the 'bounce effect' as affected households and associated costs move between council services
- The interfaces between different departments' policies will need to be tested to ensure that they support effective inter-departmental working and fit together to deliver coherent outcomes for households
- Consideration should be given to data sharing and whether improvements can be made (within the legal framework) to ensure departments have the information they need to provide services effectively.

## 4. Sources of support and advice

### Family and community support

#### Households

Some of the families interviewed did mention friends and family networks but it seemed to be a critical issue only where there was illness or disability in the household. In those cases, help provided might be important to the functioning of the household. It would also be important where the network could help to provide childcare.

One person interviewed had moved away from her friends and family when she came to Haringey and badly missed the support offered. In contrast, one family that had fled domestic violence was now limited to where they could go because of continuing threats from the offender's family network.

Although we interviewed substantial numbers of households from Turkish and Somali backgrounds, there seemed to be little consistent information on community-based support or advice agencies.

#### Professionals

Family support networks did not dominate issues raised by most professionals, other than where extended family provided childcare that enabled access to employment. People working with travellers highlighted the particular cultural importance of extended families, and the fear households felt about being separated from these support and cultural networks.

#### Policy implications

- Demands on disability and care services could increase if households are unsuccessful in finding work and consequently have to move away from the area (and informal support networks) to secure cheaper accommodation
- The way the cap is framed does not exclude households experiencing illness or disability, and these people face even greater challenges in responding positively to its impacts. These households will need the greatest level of support to enter employment, and if they become destitute, and particular assessment should be made to identify them to inform preventative work and future service planning
- It should not be assumed that identifiable cultural communities will cater for themselves in helping households to respond to the cap – culturally sensitive services may need to be provided as part of the local response to the benefit cap. Complementary to this more systematic and consistent efforts should be made, using mother tongues, to publicise the existence of cultural community organisations to relevant groups.



## Seeking help and advice

### Households

**There is a marked lack of awareness among the affected households interviewed of potential sources of help and advice.** Despite the joint council/Jobcentre Plus visits to all capped households, some had not appreciated that there was the possibility of seeking help, learned how to gain access or understood that the services can offer more detailed support than the original information provided. If people were not already in contact with the council they may not even know how to make contact. Similarly, a few people mentioned the CAB but were quite vague about how they might seek help from the service. Poor English and isolation within the community made it even less likely that help and advice had been sought.

*'I don't know the first place to go for help and advice.'*

Others mentioned community based agencies such as Haringey Tenancy Support for Families, charities for disabled children, community relations bodies, IAPT Mental Health, and homelessness charities such as Shelter. One or two had had support from other employment organisations such as Positive Employment. The Irish Centre is helping travellers.

However, **most people seem to be relying on what the initial meeting with council officers and Jobcentre Plus staff was able to tell them about the cap and how it might affect them.** Some felt that this was all there was to know or that other places would only say the same. There were reports of delays in council 'assessments' and a lack of clarity (particularly among those in TA awaiting more permanent housing options) about what the council could or would do. **Attitudes to the council varied from an acceptance that they were 'just doing their job', to anger and disbelief** that more could not be done to help them amongst those who had been in TA for a length of time. Two people were actively in dispute with the council over housing.

The more optimistic **views about the reach and quality of advice services expressed by the professionals were not mirrored by the capped households interviewed** because they simply had not understood or engaged with what was available.

### Professionals

Contrary to households' perceptions, **there has been a significant increase in provision of advice and support to cater for benefit capped households.** However, these services would not have the capacity to cover all people affected so it is not a surprise that some households are unaware of them.

Services available and targeted at people affected by the cap include:

- Money advice and budgeting skills
- Eco advisors (focusing on reducing households' energy costs)
- Credit union
- Help to negotiate with private landlords
- Families First (for troubled families)
- Outreach to homeless and vulnerably housed people
- Employment & skills services
- Social services dedicated housing staff for at risk households.

**Some existing services had had capacity increased or coordination/delivery methods changed.** Staff at these services reported that they were well used, both by people who were already clients before the cap who had increased their engagement, and by new clients who had come to them due to the cap. There was definitely reliance on a referral system, and **much effort had been put into raising other service providers' awareness of what was available in order that they could direct people to relevant services.** One voluntary provider reported getting six new benefit capped households referred each week since the cap was introduced. It was felt that the hub approach was good for finding people and getting them linked in to services. Several professionals commented that many benefit capped households are quite isolated and unaware of local facilities, and so proactive identification may be the most appropriate way to bring them to services. Certainly **the benefit cap poses challenges that are too great for most households to tackle without help and advice, which suggests that proactive identification is a necessary part of implementation.**

Voluntary services reported an increase in back to work and debt management/advice clientele in the last 12 months but did not attribute this specifically to the cap. **Households are not requesting different services from in the past, but it is noticeable that they need more help and that their options have been reduced.** Advice and support services reported that they had less time to spend on building clients' confidence, building relationships and trust with clients, and on job-search (some moving from 1hr 30 to 45 minutes). **There was concern that outcomes are worse e.g. getting someone into any job rather than the right job, although a focus on sustainable employment was being maintained.** The type of advice provided was changing to fit with wider reforms to the benefit system, and professionals did not find this satisfactory. **There was a real concern that professionals were having to abandon approaches that have been proved to work, and that they were not really able to give people true options any more.** Although they were meeting demand they were not doing it in

ways they would professionally want to.

*'This has caused me to consider whether I should be involved with advice - because I am now advising people to do unsuitable things and I can't give them any options'*

**Where services had increased capacity in advance of the cap, they had strong concerns about what would happen beyond April 2014 when additional funding expired.** Households will still need extra help as the cap is applied to new households and removed from existing ones, and future changes to universal credit and tax credits all suggest that support needs will be ongoing.

#### Policy implications

- There is a clear need for proactive outreach to raise awareness of options for help and advice, because the cap poses challenges that are too great for most households to tackle without professional support. This outreach will need to be done more than once, with services explained clearly, so that households are able to appreciate what is available, how they access it, and how it can help them
- The cap changes patterns of demand for local services so local councils should undertake an assessment of the number of households that may need help and advice, the type of support they might need and the likely duration of that support, to inform future service planning – in terms of both resources and delivery structures
- In order to meet demand professionals are having to abandon approaches that have been proved to work – this poses a risk to positive and sustainable outcomes when a household has been provided with assistance. It also may pose a risk to recruitment and retention of staff in advice and support services.
- It is likely that there will be a gap between the immediate need for support and the ability of local bodies to provide it (mostly for financial reasons). A comparative assessment of the costs of support work and crisis/statutory interventions if households are unable to respond positively to the cap may also help to inform future service planning and resource allocation
- Ultimately the scale of the challenge posed by the cap, the interface with other benefit reforms, and the lack of sufficient support effectively means that the cap sets some households up to fail
- Although central government will make savings due to the benefit cap, there has been significant cost shunting onto local authorities and voluntary agencies. Even if local authorities choose not to add extra services to help households respond to the cap, they would have obligations to fund interventions for households who experienced serious housing, health and social problems because of it.

## Conclusions

The benefit cap has been introduced effectively in Haringey but its ability to meet its nationally set objectives is unclear. It is having a significant impact on affected households and the services that support them, and there is a high risk of the negative consequences worsening for both claimants and local agencies. In Haringey the council and local agencies have responded proactively to the new needs created by the cap, but further work will be needed to ensure effective provision of services in the future. Nationally, there are some important messages for government from the first months since the cap was introduced.

## Policy objectives

The cap is currently some way from meeting all of its objectives and it faces significant barriers to making further progress.

- The benefit income of capped households has been reduced to that of a median average working household. However capped households in Haringey are still receiving other financial support that takes them over this limit. Nearly all receive help to cover 80% of their council tax bill, and this is in addition to the £350/£500pw maximum. Also, and significantly, nearly 50% of affected households are receiving discretionary payments from the council on top of their £350/£500pw benefits to help them pay their rent, and many look set to receive these payments for some time to come
- Only a few capped households have so far secured 16 or more hours employment. There is evidence that the benefit cap is changing attitudes to work, and the difference in income after housing and childcare costs ought to be a good incentive, but for many claimants there are still significant barriers to them gaining employment, particularly a lack of job seeking and work skills, the availability and affordability of childcare, and knowledge of how to access childcare
- Savings have been made to the benefit bill (around £60,000 per week in Haringey). However the increased expenditure on discretionary payments to help affected households pay their rent (around £960,000 to date), the increase in intensive support provided to help claimants deal with the effects of the cap, and the imminent increase in households losing their home because they cannot pay the rent are all evidence of 'cost shunting' between national government budgets and from national government to local authorities and voluntary organisations.

## Impacts and consequences

The impact on households – financial, social and medical - is significant and their ability to respond as government expects is not yet proved. Certainly, because of the scale of the challenge and levels of household exclusion, most cannot respond effectively without professional assistance. It is clear that different groups have more or less chance of being able to respond to the cap as government wants, and that the impact/consequences also vary across different groups. In addition, people who are already marginalised are disproportionately affected by this measure. Taken together, these points mean that there is a high risk of households sinking if resources and tailored services are not provided locally to help them.

Because the cap is applied by cutting help with housing costs, homelessness is a likely consequence for households who cannot respond effectively to the cap. Just a few cases of homelessness have been seen so far, but the levels of arrears and eviction notices suggest that a rise in homelessness and associated financial and social problems are on the horizon.

Households can get some headroom and assistance to escape the cap because discretionary housing payments are available and support services have received additional resources for one year. However it is becoming clear that

there is a mismatch between the length of time the help will be needed for and the availability of funds to support them.

In combination, these impacts suggest that future pressures on local employment services, homelessness teams, and children's social services departments are set to grow. Even though the number of households capped is fairly low, supporting them is resource intensive, and already resources have been diverted from elsewhere so that assistance can be provided. When coupled with the effects of other welfare reforms and the challenges of the current economy, the impact on local services could pose a particular challenge.

There have been some positive consequences for local service provision along with the challenges. Joint working between local agencies has strengthened, and the customer journey for local residents making use of a range of services has been improved. Many households' resolve to find employment has strengthened, and professionals supporting the most vulnerable have begun to see where it is possible to move their clients closer to the workplace.

## Planning for the future locally

These early experiences highlight some short and longer term priorities for local councils and their partner agencies.

In the short term:

- Certainty about how policies on discharge of homelessness duties and eligibility for discretionary housing payments interface with the cap must be given so that households and people advising them are clear of their options and can plan accordingly
- Regular and proactive efforts should be made to contact all affected households and draw them into services, not just those owed a statutory duty. This will help to make sure that they are clear not only about the effects of the cap but also about the services available and how these might help them
- Groups that will be disproportionately affected should be identified and focused on. Language skills, large numbers of children and lone parent status are all significant features
- Reviews should be undertaken into how the council works with private landlords, letting agents, and people seeking accommodation through these routes to provide information, financial support, and shape provision of housing in the local market. This could help to give stability and maximise housing options available to all benefit dependent households, not just those facing homelessness
- The combined impact of various welfare reforms should be assessed and recognised so that coherent and integrated responses can be provided.

In the longer term:

- Even with short term interventions, changes in landlord behaviour because of the cap will mean that some capped households have no housing options in their area. It will be necessary to develop initiatives that help these households to secure accommodation – whether through intensive projects that link employment and housing, or by relocation to other areas
- The costs associated with the benefit cap and other welfare reforms should be closely monitored to track evidence of cost shunting between national and local level, and between local departments and agencies. This can also be used to inform future service planning
- Local agencies need to take account of the effect of the changing landscape in their policies on homelessness, allocations, housing advice, procurement of accommodation, and strategic planning to influence future supply
- The skills and qualifications of benefit claimants in an area should be formally mapped so that the types of work they can secure, and the support they need to access it, can be clearly identified. Where there is a mismatch, proactive work to support skill development, job brokerage and economic growth should be undertaken.

## Messages for national government

The government has been clear that it may introduce further welfare reforms in future, and a tightening of the benefit cap has been suggested. Experience of implementation must inform any future welfare policy. In particular:

- Reductions to the limit of the cap or an increase in the number of hours that must be worked to escape the cap are likely to severely exacerbate the negative consequences and the scale of the challenges highlighted in this report. Such a policy is likely to set households up to fail and is unlikely to deliver savings or positive outcomes
- The interface between statutory homelessness guidance and use of discretionary housing payments for capped households needs consideration and clarification. At the moment, by seeking to implement national homelessness policy councils are not able to fully support the objectives of welfare policy
- As many others have highlighted, access to childcare is a key barrier to sustainable employment. A national review of childcare provision and funding could significantly support government efforts to get more households into the workplace
- The interface between the objectives of welfare policy and housing policy should be reviewed and changes made where implementation of these are pulling in different directions
- As the design of universal credit progresses, consideration must be given to how information is passed from the national benefit administrators to local bodies that can provide support and assistance to those impacted by the benefit cap and other benefit rules that incorporate sanctions/incentives. Without an effective way to share this information, benefit claimants will not be able to respond positively to 'nudge' drivers in the benefit system and consequent effects on poverty and exclusion are likely to be high
- National government should seek to understand the total impact of welfare reforms on households – this will help to explain households' behaviours in response and the options available to them to increase their situation. It can also inform approaches to future welfare policy.

## Next steps

The findings in this report are significant, but it is still early days since the cap was introduced. A short piece of follow up work will be published in spring 2014. This will draw on repeat interviews with some of Haringey's affected households to explore how circumstances and opinions have changed.

## **Appendix: Methodology**

The research included both quantitative and qualitative methods.

### **Quantitative methods**

Anonymised data showing household composition, tenure, housing benefit losses, and likely response to the cap was provided by Haringey Council. The 10 June data cut was used to identify the broad profile of households to interview. The 16 August cut was used for the analysis presented in Section 1 of this report.

### **Qualitative methods**

Qualitative studies of 25 affected households were obtained by conducting face to face interviews. Households for interview were identified from the anonymised data, and Haringey Council then matched case numbers with personal details so they could make contact and seek permission to participate. Only once permission was granted were contact details passed to researchers. A semi structured topic guide covered all the main aspects we expected to need to include but also allowed the interviewer flexibility to ask about other issues that arose in the course of the interview and to concentrate on the issues of particular interest or concern to each individual household. Interviews were conducted in the households' homes in July and August 2013. Interviewees were given £20 to acknowledge the time they had taken to participate.

Qualitative studies of 7 council departments; Jobcentre Plus; 3 voluntary service providers; and 3 landlords were conducted by telephone in August 2013. As with the households, semi structured topic guides covered all the main aspects we expected to include but also allowed the interviewer flexibility to ask about other issues which arose in the course of the interview.

### **Project team**

The research was conducted by Abigail Davies and Ben Taylor of CIH, and Danny Friedman and Ros Grimes of Cobweb Consulting. The work was overseen by a project group comprising council staff from key departments.

