

All Party Parliamentary Group for Health in All Policies

Response to Inquiry into the effects of the Welfare Reform and Work Act (2016)

1. Introduction

Leathermarket Joint Management Board (JMB) is very grateful for the opportunity to submit information to your Group. We believe that you are entirely right to be concerned about the relationship between poverty and inequality and health.

The basis of our submission is that people with chronic health conditions, including mental health, have been disproportionately adversely affected by changes to the benefit system.

Many of the benefit changes discussed in our submission below are targeted towards adults of working age. When these adults of working age are parents the risk of child poverty is increased.

2. Leathermarket JMB

We are a tenant managed housing organisation located in Bermondsey, South London. We manage 1,100 council tenancies under a management agreement with Southwark Council. As a local community-led housing organisation we are in a good position to describe the effects of government policy.

Around four years ago the JMB was included in the first Universal Credit roll out pilot area. So we are well placed to comment on the consequences of Universal Credit.

3. Overview

Since 1979 successive governments have reduced the value of benefits and have applied more conditions to eligibility. Ministers have spoken about stopping life on benefits being a 'life-style choice'.

The good news for policy makers is that in our experience they have succeeded; life on benefit is so unpleasant that it is certainly not a life-style choice. Our experience in London may be different from the rest of the country in that work is relatively available. However, most jobs being accessed by people who may alternatively be unemployed are short term and badly paid. The bottom of the labour market is helping to keep people out of unemployment, but not out of poverty.

A minority of people find accessing benefit so difficult that they turn to family and friends for support, but as family members are likely to be poorly-off themselves, the poor are sustaining the desperate.

The overall effect is that the people reliant on unemployment benefits are now almost exclusively too ill to work. There is obviously a strong correlation between physical and mental ill-health and unemployment. Consequently, we have the irony of governments' intent on discouraging benefits being a 'life-style choice', devising policies that effect people who have no choice but to be unemployed.

Most people dependant on benefits and other state support will have experienced a reduction in a range of their benefits. For instance, although Universal Credit is attracting the headlines, those affected are probably experiencing the withdrawal of other benefits or incurring additional costs. For example, being required to make a council tax contribution, or losing payments if their children stay in education beyond the age of 16. The overall effect needs to be considered.

An element of the philosophy of Welfare Reform is that claimants take personal responsibility. On the ground DWP staff have interpreted this as a reason to restrict communication with workers supporting vulnerable people, such as housing officers. This has made it harder for vulnerable people to receive their entitlement.

It seems to us that this state of affairs has occurred because people who have experienced poverty are excluded from the policy-making. For instance the notion that most people who are making a fresh claim for benefits will have four-week savings and no debts does not match our experience. A government would not consider changing its road strategy without consulting the Road Haulage Association. We ask that the same consideration is given to people who have experienced poverty. People on benefit are as concerned about the very small percentage of people who cheat the system as everyone else.

4. Council housing

The importance of secure and affordable housing to people facing severe challenges cannot be overemphasised, particularly for people with severe health problem and/or dependent children. The secure of tenure offered by social housing often contrasts to the insecure lives that people were leading before getting their tenancy.

Also when people need it they can receive housing officer support, which is not available in the private sector.

5. Practical effects

5.1. Universal Credit

The way that the roll-out is structured is that people with a claim that pre-dated the roll-out were unaffected, but new claimants or people whose circumstances changed are included in the new system. Firstly, there is some relatively good news from this Universal Credit pilot area: over the last twelve months the implementation has become less problematic than it was.

During the first three years of the implementation:

- The standard waiting time was twelve weeks. One JMB tenant with a terminal illness, who has now sadly died, had to wait nine months for payment, despite the intervention of his MP
- In reality no loans were forthcoming when payments were delayed
- DWP staff insisted that they would only talk to the tenant. This meant that if a housing officer needed to assist a tenant they had to sit with the tenant and wait for an hour for a call to the DWP help-line to be answered; and if they had a second person to discuss they had to put down the phone and start the same process again
- The roll out of Universal Credit coincided with a drive to get people off the higher ill-health-related benefit Employment Support Allowance and on to the standard Job Seekers allowance. When this happened to people they were often left with no money for three-months plus.

Generally, this attracted little publicity, despite the efforts of local MP, Neil Coyle, who was on the relevant Select Committee. With the publicity around the next phase of the roll-out extra staff have been recruited and the situation has improved:

- The standard wait is 6-8 weeks
- Loans are forthcoming
- DWP staff will answer emails from housing officers, although there is still no structured way for housing officers to track peoples' claims.

However, there are still fundamental problems. Few new claimants can live with no income for 6-8 weeks. Secondly changing the payment of the housing element from the landlord to the tenant has increased arrears. Although the JMB's arrears situation is much better than at the start of the pilot period, the following is still the case for the JMB:

- 77 tenants receive universal credit. 48 of them are in arrears, with a total arrear of £61,898, so their average arrear is £1,289.
- The above compares to an average positive balance on their accounts of £65 for JMB tenants not on Universal Credit or Housing Benefit
- The JMB has 215 tenants not on Universal Credit or Housing Benefit in arrears, their average arrear is £533.

5.2 Sanctioning

DWP staff can sanction people who miss appointments or are not perceived to be sufficiently vigorous in looking for work. When we make representations that someone has serious physical or mental problems the usual response is that the application of sanctions is mandatory. The person then needs to appeal.

Some people who have mental health and dependency problems can function sometimes and not others. Some days people literally can't leave the house. The DWP takes no account of this, unless possibly on appeal.

We argue that DWP should have access to specialist mental health advisors and should also receive training.

5.3. Bedroom tax

Tenants, claiming benefits of working age, who are deemed to have a bedroom surplus to their requirements are subject to a bedroom tax. The tax is significant enough to encourage people to move, if alternative accommodation is available. However, for some vulnerable people the prospect of leaving a home where they feel secure and have support networks is too daunting.

The effects of the bedroom tax is to some degree mitigated by the effective application of Discretionary Housing Payment scheme by Southwark Council. However, there is still the following effect:

- The JMB has 104 tenants affected by the bedroom tax
- 33 are in arrears. Their average arrear is £339.

5.4. Relationship between ill-health and unemployment

We are aware of a number of people with serious physical and mental health issues who would like to be in employment. However, they need much more structured specialist support than is currently available. Also, because regular attendance at work is more difficult for people with serious health problems an understanding employer is required. Financial incentives and access to specialist support may encourage more employers to take a positive approach.

5.5 Relationship between caring responsibility and employment

Access to affordable child care and help with caring responsibilities undermines some families' options to earn their way out of poverty.

5.6. Government determination of rent levels

The theory behind social housing rents is that they should be affordable and reflect the cost of managing and maintaining the homes. Social housing providers should have long-term plans to maintain their homes, keeping them in a safe and secure condition for people who live in them. These principles for council tenants were written into the 2012 Localism Act, which prescribed a tighter definition of a ring fenced housing revenue account.

This is an economic model that should work because most council accommodation was built between 30 and 90 years ago. With the exception of a few problem estates, most council accommodation remains structurally sound, pleasant to live-in and requiring relatively modest investment. Therefore self-financing should work for the landlord, in that there is adequate income to keep to keep people's homes in good

condition and the tenant, in that rents are affordable. This is largely the model that funds affordable housing in continental Europe

The problem is that governments have undermined this self-funding principle, due to wider economic considerations. For instance housing associations and councils are encouraged to generate surpluses on their management and maintenance accounts to fund new house building.

With specific reference to the government directed 1% rent cut for 3 years the primary objective was to reduce the cost of housing benefit. Whilst the reduction was welcomed by social housing tenants, subject to rent increases far above inflation over the last twenty years, the externally imposed reduction of income has undermined some social housing providers' plans to keep homes safe, secure and healthy for those living in them.

5.7. Housing and health

A significant issue for a minority of social housing tenants is dampness and condensation, which can contribute to breathing problems. Occasionally dampness is caused by external water penetration, which is the landlords' responsibility to resolve. Another more pervasive and complex issue is condensation, which is consequent on a co-incident between the property and the families' circumstances.

If someone is living in a well-built property with cavity walls and good space standards they are very unlikely to experience condensations problems. However, it is a different situation if the block is pre-war single brick construction or post-war system built with a concrete structure and concrete infill panels. In this case some residents will experience will experience condensation whilst others will not. This is because an effective balance between heating and ventilation is needed to manage the situation. Condensation is more likely to occur if a family is overcrowded or do not have the money to adequately heat their home. To help these families there used to be a hard to heat allowance, which should be reinstated.

6. Recommendations

6.1. High level

That policy makers understand that:

People who have experienced poverty, or have knowledge of supporting people in poverty, are best placed to give advice on how the system should be designed

People claiming benefit are much more likely to have debts than savings, therefore it is essential that the first payment is received promptly after their application.

Successive governments have succeeded in that the conditionality of benefits has made life on benefits so unpleasant that it cannot be considered a 'life-style choice'. If people have any other choices they take them. Out of work benefits are almost exclusively accessed by people of working age who are most ill and vulnerable and the philosophy should be changed to recognise this.

The issue is not simply the restriction or reduction of a single benefit, but the compound effect of reduced entitlement to a number of benefits.

6.2. Practical proposals

Return to paying the housing rent element of benefits directly to the social housing landlord, to protect tenants from arrears

Introduce specialist mental health advisors into the DWP and provide training for DWP staff

Encourage positive interaction between DWP staff and on the ground agencies with a remit to support tenants

Apply the principle of the ring fenced housing revenue account, which is that council rents are linked to the cost of adequately managing and maintaining tenants' homes, and extend the principle to housing associations

Provide more extensive support to people with serious illnesses or who have caring responsibilities to return to employment

Re-introduce a hard to heat payment.

7. Contact details

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