The impacts of welfare reform on residents in Brighton & Hove

A report to Brighton & Hove City Council from the Centre for Economic and Social Inclusion and Rocket Science UK

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Executive summary

The Centre for Economic and Social Inclusion (Inclusion) and Rocket Science were commissioned by Brighton & Hove City Council to assess the impacts of government welfare reforms on Brighton & Hove residents and services, to explore how residents have responded to changes, and to provide the Council with recommendations on the design and delivery of future support and services. The research commenced during the spring of 2014 and the fieldwork with residents was completed between September 2014 and January 2015.

Inclusion adopted a mixed, quantitative and qualitative approach. This comprised four key stages of work:

- **Scoping** – a rapid review of local and national evidence, supplemented by twenty in-depth interviews with staff and stakeholders and an online survey of stakeholders

- **Quantitative analysis** – in particular combining local administrative Housing Benefit data with national survey and administrative data, to enable modelling of the cumulative impacts of reform for different areas and family types

- **In-depth qualitative research with residents** – comprising 35 face-to-face interviews and three focus groups with those affected by reforms

- **Options appraisal** – through two workshops with Council officers and stakeholders, supplemented by a further round of in-depth interviews

The Brighton & Hove context

Brighton & Hove has recovered strongly from recession, with more residents now in work than ever before and average wages rising. However this strong recovery has been driven by higher skilled and higher paid work, with most of the gains not being shared by those claiming ‘out of work’ benefits or on low earnings. Overall, 18,300 residents in Brighton & Hove claim an out-of-work benefit – more than one in nine of the adult population.

Brighton & Hove is among the more deprived areas in the country, and particularly in the south of England. The City ranks in the top 20% of local authorities nationwide for its concentrations of deprivation and in the top 30% for the proportion of the population living in deprived areas. Deprivation is particularly pronounced on measures of income and employment.
The impacts of welfare reform on residents in Brighton & Hove

The city is also characterised by a housing market that has become increasingly unaffordable. Fewer than 2% of the homes advertised for rent would be affordable for those claiming Housing Benefit, and no homes would be affordable for claimants aged under 35. The shortfalls between the lowest priced rented houses and the maximum Housing Benefit award are over £300 a month. And while the Council has succeeded in building the first new Council homes in a generation, demand for social housing far outstrips supply, with around 20,000 households on the Housing Register.

Compounding these challenges, Council funding has reduced by £77 million over the last four years and is expected to reduce by a further £102 million over the next four – at a time of population growth and rising demand. Inevitably, this means that the Council will continue to shrink in size, employing fewer people and working in new and different ways with its partners, providers and residents.

The cumulative impacts of welfare reform

It is within this context that the government’s welfare reforms have been felt. This research has been concerned with capturing the impacts of all reforms since 2010, including changes to disability benefits, Housing Benefit, tax credits, sanctions and the introduction of the benefit cap and the social sector size criteria (or bedroom tax/ spare room subsidy).

The financial impacts of welfare reform within Brighton & Hove have been significant and widespread. Using modelling developed for this project, we estimate that around 25,400 households within Brighton & Hove have seen their benefits reduced as a result of reforms. On average, these households are £2,300 per year (£44 per week) worse off than would have been the case if benefit reforms were not introduced. Welfare reforms have reduced benefit spending within the City by around £59 million per year.

The average impacts in Brighton & Hove are in the top 10% nationwide. This is driven by very high private sector rents, which in turn lead to significant losses from reforms to Housing Benefit. We estimate that 85% of the cash impacts of reform are accounted for by cuts to tax credits, lower uprating of benefits, and reforms to Housing Benefit in the private rented sector. The social sector size criteria and the benefit cap account for just 3% of the financial impacts of reform (£1.5 million).

These headline figures mask wide variations in household impacts. The benefit cap, for example, affects only 163 households but has an average impact of £3,964 per year. Meanwhile benefits uprating affects over 24,000 households with an average
impact of £306 per year. Reforms to the Local Housing Allowance in Housing Benefit affect 10,455 households with average losses of £1,192 a year.

**Cumulative impacts for different household types**

We have modelled reform impacts for eleven household ‘types’ based on their age, family formation, tenure and disability. We find that:

- Impacts on disabled people are on average 13% higher than for non disabled people – at £2,490 per year. Around 40% of those impacted are disabled.

- Women see losses around 22% higher than for men, at £2,520

- Older people (45-64) see smaller losses than for younger age groups, with young people aged 18-24 seeing the largest losses, at £2,600

Looking at household types, we find that those living in social housing or not on Housing Benefit generally face smaller impacts. However, those living in social housing who are disabled face far larger impacts than their non-disabled peers: £1,780 compared with £1,035.

For private renters, **age, disability and children all make significant differences to the impacts of reform.** Among the under 35s, impacts for those with children are more than twice as high as for those without. Over 2,000 young families with children are over £4,400 worse off this year as a result of welfare reforms. For the very small group of these families where one or more family member is disabled (around 245 households), those impacts rise to over £5,000. For those aged over 35, childless households see losses of less than £2,000, compared with losses of around £4,000 for those with children (and larger losses for larger families).

**Understanding non-financial impacts**

Welfare reform is likely to be a contributing factor to the large growth in temporary accommodation in the City (which has more than doubled over the last five years), the growth in the waiting list for social housing (now standing at 20,350 households) and the growth in homeless decisions (up by nearly 50% since 2010).

For residents of social housing, welfare reform is contributing to a growth in rent arrears. 55% of Council households affected by the size criteria are in arrears, on average by £292 (with 71 households owing more than £500). Overall, arrears have risen by 52% between 2012/13 and 2013/14, from £639,000 to £971,000.
Impacts of welfare reform

Residents interviewed for the study were from a variety of backgrounds and the research captured a wide spread of welfare reform impacts. Participants had typically been affected by three reforms, with six participants had been affected by more than five reforms.

Levels of understanding of changes to benefits

Residents’ knowledge and understanding was found to be weaker for two main reasons: first, a lack of trust in official communications, and/ or secondly, due to lower capacity to understand written communications. This former group tended to ignore communications and relied instead on their own networks for information. The latter group included those with learning difficulties, dyslexia or health conditions. Some vulnerable residents had had home visits from Council staff, and as a consequence were much clearer about reform impacts and support options.

There were also differences in the level of residents’ understanding between different reforms, partly linked to differences in capacity and trust. Most of those affected by reforms to disability benefits, sanctions, the benefit cap or the size criteria understood that they had been affected or would be in the future. Less well understood changes were to Council Tax and to the Local Housing Allowance. Many residents reported having their (private rented) housing benefit reduced, but few – if any – understood why this had happened.

Across all participants, there was a general confusion and bewilderment at the scale and succession of changes to benefits, with it often being difficult to distinguish between changes.

Cross-cutting impacts of welfare reform

By far the biggest impacts reported were financial. For those with multiple reform impacts, or affected by benefit reforms with large financial penalties, impacts were often significant and growing. Some households in the private rented sector had benefit shortfalls of upwards of £500 a month, with residents rapidly acquiring debts and being threatened with eviction or receiving court summons for Council Tax arrears. Most were acutely aware that their position was unsustainable, but were not clear on what they could do to alter it.

More broadly, the research found both immediate and medium term impacts on standards of living – with residents eating less, heating less, buying cheaper food.
The impacts of welfare reform on residents in Brighton & Hove

and attempting to mitigate effects on their children. Most described growing gaps, as benefits increased by less than bills and housing costs.

Residents also reported that their capacity to manage money and deal with financial emergencies was significantly reduced, with savings depleted and sources of spare income gone.

There appeared to be series of responses that residents would make towards dealing with their debts.

- For those who could, additional loans from family or friends were used. However, residents felt increasingly guilty about using these channels.

- For those without access to informal lending, residents generally either looked to crisis loans or Discretionary Housing Payments. However, some residents felt that there was now no funding available to help meet their financial needs.

- In a small number of instances, residents turned to pay day lenders in order to make up shortfalls. This included some residents with mental health problems, who appeared to have poor social networks and were particularly vulnerable to irresponsible lending.

The majority of residents reported significant effects on their health and wellbeing. Residents reported feelings of powerlessness and a lack of perceived options to change their situations, leading to stress, anxiety and in some cases insomnia and low level depression. For those with pre-existing conditions, financial strains exacerbated these or made them harder to manage. In addition, we found widespread impacts on residents’ ability to maintain relationships with family, take part in social activities and engage with friends and networks.

A number of participants, particularly those claiming health-related benefits, were significantly impacted by the perceived constant need to (re)apply for benefits, justify themselves and challenge decisions. This contributed to deeply negative views about their own skills and abilities, and to be constantly reminded of the negative impacts of their illness or disability.

At family and community level, welfare reform could both strengthen but also add strain to existing bonds. Some residents reported that cuts in benefit had led to strains in relationships and arguments. More broadly, familial and community networks appeared to be rallying round to help ‘tide over’ members that were in financial difficulty. However, it was also clear that residents felt that this mode of support was unsustainable over the longer term.
Responses to welfare reform

This study found little evidence of desire or capacity to move to affordable accommodation or to find employment as a solution to their reduced benefit income. Overall, residents were in ‘crisis management’ mode – dealing as best they could with individual crises around benefits, money, housing, family and so on, with the underlying drivers of those crises almost always going unresolved.

On housing, many residents reported significant structural barriers. Most commonly, those in the private rented sector wanted to access social housing at affordable rents – but knew that they were unlikely to get this. Those looking in the private rented sector were acutely aware that it was unaffordable, leading some to live in over-crowded, sub-standard accommodation. All residents had very strong desires to stay in the city – driven by emotional and community ties, family networks and children’s needs.

The research found very little evidence of respondents finding employment or taking steps to prepare for or look for work. Many reported that they wanted to work, but faced a range of barriers. Internal barriers were around health conditions and disability, relevant work experience and the length of time out of work (due to ill health, caring or unemployment). Many also reported that there were unlikely to be suitable jobs – in particular, that could fit around caring or health conditions.

Experiences of advice and support

A number of residents were benefiting from multiple different sources of advice and support. These were particularly services in the voluntary sector including Brighton Housing Trust, The Federation of Disabled People, Citizens Advice, The Bridge and the Brighton Unemployed Centre. Disabled residents and those with health conditions who could access advice services were greatly helped by these, particularly where they were seeking to navigate the complexity of the system.

Care workers appeared to be effective gateway practitioners to other services for the most vulnerable residents and were often singled out for praise, while food banks were identified as an important support – providing ‘breathing space’ where there were particular short-term needs.

There were mixed experiences of support from the Council and Jobcentre Plus. Negative experiences were usually around their roles in administering welfare reforms – in particular Council Tax or checking benefits eligibility. This led to often low levels of trust and negative views of services. Where residents had received more personalised support – for example from a Council housing adviser or a
Jobcentre Plus work coach – experiences could be very positive. However, many of those interviewed had had very little or no recent experience of employment support, or had not approached the Council so were not aware of what support may or may not be available.

A number of participants reported that they had received Discretionary Housing Payments, although there was less evidence that this had led to any longer-term changes in their circumstances.

In general, support was often (necessarily) short-term in its nature, with few signs that this was linking with longer-term support around budgeting, housing or employment. People often then conceived of their own needs in the short-term. A number of residents felt that they needed a concrete, practical solution to their problems.

Finally, many respondents were aware of Universal Credit, and most wanted specific information on what the changes would mean for them. Some felt that monthly payment would be a positive step, but the great majority were worried about it. Some residents without IT skills were concerned about the move to an online only system, feeling that support should still remain in person. Most residents felt that they would simply deal with Universal Credit when it arrived.

**Supporting residents**

We consider that there are four key priorities for future work, as follows:

- **Identification and communication** – monitoring impacts, identifying key groups and residents most negatively affected, targeting communications
- **Engagement** – reaching those at greatest risk and engaging them effectively
- **Targeted support** – to manage and mitigate the impacts of reform
- **Building resilience** – towards longer-term responses (financial, employment and housing)

**Identifying impacts on residents and communicating effectively**

Whilst many of these issues have been identified as areas of concern both by the Council and by stakeholders, they are not systematically and regularly monitored at a City level. **There would be value in the Council, and its partners, exploring the scope to regularly collect, share and monitor data on the impacts of welfare reform across the City.** This sort of approach would ideally monitor both
the known financial impacts of reform on areas and groups, and how the consequences of reform are felt on key indicators around housing, debt and inclusion.

This City-level monitoring should help to identify priority areas and groups, but would not in itself identify individuals that may be at crisis point or at risk of falling into crisis. A common theme in the research and in workshops was the need to identify risks earlier and to assess needs in a more systematic way. We would consider that households affected by reform can be loosely grouped into three: those coping or struggling, those at risk of crisis, and those in crisis. This is set out below.

**Figure 1 – Grouping residents affected by welfare reforms**

**Coping/struggling**
- Likely most of those affected
- Often working households
- Smaller losses, fewer 'cumulative' impacts

**At risk of crisis**
- Families in the private rented sector
- Disabled people or those with health conditions
- Those affected by multiple reforms, sanctions
- Contributing factors, e.g. poor mental health or poor networks

**In crisis**
- Where multiple problems or impacts combine
- Those reaching a tipping point - debt, illness, housing or family problems, sanction

**Recommendation 1: Consideration should be given to developing an ‘early warning system’ for identifying residents that are at risk of crisis or falling into crisis.**

The early warning system should build on the evidence in this research, and in particular on the factors set above. Ideally, this would be a common approach between partners – including the Council, advice services, food banks and Jobcentre Plus. It could be applied not just where individuals approach services for support, but also where key tipping points are being reached – such as sanctions with hardship support, or housing debt.
The impacts of welfare reform on residents in Brighton & Hove

As part of this, there may be scope for the Council to develop light-touch guidance for its own staff on identifying those at risk of crisis, the support available, and how to help residents to access more specialist support where needed.

The research finds mixed levels of understanding of the impacts of reform and of how to get help. One area of specific concern was around Housing Benefit in the private rented sector, where there are the most significant impacts and where it was felt that many residents get very little information on changes to benefits and their options. It may be worthwhile therefore to review the approach taken to communicating with residents that claim Local Housing Allowance.

Engaging with those residents most at risk or at crisis

The fieldwork with residents identified a number of stages in accessing support to deal with welfare reforms: first from friends and close networks, then community resources, then city-wide or national help, and finally emergency supports. This was not always a linear journey – residents could be accessing emergency help as well as support from friends, or may approach an agency before their family – but this general pattern was followed in most cases. At each stage, numbers of residents reduce but also needs increase.

There is clear value in engaging earlier with residents at greatest risk. Both the new Moneyworks service and the pilots of ‘Money Mentors’ in Council housing would be good models to build on.

Recommendation 2: The Moneyworks ‘community frontliner’ model and ‘Money Mentors’ in Council housing should be built on to try to engage residents earlier and to link them up with support services.

A further, existing approach that could be built on is the Benefits Advice Outreach Service, which operates in GP surgeries in Brighton & Hove (funded by the Council and delivered by Citizens Advice). Given the overlaps between poor health and welfare reform, that mental health has been identified as a contributing factor to negative impacts, and that illness is likely to be one of the events that could trigger a crisis, there is a strong rationale for building on this service in order to engage residents affected by welfare reforms and not yet in contact with support.

The research also identifies that in some cases, residents struggled to understand messages that were being communicated through letters from the Council or Jobcentre Plus, or to understand where they should go for support. In many cases
this appeared to be linked to issues around literacy and numeracy. There would be value in reviewing systems both for identification of needs and then engaging with those residents.

**Providing targeted support to respond to reform**

Five key support needs were identified in the research: income, benefits, housing, health and employment. Issues were also raised around how support is joined up.

**Benefits and housing advice services** appear to be under significant pressure in the City, driven largely by changes to funding but also by rising caseloads and demand. The Council is currently reviewing the commissioning of advice services. This research suggests that **housing advice, particularly for those with rent shortfalls in the private rented sector, is an area of high priority need within the city.**

Alongside this, since July 2014 the Council has invested in caseworker support for those affected by the overall benefit cap. This caseworker approach appears to have been effective. This research suggests that **there may be a similarly strong business case for intervening to support those affected by LHA reforms but not subjected to the cap.**

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**Recommendation 3:** A more intensive, caseworker-led housing support for those affected by LHA reforms and at risk of eviction should be considered.

On **health needs,** welfare reforms appear to be exacerbating issues for some residents around poor mental health, anxiety and stress. The Brighton & Hove Wellbeing Service should be well placed to support many of these residents, while secondary mental health services are often well placed to support or refer on those that appear to be being adversely affected by the impacts of welfare reforms. We consider that **it would be worthwhile for the Council, voluntary sector and Clinical Commissioning Group to work to raise awareness of the Wellbeing Service among those affected by reforms,** and to improve signposting to support to deal with welfare reforms for those in contact with specialist services.

The research identified a clear gap around **employment support** for residents affected by welfare reform. Where this support is provided in a co-ordinated and intensive way, it can often be effective. The Council and Jobcentre Plus in the first instance should work together to explore the scope for commissioning more targeted support to residents affected by reform, potentially through the Flexible Support Fund and/ or European Social Fund projects.
Recommendation 4: There should be consideration of joint commissioning of intensive employment support for residents that are out of work, want to work and affected by welfare reform.

The research identified that often residents had had contact with different support services and local public services. There may be scope therefore to explore how services can best be linked up so as to reduce the burdens on individuals and the risk that people slip through gaps. The Council is currently exploring the potential for this through a European funding bid, and if successful this could be built upon.

Building resilience

The City Council is currently developing its new employment and skills strategy. We consider that there would be value in exploring how support can be extended, improved and better aligned for those claiming ESA and IB, those in large families (including lone parent families) and those with complex needs. In other city regions, these debates have gone hand-in-hand with negotiations around greater devolution and local control over central government funding for those further from work, and it is likely that similar discussions will take place in the new Parliament.

Alongside this, the new funding round for the European Social Fund opens up the opportunity to extend employment support for disadvantaged residents. In total, just over £10 million will be available across the 'Coast 2 Capital' area between 2015 and 2020, targeted at groups identified in this research. There should be scope for the Council and its partners to develop bids that would extend and improve employment support.

On housing, workshop discussions highlighted that there may often be a reluctance among frontline staff to have difficult conversations about finding work, moving home or finding accommodation outside the city. This may lead to problems getting worse and contribute to perceptions that moving home or finding work was not an immediate priority. We recommend looking in more depth at this, to determine whether residents are being made aware of their longer-term options and receiving (or being signposted to) the right support.

Recommendation 5: Residents at risk of homelessness from the private rented sector with shortfalls between Housing Benefit and rent should be encouraged to have difficult conversations earlier.
Finally, it is important that the Council begins its preparations now for the rollout of Universal Credit. This will place new demands on services to ensure that residents are not digitally or financially excluded, and that partnerships are able to link up to provide appropriate support. The Council and partners should look to learn from the current ‘Universal Support delivered locally’ trials being run in other areas, and to reflect on their own readiness for Universal Credit.

**Recommendation 6**: As part of preparations for Universal Credit rollout, a joint taskforce should consider how services may need to respond in order to improve triage, budgeting support, digital support and partnership working for residents entering the benefits system.
1 Introduction

The Centre for Economic and Social Inclusion (Inclusion) and Rocket Science were commissioned by Brighton & Hove City Council to assess the impacts of welfare reform on Brighton & Hove residents. The research commenced during the spring of 2014 and the fieldwork with residents was completed between September 2014 and January 2015. This report presents the findings of all research conducted during this time.

Aims and objectives

The aim of the research study was to assess the impacts of government welfare reforms on Brighton & Hove residents and services, to explore how residents have responded to changes, and to provide the Council with recommendations on the design and delivery of future support and services. The focus of the research has been on residents of ‘working age’ – i.e. aged between 16 and 64.

Research questions

Brighton & Hove City Council set the following three key research objectives:

- To review the national evidence on the local likely cumulative impact of welfare reforms;
- To review the national and local evidence to identify those who are most affected by welfare reform; and
- To assess the impact of welfare reforms for those people experiencing greatest impact locally.

Methodology

Inclusion adopted a mixed, quantitative and qualitative research approach. Owing to the spatial differences across Brighton & Hove, the research team actively recruited in a number of different areas of the city – with a particular focus on Moulsecoomb, Queens Park, Brighton City Centre, Portslade and Knoll.

The methodology was designed in the following sequence:
The impacts of welfare reform on residents in Brighton & Hove

Scoping

Between March and June 2014, we conducted a rapid evidence review on the impacts of reform on local areas and existing research evidence on Brighton & Hove. This stage included an analysis of:

- National and local levels assessments conducted by Inclusion, IFS, DWP and comparative data for other local authorities; and
- Brighton & Hove assessments and data tools including the City Snapshot report of statistics 2014\(^1\) and Community Insight\(^2\) tool.

In addition, we undertook 20 in-depth interviews with key stakeholders in the City including advice agencies; debt management, benefits and mental health specialists; landlords; Council staff; and others involved in the delivery of services to residents. The interviews captured representatives’ views on:

- The scale and impact(s) of welfare reforms on residents
- The responses of residents to welfare reforms
- Changes in the level of demand for services and the profile of residents requiring support
- The extent of any cumulative impacts of welfare reform on residents
- The capacity and capability of local support services to meet these needs
- Key support needs and priorities for the future

This was supplemented by an online survey of stakeholders to further explore issues around reform impacts, responses, impacts on services and changes over time.

Quantitative analysis

Alongside this, we analysed administrative data from Housing Benefit records (the Single Housing Benefit Extract), the 2011 Census and national (government) estimates of the impacts of individual reforms in order to model the cumulative impacts of welfare reforms on Brighton & Hove residents. This data was combined to create an Excel-based model that could estimate the cumulative impacts for:

\(^1\) http://www.bhconnected.org.uk/content/reports
\(^2\) http://brighton-hove.communityinsight.org/
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- Different family ‘types’ – which drew on subsequent findings for those most at risk of negative impacts; and

- Groups with different characteristics – including protected characteristics where available, in particular age, gender and disability.

**In-depth qualitative research with residents**

Following the collation of these findings, we conducted 35 in-depth face-to-face interviews and three focus groups with residents affected by welfare reforms. These were sampled through a mix of:

- Open recruitment via advice agencies, Children’s Centres and other services within target areas;

- ‘Opt-in’ mailings to residents in receipt of Housing Benefit, that lived in target areas and that met criteria identified in the earlier stages of research; and

- Targeted recruitment, working with more specialist organisations to ‘top up’ samples for under-represented groups.

This approach was intended to ensure that the qualitative findings would capture both the range of experiences across different groups likely to be impacted by reform, and also differing levels of engagement with different kinds of statutory and voluntary and community sector (VCS) support services. Final interview sample characteristics can be found in Annex A.

The qualitative in-depth research aimed to capture:

- Direct impacts of welfare reform – including what reforms residents were being affected by and their feelings towards reform

- How residents had responded to welfare reform

- Experiences of support and the impacts of receiving support

- How residents would cope with monthly payment of benefits and claiming online under Universal Credit

Due to the complexity and range of different welfare reform impacts that could affect interviewees, the interviews were structured using paper ‘impact capture tools’ which enabled the respondent to create a visual timeline of different welfare reforms and attendant impacts.
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The three focus groups provided small scale forums in which research participants could discuss in-depth their different experiences of welfare reforms. The group dynamic allowed participants to discuss their different standpoints and explore the reasons behind similar or different perspectives. This allowed for a richer understanding of residents’ views and to move beyond purely descriptive accounts. The groups were structured as ninety minute sessions which covered the major reform impacts, experiences of statutory and VCS support services and knowledge of future benefit changes. A participatory ‘solution tree’ method was used to map the different welfare reforms and impacts. Following discussion of available support services and strategies to cope with these changes, participants were then invited to propose solutions that they would recommend to those facing similar challenges.

**Options appraisal**

The final stage of the project involved identifying and exploring potential options and recommendations for the future design and delivery of support for residents. This involved two workshops with Council officials and key stakeholders (the first in August 2014 and the second in January 2015) and a small number of further in-depth interviews and discussions with stakeholders.

Throughout the research, the project was supported and overseen by a steering group comprising City Council officials, the Advice Partnership and Community Works.

**Report outline**

Chapter 2 assesses the quantitative impacts of welfare reforms on residents of Brighton & Hove. This sets out both the direct financial impacts (including cumulative impacts) and the impacts on wider indicators including housing and debt.

Chapter 3 describes those who participated in the qualitative research and their experiences of welfare reform. It identifies key groups impacted by reforms, their understanding of reform, and the impacts of reform on their finances, their health and wellbeing, their family and relationships, and other indicators.

Chapter 4 then sets out how residents have responded to welfare reforms. In particular, this explores the extent to which residents have been able to take steps to increase their income, make up shortfalls in income, and make housing choices.

In Chapter 5, we set out options for how future support and services for residents can help to address the impacts of welfare reforms.
2 Context and welfare reform overview

The Brighton & Hove context

Employment and benefits – a dual economy

Brighton & Hove has recovered strongly from the recession, and is now well placed to benefit from the emerging economic recovery. As Figure 2.1 below shows, Brighton & Hove was hit hard by the ‘double dip’, with the employment rate falling below 70% for most of 2011. However since then, the labour market has recovered strongly – with the employment rate now close to historic highs, and more residents in work than ever before (137,000).

Figure 2.1 – Working age (16-64) employment rate in Brighton & Hove

This improvement in the jobs market has been driven in particular by employment in senior and professional occupations – which now account for 60% of all employment
among residents, up from around 50% five years ago. At the same time, employment in medium-skilled and technical jobs has declined by a similar amount (from 30% to 20% of employment) while lower skilled employment has remained constant at around 20% of the workforce. This ‘dual economy’ – of strong growth at the top of the labour market and stagnation at the bottom – is also reflected in wages, with gross weekly pay for the lowest-paid quarter of the workforce still just below 2008 levels.

Given these trends, it is perhaps unsurprising that the headline strong growth in employment among residents has not been shared by those claiming ‘out of work’ benefits. In common with many cities and coastal communities, Brighton & Hove has always had high rates of benefit receipt and concentrations of deprivation. However as the labour market in the city has recovered, employment overall has grown three times faster than benefit receipt has fallen – so most of the gains since 2011 have been felt by those not previously on benefit. Overall, 18,300 residents in Brighton & Hove claim an out-of-work benefit, equivalent to more than one in nine of the adult population (11.7%). This compares to under one in ten (9.4%) in the South East as a whole.

Underneath these figures, as Figure 2.2 below shows, all of the fall in benefit receipt since the recession began has been amongst those claiming Jobseeker’s Allowance (JSA) or claiming Income Support as lone parents. For lone parents, this in turn has been driven by changes in eligibility for benefit – with most lone parents now no longer entitled to claim Income Support (with most instead claiming JSA).

Meanwhile, receipt of Employment and Support Allowance (ESA) and incapacity benefits (which ESA replaced in 2007) has remained virtually unchanged over the last decade. Claimants of these benefits have a health condition or disability that substantially limits their ability to work, and usually have little or no additional support to prepare for or find work. Fully 12,800 residents – or 70% of all those claiming benefit – are on ESA or IB (up from 56% in the depths of the recession). These groups are far less likely to be able to respond to the impacts of welfare reform, and are also more likely to be negatively impacted by reforms.

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3 Source: Annual Population Survey  
4 Source: Annual Survey of Hours and Earnings  
5 Jobseeker’s Allowance, Employment and Support Allowance, incapacity benefits or Income Support for lone parents  
6 Source: NOMIS and Annual Population Survey
Concentrations of disadvantage and deprivation

As noted, Brighton & Hove is a city of contrasts, with a number of areas seeing high concentrations of disadvantage and deprivation. At Ward level, benefit receipt is far higher in East Brighton and Queen’s Park, with around one in five residents claiming an ‘out of work’ benefit (predominantly ESA or incapacity benefits). Receipt is also high (around one in eight residents) in Moulsecoomb, South Portslade, Hangleton and Knoll and St Peter’s and the North Laine.

On a composite measure of deprivation compiled in 2010 (the Index of Multiple Deprivation), Brighton & Hove as a whole ranks in the top 20% of local authorities nationwide for its concentrations of deprivation, and in the top 30% for the proportion of the population living in deprived areas. This deprivation is particularly pronounced on measures of employment and income.

Figure 2.3 below sets out in more detail where those areas of deprivation are found. Many of these are in the Wards identified above, particularly the East and North of the city. However we also see distinct pockets of deprivation around Brighton City Centre, Hove Station, Preston Barracks and Portslade.

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7 Source: English Indices of Deprivation, 2010
The impacts of welfare reform on residents in Brighton & Hove

Figure 2.3 – Brighton & Hove Super Output Areas ranked on Index of Multiple Deprivation, 2010, with proposed case study areas highlighted

Housing – high rents, high demand, constrained supply

Compounding these challenges around benefits dependency and deprivation, Brighton & Hove is also characterised by a housing market that has become increasingly unaffordable for those living in the city. Both house prices and private rents are among the very highest outside of London, and the Council has estimated that 88,000 households cannot afford housing on the open market without either subsidy or disproportionate cost.

The city’s housing strategy identifies a range of factors driving this: particularly geography (bounded by the sea and National Park), proximity to London, student demand and the attraction of the city to those on higher incomes.

For those claiming benefits however, the high costs of housing exacerbate the impacts of welfare changes and make it harder still to respond to reforms. Analysis

Source: Indices of Multiple Deprivation, Brighton & Hove City Council analysis

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by the Council shows that in the private rented sector, **fewer than 2%** of the homes advertised for rent in the latest month would be affordable for those claiming Housing Benefit, and no homes would be affordable for claimants aged under 35\(^9\).

This lack of affordability in large part stems from changes made to how the Local Housing Allowance in Housing Benefit is calculated, which are explained in detail later in this Chapter. The net effect is a wide and growing gap between the costs of renting and the level of housing support. This is illustrated in Figure 2.4 below, which shows significant shortfalls both against median rents and the lowest rents (the 30\(^{th}\) percentile) for all housing types except studio flats. Even the lowest priced rented houses are over £300 a month more expensive than the maximum available Housing Benefit.

**Figure 2.4 – Shortfall between advertised monthly cost of renting and maximum Local Housing Allowance, Brighton & Hove, Q4 2014**

![Graph showing shortfall between advertised monthly cost of renting and maximum Local Housing Allowance](image)

Source: Brighton and Hove Housing Costs Update

And while the Council has succeeded in building the first new Council homes in a generation, demand for social housing far outstrips supply, with around 20,000 households on the Housing Register, and an estimated shortfall of affordable homes of around 17,000 by 2017\(^{10}\).

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\(^9\) Brighton & Hove City Council Rent and Local Housing Allowance Comparison, February 2015

\(^{10}\) Brighton & Hove City Council Housing Strategy 2015
The fiscal and delivery context

Finally, welfare reform is clearly not happening in isolation from wider pressures on service delivery and funding. Within Brighton & Hove, Council funding has reduced by £77 million over the last four years and is expected to reduce by a further £102 million over the next four – at a time of population growth and rising demand (driven in particular by social care).

Inevitably, this means that the Council will continue to shrink in size, employing fewer people and working in new and different ways with its partners, providers and residents. For those affected by welfare reforms, it means that the Council will play less of a role as the direct funder of services, and more of one as an enabler, facilitator and collaborator.

An overview of welfare reform

It is within this context that the government’s welfare reforms have been felt – of a strong but unequal labour market, continued high rates of benefit receipt, concentrations of deprivation, an unaffordable housing market and shrinking funding for local government.

The welfare reform agenda represent the most fundamental changes to the benefits system in a generation: intended both to reduce dependency on social security and also to play a key part in the Government’s deficit reduction strategy – generating savings of more than £15 billion per year across Britain by the end of the Liberal Democrat/ Conservative Coalition Government, equivalent to £1 in every £7 spent\(^\text{11}\).

Reforms have been made to the way that benefits are delivered, eligibility for benefits and their generosity. The breadth and scale of reforms means that in practice, nearly every adult household that claims benefit has seen their benefits changed or reduced. This research has been concerned with capturing the impacts of all reforms that have taken place since 2010, namely:

- **Changes to Housing Benefit for renters in the private sector** which began in 2011: restricting the maximum Local Housing Allowance payment to the thirtieth percentile of average local rents, introducing Housing Benefit caps, restricting HB to a (lower) “Shared Room Rate” for most claimants aged under 35, and changing the formula for annual increases in benefit.

\(^{11}\) Source: HM Treasury and *Inclusion* calculations
The impacts of welfare reform on residents in Brighton & Hove

- **Changes to tax credits.** These began in 2011 and predominantly affect low income working households – including reductions in the basic, 30-hour and childcare elements of tax credits; increases in the child element; and changes to working hours requirements, thresholds, disregards and withdrawal rates.

- **The uprating of benefits and tax credits** by 1% instead of the Consumer Prices Index. This lower uprating affects all of the main benefits and began to take effect in April 2013. By increasing benefits by less than inflation, it reduces benefits in ‘real’ terms and further increases the gap between household income and living costs.

- **The introduction of ‘size criteria’** for most Housing Benefit recipients in social housing, reducing awards by 14% where tenants are deemed to have one spare bedroom and 25% where they have two spare bedrooms. Introduced in April 2013, this is also known as the ‘bedroom tax’ or ‘spare room subsidy’. In this report we describe it as the social sector size criteria.

- **The introduction of a cap on total benefit receipt** for most households where no adult is in work, of £500 a week for families or £350 a week for single people – introduced in August 2013 in Brighton & Hove.

- **Increases in the deductions taken from Housing Benefit and Council Tax Benefit** in respect of other adults living at the property – known as ‘Non Dependant Deductions’.

- **The replacement of Disability Living Allowance** with a new benefit called the Personal Independence Payment (PIP), with generally tighter eligibility and often lower awards. PIP is now in place for all new claimants, with existing claimants of DLA due to be reassessed from late 2015.

- **The restriction of contributory Employment and Support Allowance to one year** for claimants in the “Work Related Activity Group” (that is, those deemed as capable of preparing for work). This was introduced in April 2013 and mostly affects households where someone is in work or where there are other sources of income. Previously, contributory ESA was paid without any time limit.

- **The reassessment of existing claimants of ‘incapacity benefits’** under the new Employment and Support Allowance regime. This was announced by the Labour government but took place during the period of Coalition Government (and has not yet been completed). Around one in five claimants of

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12 Defined as Contributory Incapacity Benefit, means-tested Income Support with Disability Premium, means-tested Severe Disablement Allowance
incapacity benefits have been found fit for work as part of this process, leading to lower benefits and increased requirements to look for work.

- The **localisation of Council Tax Support** (and abolition of Council Tax Benefit), which took effect in April 2013. As well as replacing the national CTB system with new local schemes, this reform also included a built-in funding cut of around 20%. As a consequence, many Local Authorities now require out-of-work benefit claimants to pay part of their Council Tax liability. In Brighton, these claimants are required to pay 8.5%.

- **Reform of sanctions** – where there has been an upward trend in sanctions referrals, some growth in ‘adverse decisions’, a large increase in sanctions for those on ESA, and since October 2012 far larger penalties.

- The **introduction of Universal Credit**, which is replacing the main means-tested benefits for those on low incomes in and out of work with a single benefit paid to the head of the household. Universal Credit is being rolled out in phases, and will lead to significant changes in benefit entitlement for some households (particularly those with low earnings or with disabled people in them) as well as changing how benefits are claimed and paid.

### Estimating cumulative impacts of welfare reform

The Government produced national estimates of the financial impacts of individual benefit reforms at the time that reforms were being introduced. However, with a few exceptions, ongoing assessments of the financial impacts of reforms have not been made by central government, nor have there been assessments of impacts at the local authority level. In addition to this, no assessment has been made by central government of the cumulative impact of benefit reforms on households with different characteristics or circumstances. This has limited the ability of local areas to understand the financial impacts of changes to benefits on their residents.

To help to address this, *Inclusion* undertook detailed modelling for the Local Government Association in 2013 to estimate the financial impact of the main benefit reforms – individually and cumulatively – to Local Authority level. This used the Government’s published national estimates of reform impacts, and apportioned these to local authorities according to the profiles of relevant benefit recipients and

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13. Housing Benefit, Jobseeker’s Allowance, Income Support, Employment and Support Allowance, Tax Credits
expenditure. This modelling enabled us to estimate the average impacts of reform on benefit claimants in different areas, the contributions of different reforms to those impacts, and how those vary between areas. However, the estimates are necessarily ‘top down’ – drawing on estimated rather than actual data – and limitations to the data mean that it was not possible to estimate the impacts of reform according to claimants’ characteristics or circumstances.

In order to address this, for this project, a new modelling approach has been developed that builds up from actual, local authority-level data on Housing Benefit claimants supplied by the City Council. This data provides both actual impacts of a number of specific reforms (all reforms to Housing Benefit, Council Tax reform and the benefit cap) and detailed information of the characteristics of residents and the benefits that they claim. This in turn allows for detailed modelling of cumulative impacts for different groups. Estimated impacts of benefit reforms not directly captured in the HB data\textsuperscript{15} were then apportioned to claimants based on robust methodologies similar to those used in the 2013 LGA project. In addition, data from the Census and the Family Resources Survey was used to further estimate the average impact of reform on the minority of benefit claimants that do not claim Housing Benefit (i.e. owner occupiers and higher-income renters).

More details on the modelling approach and assumptions used are at Annex B.

The results of this modelling are presented in this report – producing estimates of cumulative impacts overall (all claimants in Brighton & Hove), at Ward level and for a range of family types and protected characteristics. It is believed that this is the first time that a cumulative assessment of impacts has been produced for family types and characteristics.

This analysis includes all of the reforms listed above, except for the reassessment of IB claimants for ESA and the introduction of sanctions – where data limitations mean it is not possible to robustly estimate impacts. Universal Credit is also excluded, as this has not yet been implemented.

**The cumulative financial impacts of welfare reform in Brighton & Hove**

Using the modelling developed for this project, we estimate that around 25,400 households within Brighton & Hove have seen their benefits reduced as a result of

\textsuperscript{15} Specifically: cuts to Tax Credits, the introduction of Personal Independence Payment, the time-limiting of Contributory Employment and Support Allowance, and the 1\% uprating of benefits
The impacts of welfare reform on residents in Brighton & Hove

welfare reforms. On average, these households are £2,300 per year (£44 per week) worse off than would have been the case if benefit reforms were not introduced. In total, welfare reforms have reduced benefit spending within the City by around £59 million per year.

We estimate that the average impacts in Brighton & Hove are in the top 10% of impacts nationwide. These high impacts are driven in particular by very high private sector rents, which in turn drive very significant losses from reforms to Housing Benefit. This is set out in more detail below.

The impacts of specific welfare reforms

Figure 2.5 below sets out the estimated cash impact of specific welfare reforms within Brighton & Hove. We find that – in common with almost all other areas – the reforms with the largest impacts are those that affect the most claimants – so changes to uprating, to tax credits, and to private rented sector Housing Benefit.

**Figure 2.5 – Breakdown of savings in 2015/16, Brighton & Hove (£million)**

Source: *Inclusion* analysis
The impacts of welfare reform on residents in Brighton & Hove

Figure 2.5 shows that 85% of the cash impacts of reform (£44 million) are accounted for by tax credits, uprating and private rented Housing Benefit reforms (LHA and shared accommodation rate). These reforms affect large numbers of claimants both in and out of work. Conversely the size criteria and the benefit cap – which have been the focus of most public and political attention – account for just 3% of the financial impacts of reform (£1.5 million).

It is also noteworthy that around £1 in every £7 of savings is accounted for by reforms that specifically target disabled people and those with health conditions, namely the introduction of PIP and the time-limiting of ESA (£8.7 million).

The analysis above only shows the total financial impacts of reform, rather than the numbers impacted or the average impact per household affected. Looking at these dimensions gives a slightly different picture, as Figure 2.6 below shows.

This shows the number of households affected on the y-axis (bottom to top) and the average impact on the x-axis (left to right). The labels next to each data point also set out the number affected. This analysis gets below the headline financial losses described above to consider the likelihood and the impact of households being affected by welfare reforms.

**Figure 2.6 – Number of households affected by specific reforms, and average yearly income reduction per household (£/ year)**

Source: Inclusion analysis
A number of points stand out from this analysis:

- First, while uprating and tax credits affect very large numbers of claimants in Brighton & Hove, the impacts of these reforms on their own are relatively smaller – at £306 and £837 per year for households affected.

- Secondly, Council Tax reform has affected a very large number of claimants – 14,408 – but with generally smaller financial impacts (£124)

- Local Housing Allowance reforms have, as expected, affected significant numbers of claimants with generally large impacts, with an average loss of £1,192 per year

- Both the benefit cap and ESA time-limiting affect far fewer claimants, but have significant financial impacts (£3,964 and £2,286 respectively). This is most stark for the benefit cap, which affects fewer than 1% of all households impacted by welfare reform but has led to average cuts to benefit of £185 per week.

- The size criteria has impacted relatively few claimants and had a relatively lower financial impact than other reforms, at £744 per household.

It is important to note in this, however, that the analysis above presents only the financial impacts of reform – it does not give us information on households’ ability to respond to or cope with those reforms. This is covered in the qualitative research, which shows that for many disadvantaged households even relatively smaller financial reductions – such as from the size criteria – can lead to significant impacts on household finances, wellbeing and life chances.

**The impacts of welfare reform at Ward level**

Table 2.1 below sets out our assessment of the financial impacts of welfare reform at Ward level. This shows that the areas with the largest impacts are in the centre and the East of Brighton. This is driven in particular by large numbers of households impacted by reforms in these areas. However beneath this, there are some key differences in their characteristics.

In **St Peter’s and North Laine**, claimants are more likely to be in the private rented sector, with this therefore reflected in higher average impacts than in Queen’s Park or East Brighton. In **East Brighton**, residents are far more likely to be in social housing, with consequently lower average impacts. **Queen’s Park** has a mix of both private and social housing.
Areas with the fewest claimants tend to see far smaller overall impacts. However there are generally much larger average impacts in these areas, which in particular reflect large shortfalls in private rents for those claiming Local Housing Allowance.

Table 2.1 – Financial impacts of welfare reform, Brighton & Hove Wards

<table>
<thead>
<tr>
<th>Ward</th>
<th>Total Households impacted</th>
<th>Average impact per household</th>
<th>Total impact (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ST.PETER’S &amp; NORTH LAINE</td>
<td>1,974</td>
<td>£2,028</td>
<td>£4,004,405</td>
</tr>
<tr>
<td>QUEEN’S PARK</td>
<td>2,162</td>
<td>£1,828</td>
<td>£3,952,447</td>
</tr>
<tr>
<td>EAST BRIGHTON</td>
<td>2,024</td>
<td>£1,726</td>
<td>£3,493,099</td>
</tr>
<tr>
<td>GODSMID</td>
<td>1,467</td>
<td>£2,346</td>
<td>£3,441,025</td>
</tr>
<tr>
<td>MOULSECOMB &amp; BEVENDEAN</td>
<td>1,582</td>
<td>£1,961</td>
<td>£3,102,160</td>
</tr>
<tr>
<td>HANOVER &amp; ELM GROVE</td>
<td>1,388</td>
<td>£2,213</td>
<td>£3,071,603</td>
</tr>
<tr>
<td>HOLLINGDEAN &amp; STANMER</td>
<td>1,492</td>
<td>£1,984</td>
<td>£2,960,537</td>
</tr>
<tr>
<td>REGENCY</td>
<td>1,197</td>
<td>£2,452</td>
<td>£2,933,810</td>
</tr>
<tr>
<td>BRUNSWICK &amp; ADELAIDE</td>
<td>1,124</td>
<td>£2,535</td>
<td>£2,848,854</td>
</tr>
<tr>
<td>HANGLETON &amp; KNOLL</td>
<td>1,287</td>
<td>£2,122</td>
<td>£2,730,140</td>
</tr>
<tr>
<td>CENTRAL HOVE</td>
<td>1,009</td>
<td>£2,703</td>
<td>£2,726,911</td>
</tr>
<tr>
<td>PRESTON PARK</td>
<td>1,067</td>
<td>£2,445</td>
<td>£2,607,105</td>
</tr>
<tr>
<td>SOUTH PORTSLADE</td>
<td>899</td>
<td>£2,777</td>
<td>£2,497,150</td>
</tr>
<tr>
<td>WESTBOURNE</td>
<td>920</td>
<td>£2,666</td>
<td>£2,452,897</td>
</tr>
<tr>
<td>WITHDEAN</td>
<td>835</td>
<td>£2,850</td>
<td>£2,378,346</td>
</tr>
<tr>
<td>ROTTINGDEAN COASTAL</td>
<td>778</td>
<td>£2,910</td>
<td>£2,263,348</td>
</tr>
<tr>
<td>PATCHAM</td>
<td>880</td>
<td>£2,561</td>
<td>£2,253,153</td>
</tr>
<tr>
<td>NORTH PORTSLADE</td>
<td>808</td>
<td>£2,660</td>
<td>£2,150,357</td>
</tr>
<tr>
<td>WISH</td>
<td>734</td>
<td>£2,903</td>
<td>£2,131,187</td>
</tr>
<tr>
<td>WOODINGDEAN</td>
<td>707</td>
<td>£2,976</td>
<td>£2,105,543</td>
</tr>
<tr>
<td>HOVE PARK</td>
<td>487</td>
<td>£3,619</td>
<td>£1,763,042</td>
</tr>
<tr>
<td><strong>Brighton total</strong></td>
<td><strong>25,442</strong></td>
<td><strong>£2,311</strong></td>
<td><strong>£58,802,661</strong></td>
</tr>
</tbody>
</table>

Source: *Inclusion* analysis

The Ward-level impacts of individual reforms are illustrated in the three maps below. These show the extent to which the impacts of Local Housing Allowance reforms are felt in central areas (Figure 2.7), the size criteria primarily impacts areas with high social housing (Figure 2.8), while reform of disability benefits most affects those areas in the east where more residents claim benefits (Figure 2.9).
Figure 2.7 – Total financial impact of HB Local Housing Allowance reforms, by Ward

Source: *Inclusion* analysis

Figure 2.8 – Total financial impact of social sector size criteria, by Ward

Source: *Inclusion* analysis
The impacts of welfare reform on residents in Brighton & Hove

The impacts for households with different characteristics

As noted, the above analysis of impacts by reform does not show us the cumulative impacts of reforms for households with different characteristics. So for example the analysis tells us the average impact of the size criteria on those affected, but not the average impact of the size criteria plus lower uprating, tax credits changes and so on for households affected by all of those reforms.

Using the modelling approach set out above, we have grouped residents into eleven household ‘types’ and then estimated both the numbers affected by welfare reforms and the average cumulative impacts of reform for households in each group. The eleven groups were as follows:

- Those in the private rented sector (PRS), aged under 35 and without dependant children
- PRS, aged under 35, with dependant children and not disabled
- PRS, aged under 35, with dependant children and disabled
- PRS, aged over 35 with no dependant children and not disabled
- PRS, aged over 35, with no dependant children and disabled

Source: *Inclusion* analysis
The impacts of welfare reform on residents in Brighton & Hove

- PRS, aged over 35 with 1-2 dependant children and not disabled
- PRS, aged over 35, with 1-2 dependant children and disabled
- PRS, aged over 35, with 3 or more dependant children
- In the Social Rented Sector (SRS) and disabled
- SRS and not disabled
- Not claiming Housing Benefit (predominantly owner-occupiers)

For these modelling purposes, disability was defined as claiming Disability Living Allowance/ Personal Independence Payment, and/ or Employment and Support Allowance/ incapacity benefits. This definition largely reflects the limitations of how disability is recorded in the data being modelled. On the one hand this may under-record those who are disabled – because it excludes those who are disabled but do not claim either of these benefits; however on the other it may over-record disability – as it includes those who claim ESA/ IB but are not disabled. Note that ethnicity was not looked at separately in this modelling, as there is very limited information on ethnicity within the data being modelled.

These groups were chosen to reflect the findings from the initial scoping interviews and analysis, literature review of impacts reported in other studies and government impact assessments and the first workshop with stakeholders in August. The intention in particular was to focus on those groups where previous research and analysis in Brighton & Hove had suggested significant impacts. In particular:

- **Disabled people** are consistently identified as a key group at risk of disproportionate impacts. This reflects both the large proportion of savings accounted for by reforms to disability benefits, and government assessments that suggest that the size criteria and LHA reforms disproportionately impact disabled people. This was reiterated in the scoping interviews.

- **Young people** were highlighted by stakeholders as a key group facing disproportionate impacts – due to the changes to the Shared Accommodation Rate, a higher likelihood of being in the private rented sector, and a greater likelihood of being on benefit due to low pay or being out of work.

- **Having children, and particularly a large family**, is identified in other impact assessments as being a key driver of larger impacts from reform. This reflects both the nature of reforms to tax credits, and also the far larger financial impacts for larger families as a result of LHA reforms (particularly acute in Brighton).
Finally, housing tenure is a key driver of reform impacts in Brighton in particular – with significantly different and greater impacts for those in the PRS than the SRS.

In addition to these eleven groups, the modelling has also enabled us to estimate impacts according to three protected characteristics – age, gender and disability.

Overall, our analysis finds that:

- **Impacts on disabled people** are on average around **13% higher** than for non-disabled people – at £2,490 in 2015/16. Around 40% of those impacted are disabled.

- **Women** see losses around **22% higher** than for men, at £2,520

- **Younger people** see larger losses than older people (aged 45-64), with young people aged 18-24 seeing the largest losses, at £2,600

These separate impacts can lead to very large combined losses. So for example, we estimate that there are around 300 disabled women aged 18-24 who are affected by welfare reform in Brighton, and that on average they are around £3,100 worse off in 2015/16 than they would have been without reform.

Findings for the eleven household types identified in the segmentation above are set out in Table 2.2.

We find that the largest groups are living in social housing or are not on Housing Benefit, but that they generally face smaller impacts. However, those living in social housing who are disabled face far larger impacts than their non-disabled peers: £1,780 compared with £1,035.

Among the private renter groups (as expected), age, disability and children all make significant differences to the impacts of reform.

- For those **aged under 35**, impacts for private renters with children are more than twice as high as for those without children. Over 2,000 young families with children are over £4,400 worse off this year as a result of welfare reforms. For the very small group of these families where one or more family member is disabled, those impacts rise to over £5,000.

- There is a similar picture amongst those **aged over 35**, with childless households seeing losses of less than £2,000, compared with losses of around £4,000 for those with children. The largest families see the largest losses – although there
are relatively few of them (345 families with three or more children, facing losses of on average £4,600).

Where disability is identified separately, it again leads to far larger losses than for non-disabled households with similar characteristics.

<table>
<thead>
<tr>
<th>Household type</th>
<th>Number</th>
<th>Average impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Living in social housing, not disabled</td>
<td>2,720</td>
<td>£1,034</td>
</tr>
<tr>
<td>Living in social housing, disabled</td>
<td>5,349</td>
<td>£1,781</td>
</tr>
<tr>
<td>Private rented, with children, aged under-35, not disabled</td>
<td>1,959</td>
<td>£4,422</td>
</tr>
<tr>
<td>Private rented, with children, aged under-35, disabled</td>
<td>245</td>
<td>£5,085</td>
</tr>
<tr>
<td>Private rented, no children, aged under-35</td>
<td>2,491</td>
<td>£2,243</td>
</tr>
<tr>
<td>Private rented, no children, aged over-35, disabled</td>
<td>2,507</td>
<td>£2,203</td>
</tr>
<tr>
<td>Private rented, no children, aged over-35, not disabled</td>
<td>2,783</td>
<td>£1,525</td>
</tr>
<tr>
<td>Private rented, with 1 to 2 children, aged over-35, disabled</td>
<td>432</td>
<td>£4,499</td>
</tr>
<tr>
<td>Private rented, with 1 to 2 children, aged over-35, not disabled</td>
<td>1,778</td>
<td>£3,794</td>
</tr>
<tr>
<td>Private rented, with 3 or more children, aged over-35</td>
<td>345</td>
<td>£4,628</td>
</tr>
<tr>
<td>Not on housing benefit</td>
<td>4,833</td>
<td>£2,259</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td>25,442</td>
<td>£2,311</td>
</tr>
</tbody>
</table>

Source: Inclusion analysis

**Understanding non-financial impacts**

The direct financial impacts of welfare reform also lead to a range of impacts on other indicators of disadvantage and of demand for services. While it is not always clear the extent to which changes in indicators are a result of welfare reforms (separately from, in particular, the economy or inflation), it is highly likely that indicators of housing and debt are being exacerbated by changes to welfare benefits.
Housing

As noted, the City Council’s analysis suggests that housing in Brighton & Hove is unaffordable for a majority of residents, while reforms to the Local Housing Allowance have contributed to a growing gap between city rents and the level of Housing Benefit.

Welfare reform is therefore likely to be contributing to the large growth in temporary accommodation in the City – which has more than doubled (to 1,398) over the five years to December 2014\(^{16}\); the growth in the waiting list for social housing (up 19% in one year, and now standing at 20,350 households\(^{17}\)); and to growth in homeless decisions – up by nearly 50% since 2010. Overall, 16% of all households in Brighton & Hove are on the social housing waiting list. This figure has risen from 10% two years ago, and compares with a rate of 4% for the South East as a whole.

High rents also mean that many more working households are drawn into the Housing Benefit system and then into welfare reform. 5,200 households on the Local Housing Allowance are in work, or half of all working age households receiving LHA. This figure is rising, and is above the national average (43% of households).

For residents of social housing, welfare reform is likely contributing to a growth in rent arrears. Data collected by the Council, for residents of Council housing, shows that the proportion of households affected by the social sector size criteria that are in rent arrears has risen from 29% at its introduction to 55% on the latest data (February 2014). This has fallen from a peak of 66% of those affected in August 2013. The average level of arrears for these households is £292, with 71 households owing more than £500.

Arrears for those affected by the size criteria account for 12% of total Council housing arrears. Overall, arrears in Council housing have risen by 52% between 2012/13 and 2013/14, from £639,000 to £971,000. This is significantly higher than the overall rent increase (5%). It is highly likely that this reflects both the cumulative impacts of welfare reform and increasing pressures on household budgets.

\(^{16}\) Brighton & Hove City Council Housing Statistical Bulletin 2014/15 Quarter 3
\(^{17}\) Ibid.
Debt and financial inclusion

There is only very limited data publicly available on debt and financial exclusion – specifically, related to insolvency and bankruptcy. However this does not point to any noticeable negative trends or specific impacts from welfare reform.

Overall there were 427 individual insolvencies in Brighton & Hove in the last calendar year, a figure which has fallen slightly on previous years. There were similar trends on data on bankruptcies and voluntary agreements with creditors.

Citizens Advice data suggests high levels of demand for debt advice – with 983 unique clients in 2013/14, and 778 in 2014/15 (as at end February 2015). The most common reasons for requiring advice were credit card debt (16%), overdraft (12%) and unsecured loans (9%). However, the proportion with rent arrears has doubled between 2013/14 and 2014/15, while the proportion seeking help due to debt to friends and family has risen from just three in 2013/14 to 30 in 2014/15.

Conclusion

This analysis shows that the financial impacts of welfare reform within Brighton & Hove have been significant and widespread – with nearly 25,000 households seeing their incomes reduced by on average around £40 per week. Beneath those headline figures, impacts appear to be significantly greater for those in the private rented sector, for those with children, and in particular for young families and larger families. Households headed by women see larger impacts than those headed by men, while the impacts for disabled people are greater than those non-disabled.

Non-financial indicators suggest that reform impacts may be contributing to increased indebtedness, demand for social housing and risk of homelessness.

The very strong growth in private sector rents, and continued demand in the social rented sector, means that for many residents accessing affordable housing (at least within the city) will continue to be challenging. One bright spot, however, is the labour market – where employment has grown strongly in the last two years and unemployment has fallen.
3  Resident experiences of welfare reform

The analysis presented in Chapter 2 helps us to understand the headline financial and non-financial impacts of reform. However it does not get underneath how residents have experienced welfare reform, the impacts on them and their families, their experiences of support and how they have responded to reforms. This is set out in the following two chapters, drawing on the in-depth qualitative research conducted between September 2014 and January 2015.

This chapter sets out how residents have described the effects of welfare reforms on their individual and family lives.

**Resident characteristics**

Overall, fifty-one residents took part in the main research – with thirty-five residents interviewed in depth, and a further sixteen taking part in the three focus groups that explored impacts of reform and responses.

Residents interviewed for the study were from a variety of different backgrounds and the research captured a wide spread of welfare reform impacts.

The research team spoke to slightly more women (28) than men (23). The majority of participants were aged between 35 and 55 – with eight aged under 35 and ten aged over 55. 14% of those who disclosed their sexuality identified themselves as lesbian, gay or bisexual, while the same proportion (14%) were from an ethnic minority community. A majority (59%) of respondents stated that their activities were limited by a health condition or disability – a higher rate than the population as a whole, but reflective of the characteristics of those claiming the main benefits.

The research team spoke to a variety of different household types, with a third being families with children and roughly half from single adult households. Almost all of those interviewed were living in rented accommodation, with a roughly even split between those in the private rented and social rented sectors.

Owing to the relatively disadvantaged cohort that the research team spoke to, a majority of those participating were claimants of out-of-work benefits (the majority of these claiming ESA), with roughly a fifth claiming in-work benefits such as tax
credits. The large majority of those interviewed were out of work, with around 12% being in work or self-employed.

Research participants had been affected by a range of welfare reforms, including:

- Nearly all of those in the private rented sector had been affected by cuts to Local Housing Allowance
- Two thirds of participants stated that they had been impacted by below-inflation uprating of benefits
- Half of study participants were now paying towards Council tax
- Two thirds of participants stated that they had been impacted by below-inflation uprating of benefits
- Thirteen participants were claimants of DLA or PIP, with seven of these having started or completed the assessment process for PIP
- Twelve participants had been former IB claimants who had been assessed for ESA
- Seven participants had applied for ESA but been found ‘fit for work’
- Six participants were affected by the overall benefit cap
- Six participants were affected by the social sector size criteria

In addition, smaller numbers of residents were interviewed that had been affected by sanctions reforms, cuts to tax credits and time-limiting of ESA.

Looking at cumulative impacts, the majority of residents interviewed had typically been affected by three reforms. Six individuals in the study had been affected by more than five reforms, and all of these individuals had been claiming higher rate ESA, Disability Living Allowance (DLA) or had unsuccessful PIP claims. This allowed the research to assess the impact of cumulative welfare reforms with a core cluster of residents with high needs and vulnerabilities, that had previously been of concern to advice and support workers interviewed at the scoping stage.

"The people who are most vulnerable are going to be affected by everything...one thing will have a knock on effect on something else."

(Scoping interview with VCS organisation)

In addition to reporting on findings from the residents that participated in this research, we have also reported on and reflected findings from a focus group on the impact of benefit sanctions, conducted with YMCA service users by the Brighton & Hove Advice Partnership. This focus group and subsequent report was funded by
Residents’ levels of understanding of changes to benefits

There were clear differences between groups in their level of understanding of general welfare reforms and the particular reforms they were affected by. Generally, residents’ knowledge and understanding was found to be weaker for two main reasons; first, a lack of trust in official communications, and/ or secondly, due to lower capacity to understand written communications.

The research found that there were a number of individuals in the study who did not trust official communications (particularly via letter) and would therefore tend to ignore letters or distrust the information within them. In one case, a resident felt that the government was actively producing disinformation. These individuals would tend to rely instead on information that they found themselves through the internet, heard on television or found out from friends and family.

"I just searched it myself [what the benefit cap was]." (40 year old female, single parent, renting privately)

"They sent me a letter [regarding the reductions in housing benefit] when I first moved in, but I didn’t take any notice of it." (33 year old male, single living in a hostel)

In-depth probing found that often the information gathered in these ways was not accurate nor facilitated a full understanding of the implications of the changes. For example, residents on Disability Living Allowance who had found their own information on the reforms often did not understand the timing and process for reassessment of claims, while others did not understand or misunderstood the exemptions for certain groups that would otherwise be affected by the social sector size criteria or benefit cap. In some cases, inaccurate information precipitated increased anxiety over potential changes.

A second group of residents had limited capacity to understand written communications due to learning difficulties or health conditions:

"When I’ve been poorly and I’m on my medication, I’ve got big problems understanding papers... There’s all these words, I don’t know what it means." (54 year old female, single parent, renting a Council property)
"I'm dyslexic and I don't think Brighton Council can presume that people will read everything that comes through their letter box." (45 year old female with partner and child, renting a housing association property)

Vulnerable respondents were much clearer about the implications of changes to their benefits when Council staff had been able to communicate changes in person. This was especially the case where staff had visited residents’ homes as this also provided an opportunity to advise residents on support options.

There were also differences in the level of understanding between different kinds of benefit reforms. For instance, the majority of individuals affected by ‘transactional’ changes – such as the introduction of ESA, PIP or sanctions generally understood that they had been affected or would be in the future:

"I have been awarded my [ESA] claim till next year, then I have to ring up next year and do part over the phone and part recording, writing it all down, that's when they change from ESA to PIP" (Homeless single male, age undisclosed)

In addition, residents often mentioned that they were aware of the benefit cap and social sector size criteria, in some cases because of the media coverage around this, but equally where Council staff has targeted residents and communicated changes in person.

Less well understood changes were Council Tax reform and changes to Housing Benefit that were not related to the benefit cap or size criteria. Many residents reported having their (private rented) housing benefit reduced, but few – if any – understood why this had happened.

"The decision notices [to housing benefit], you get loads of pages and you think what does this mean?" (Female, age undisclosed, with partner and children, privately renting)

Overall, across all residents in the study, there was a general confusion between the purpose of all the different reforms – and when communicated in quick succession, many individuals reported being confused or bewildered about the scale and pace of changes to their benefits:

"It’s just they keep sending me all these letters. All of a sudden you’ve got to pay this." (57 year old single male, renting a housing association property)

Moreover, as one interviewee noted, all the letters that she received outlining different benefit changes appeared very similar (and on similar Council-headed
paper) leading to a general lack of clarity over the different reforms, their purpose and specific details of what would change. In light of the pace of benefit changes, these findings indicate that communications to residents could distinguish more clearly between different reforms.

**Key groups impacted by welfare reforms**

The research captured evidence of distinctive impacts for different groups in the study.

**Disabled residents and those with health conditions being assessed fit for work**

Around half of residents interviewed were claiming Employment and Support Allowance, with the overwhelming majority having been previously claiming incapacity benefits. The majority of these participants had severe or profound physical or mental health impairments, stating that they had health conditions that limited their day to day activity to a great extent. In spite of this, many of those interviewed had experienced at least one work capability assessment in which they were found fit for work.

> With my Employment and Support Allowance I had to go for a medical check and score a certain thing. I went for one and she said you only scored a six so you can’t get it. I was like ‘Can I speak to my doctor? – at the time I had just come out of hospital with a nervous breakdown. I kind of lost the plot – how can that not score enough points when I’m not able to look after myself?” (Focus group participant, Food Bank)
Case study – Mary

Affected by multiple benefit reforms, which exacerbated her mental health condition.

Mary is 44 years old and she lives alone in a Council flat that she has rented for the past 20 years. She has an adult son who has learning difficulties. He moved out last year to live in supported accommodation.

Mary was affected by multiple welfare reforms and she found it difficult to cope with their impact because of her mental health condition.

Her primary impacts had been due to changes in her disability benefits. Her DLA was changed to PIP and she was assessed for ESA. She was originally found fit for work and had to wait for a year to appeal which she states exacerbated her mental health condition:

“When you’re ill anyway, and you’re so worried about money, it just makes everything ten times worse if you’re ill with depression.”

In the past, Mary moved into work because her benefit money was so low; but she did not feel ready for employment and explained that she was “forced into a situation I couldn’t actually handle.” She subsequently lost the job because she was not well enough.

The Federation of Disabled People was described as a trusted source of advice, and Mary found it helpful that someone from the Council came round to discuss the welfare reforms and her options with her. However, she explained that it was difficult to access mental health advice.

“I’m finding it quite hard to access support, I think it’s because I’m finding it hard to go out. A lot of appointments are in town or whatever. I have to get a taxi, I hate getting on the bus.”

Young people sanctioned

Concurrent research conducted by the Advice Partnership has found significant negative impacts on young people from JSA and ESA sanctions. In the cases that the research captured, young people felt that they had been sanctioned unfairly, for example when attending a hospital appointment or when Jobcentre Plus had lost their job search evidence:
"It’s ridiculous when people are being sanctioned in the way I was – for having a hospital appointment, I showed them the letter and let them know and it still did no good. They should have said it was OK.” (Focus group participant, YMCA)

"There have been a couple of times when I’ve been asked for bits of information – if I’ve been to a course or an interview or something like that and they say they want some information from it. I’ve gone to hand it in and the adviser isn’t there so I hand it in at the front desk and then they never receive it… I then got told I was going to be sanctioned.” (Focus group participant, YMCA)

In a number of cases, the research found that experiences of sanctioning impacted young people particularly, as they were likely to have a strong emotional reaction to the experience with many feeling very angry or frustrated. In some cases, the research found that the experience negatively affected their self-worth:

"You feel like a bit of scum, because you are on jobseekers and you can’t get a job and provide for yourself that I was nothing and I was treated like I was nothing.” (Focus group participant, YMCA)

For some individuals in the study, experiences of sanctions led them to lose faith in the statutory system, coming off of benefits and disengaging from mainstream and community support.

"When people treat you like that it reflects back on how you feel about yourself. And then when you start feeling that way about yourself you don’t want to turn to anyone.” (Focus group participant, YMCA)

"After my sanction I didn’t go back on to jobseekers – I was looking for work for a month, which turned into 3 months but I knew I couldn’t go back, I couldn’t go back to being treated like that.” (Focus group participant, YMCA)

In some cases, young people turned to pay day loans in lieu of other forms of support:

"We had no money and we were borrowing and begging. We had never had a pay day loan in our lives but after our sanctions that was constant... Money in and money out... You have to borrow off multiples to pay the last one off. All because of sanctions” (Focus group participant, YMCA)

Support workers and research participants themselves were in general agreement that a key challenge for young people impacted by welfare reform was their general lack of experience with the system and its complexity:
“They’re young, they don’t really know about the government and what they are doing...they don’t know why these things are happening.” (Scoping interview, housing advice worker)

“There can be an attitude with some young people – I can say that about my own generation, there are some idiots around! Aside from those, I think young people are not as aware about what their rights are and the older generation know. Even though we have the internet it’s still so hard to find the right support.” (Focus group participant, YMCA)

Lone parents affected by multiple reforms and ‘stuck’

As identified in Chapter 2, lone parents were likely to be affected by multiple reforms – particularly where they had a number of children – and the qualitative research found that these residents found impacts much more difficult to cope with, due to the lack of support from a partner or in some cases family and friends. A number of lone parents interviewed were affected by the social sector size criteria.

“They’ve just charged me an extra bedroom tax because I’ve got... three kids, so two girls and a boy. Obviously, the girls have one room, the boy has one room and I’ve got a room. But the living room downstairs used to be a separate living room and dining room but they’ve knocked it through now, but I’m still getting charged because they say someone can sleep downstairs.” (Lone parent of three children, Focus group participant, Portslade Food Bank)

In addition, lone parents found that their position was difficult to change. As the case study below demonstrates in more detail, lone parents with young children are not required to attend employment support due to their caring responsibilities which in this case, made the resident feel that they could not access mainstream employment support or training that she would be able to combine with her caring responsibilities.
Case study – Lara

Affected by the Benefit Cap and high private rent has had a severe financial impact

Lara is a lone parent with four children aged between two and fifteen. She lives in a house in the private rented sector. Lara has lived in Brighton for two years and is currently unemployed, as she has been finding it difficult to get work that fits around her childcare responsibilities.

Lara has been affected by the Benefit Cap and her rent is no longer covered by Housing Benefit. She also has to pay towards her Council Tax. Lara has been receiving Discretionary Housing Payments but these were due to run out in December, and she was unsure whether she would receive any other financial support: “I keep getting reassessed.”

As a result of her limited finances Lara has had to cut back on bills, take out a budgeting loan (that is being paid back using her weekly income support) and buy second hand goods. The reduction to her income, due to the benefit cap and increasing rents, has also meant that Lara is behind on her gas and electric bills; she described paying them as a “juggling act”.

Lara has looked at moving to cheaper accommodation because her house is “falling apart”, but she has struggled to find anywhere. She has also tried to get on the housing list, which has proved unsuccessful: “because I’m housed, they won’t even talk to me unless I get evicted.”

Lara has also tried to find employment, as instructed by the Council, but found Jobcentre Plus “weren’t that interested” because she had young children. She also struggled to attend training courses because her children were unwell and she had no family nearby to help look after them.

She explained that she “tried to get advice on many different things”, but usually found advisors “unknowledgeable”. However, she has been receiving ongoing support from the Money Advice Centre (MACS), which was described as “awesome”, and she was due to attend a Barclays workshop on setting up your own business in January, which she found out about online.
Cross-cutting impacts of welfare reform

The research identified a number of broad impacts that cut across different groups of Brighton & Hove residents interviewed for the study.

Financial impacts

By far the biggest impacts of benefit reform on residents were financial. The research found both immediate and medium term impacts on standards of living, residents going without and reducing outgoings on non-essential spending.

Across the participants in the study we found a variety of different levels of impact. Those affected by one or two welfare reforms with smaller financial reductions (particularly tax credits) were generally reducing spending and prioritising essentials. For those with multiple reform impacts, or affected by benefit reforms with large reductions such as LHA reforms, the consequences were more severe and there was a greater likelihood that these residents were in unsustainable financial positions.

As shown in Chapter 2, the largest ongoing financial impacts were due to the effect of the benefit cap, although the pressures on household incomes seemed particularly acute due to very high local rents. As one single parent with five children found, her housing benefit had been reduced to £300 per month, leaving her to find a £950 monthly shortfall for a house rented privately:

"It makes no sense, it’s crazy" (40 year old female, single parent, renting privately).

Similarly, a couple found that they had been asked to pay an extra £146 a week in rent. This level of impact was associated with immediate changes to lifestyles and reductions in spending to all but the essentials:

"We were a normal couple, we could go out, do things. Now it’s just food, bills, that’s it." (Female, age undisclosed, single parent, housed in temporary accommodation)

In addition, these households were rapidly acquiring debts, falling into arrears and in some cases, being threatened with eviction or receiving court summons due to failures to pay their contributions to Council Tax.

"I’m in one thousand, two hundred and something debt now, so that’s quite stressful." (Female, age undisclosed, single parent, housed in temporary accommodation)
"I'm very stressed, I cannot sleep, I'm anxious about losing this house." (40 year old female, single parent, renting privately)

Under these acute conditions, residents prioritised all spending towards feeding their children (often supplemented by loans from family and friends), and with any spare money attempted to pay back a portion of their housing costs. Most of these residents were acutely aware that their position was unsustainable although most were not sure of what they could do to alter it. This is explored further in Chapter 4.

More broadly, the majority of residents interviewed mentioned that they were affected by the fact that benefits were not uprated in line with inflation, leading to an **inexorable reduction in income** in relation to the cost of goods and services.

"I don't spend less because the money hasn't actually gone down. And what I spend it on, well 5 years ago it wasn't enough to live on. But yeah, I'll live and then when I look like I'm running out of money I will buy a load of rice and potatoes. I guess I run out of money a lot sooner than I used to." (41 year old male, single, renting privately)

As one resident noted, it had become impossible to achieve a normal lifestyle with his current income compared to the years previously:

"I don't have a life... You don't go out... You cannot even get a bus, it's like 6 quid return... I cannot remember when I last went to a pub." (50 year old male, single, renting a bed and breakfast room)

In some cases, low income was hindering residents’ ability to find work:

"I can't afford new pair of shoes, it has holes and everything... and I really need a pair of work boots, I can't go on site without them!“ (50 year old male, single, renting a bed and breakfast room)

Respondents affected in these ways were generally following a pattern commonly identified in financial inclusion research where residents cope with loss of income by eating less, heating less and buying cheaper food, while attempting to mitigate the effects on their children.

"I cut back on bills, because for me, I have to feed the kids. I try and be as healthy as possible. You know, fruit and veg and fresh meat. We don't have luxuries... I'm really behind on my gas and electric, but you know, it's a juggling act - I do stuff like I sell things on ebay, and I never buy new." (Female single parent, age undisclosed, renting privately)
In addition, these residents were finding their capacity to manage money and deal with financial emergencies significantly reduced as over time, savings had been depleted and sources of spare income had disappeared.

"Now having a small weekly income means that we have to manage hand to mouth. But there are too many things to try to budget for all at once, [so] saving for anything becomes impossible." (48 year old female, partner with children, renting privately)

Some residents noted that they could no longer hold an ‘emergency fiver’ to deal with unexpected costs. As such, and as the following case study details, an unexpected bill for Council Tax could have a significant effect on the household.
## Case study – Mark

Mark is 39, he lives with his wife in the private rented sector and is self-employed. He was diagnosed with psoriatic arthritis just over a year ago and therefore is entitled to the disability element of working tax credits.

Mark explained that he has been most affected by the fact that he now has to contribute £72 towards Council Tax each month.

"We work in pounds, so you're always scrabbling the pounds together, so any changes like that have a big effect."

He was told about this change by letter, but was not given any advice about how to deal with it apart from applying for a DHP, which proved unsuccessful. When Mark and his wife encountered housing problems they felt that the Council was less willing to help because they had a support network of friends who could let them stay in their homes or lend them money. However, he found that this put a strain on his relationship with friends and was "undignifying".

Mark was assessed for PIP in June 2014, but was found to be three points short of eligibility, which he believes is because his condition is hard to assess. The Federation of Disabled People is helping him with his appeal but he is not confident that he will win. He was aware of benefits advisers in the Council, but did not think they offered "holistic" advice or had adequate knowledge of how the system fits together.

Mark no longer qualifies for ESA because his wife, who is also self-employed, is classified as working full time.

In the future Mark would like more face-to-face support as it was easier to work through problems in this way, rather than on the phone. He would also like more advice on work experience and training that focused on individual interests and skills, rather than "any job", which tended to be the approach of the JobCentre.

Across all groups, a number of residents experiencing financial impacts noted a general spiral into multiple forms of debt – including overdrawn bank accounts, taking money out on credit cards and accruing arrears to Council and housing providers. There appeared to be series of responses that residents would make towards dealing with their debts. For those who could, **additional loans from family or friends** were used to supplement income for household needs. However, the research found that residents felt increasingly guilty about this, especially where
they recognised that their family and friends were in similar positions or where they felt that they would not be able to pay them back quickly or at all.

For those without access to informal lending, residents generally either looked to crisis loans or discretionary housing payment or to negotiate with statutory providers to reduce their monthly repayments to Jobcentre Plus.

"I am trying to ask [Jobcentre Plus] if I can pay less back a month, as ... they take out £12 a week. But it all adds up" (Male, age undisclosed, single, homeless)

However, some residents felt that there was now no funding available to help meet their financial needs.

The research found a small number of cases of residents turning to pay day lenders in order to make up the shortfalls in their income. In one case, a resident with a mental health condition had turned to pay day lenders after apparently not knowing how to access crisis support following the abolition of the Social Fund, leading to over a thousand pounds worth of debt with a very high interest rate:

"I used to get loans from the job centre, but now I need to go to loan companies. I borrowed off of Wonga, Providence, pay day, I got caught up in the 'I could pay it back, borrowed now paying back later'... When I got bombarded by loan companies, I just said yes, yes, yes. If I had advice I would not have done it... if I got made aware of the bigger debt at the end" (Male, age undisclosed, single, renting a Council property)

For another resident (again with a mental health condition) the stress of owing money to companies led her to attempt suicide:

"I have felt suicidal about it, only a year ago I tried to kill myself...it's because of not having any money, owing money to companies' (Female, age undisclosed, single, renting a Council property)

It is clear from these findings that the consequences of financial impacts are exacerbated for residents who have few familial and community sources of support and/or who are vulnerable (through mental health or learning difficulties) to irresponsible lenders. For these residents the potential and actual consequences of a lack of support are significant and will likely increase demand and level of need for mental health and other emergency support services.
Health and wellbeing impacts

The majority of residents interviewed reported significant effects on their health and wellbeing. To a great extent, these effects were a consequence of the stress of financial impacts which led residents to report feeling an inability to cope now and to generalised fears for the future:

"My anxiety is through the roof, people do not get it, I am concerned about the future, I see it as a grey area." (Female, age undisclosed, single, renting privately)

"Crazy things went through my mind, ‘they are going to stop my money’…crazy thoughts like ‘Am I going to have to be a prostitute to make money?’" (44 year old female, single parent, renting a housing association property)

In addition, the research found evidence that in some cases, particularly where impacts led to housing problems, the impacts of reform were affecting mental health and wellbeing. In the main, these residents reported feelings of powerlessness and a lack of perceived options to change their situations, precipitating stress, anxiety and in some cases insomnia and low level depression.

"I have constant anxiety, I fear for my future, I really do, it is affecting my quality of life” (43 year old female, single, renting privately)

"I really don’t know what to do, sometimes I get very depressed actually. I’m very stressed, I cannot sleep, I’m anxious about losing this house.” (40 year old female, single parent, renting privately)

For those with pre-existing conditions, financial strains exacerbated these or made them harder to manage:

"When you’re ill anyway, and you’re so worried about money, it just makes everything ten times worse if you’re ill with depression.” (56 year old female, single, rents a Council property)

There is a wide evidence base\(^\text{18}\) that suggests that individuals’ health and wellbeing are strongly conditioned by the ability to maintain social relationships (particularly with close friends and family). As such, we can infer adverse impacts to residents’ health and wellbeing where social relationships became strained or cannot be maintained. Such strains were found in this research, with residents having reduced

capacity to socialise with friends, keep credit for a phone or visit family. In some cases, residents reported increasing social isolation through not having a reason to leave the house.

"I can’t renew our family railcard so we haven’t been able to visit family in Cambridge for over 2 years now." (48 year old female, partner with children, renting privately)

Another set of negative impacts on residents’ health and wellbeing were driven by a lack of clarity over their status which made many respondents feel powerless to control their circumstances. In the majority of cases, these residents had been claiming health related benefits (such as IB, ESA, DLA), but had their benefits challenged by statutory assessments. In many cases, residents found the process of (re)applying, querying changes and appealing decisions arduous and draining.

"Every time you have assessment it makes me feel worse, because you feel really stressed about it... When you are there it is difficult, then you worry about the results. And if you have the kind of illness that I have got, that really plays on you." (43 year old female, single, privately renting)

In particular the extent and repetition of assessment, particularly in claims for PIP, led residents to feel devastated in some cases and in others to question their own beliefs about their health condition:

"Because of how they treat you [when applying to claim PIP], you begin to think, ‘Oh maybe I don’t warrant it’, so it undermines the confidence." (64 year old female, widowed, owner occupier)

"They phoned me up and said I would be asked to be reassessed every 3 months. That made me devastated, I did not choose this disease’." (44 year old female, single parent, renting housing association property)

In other cases, residents were left feeling very negative about their skills and abilities after having to focus explicitly on their limitations in order to prove their entitlement to benefit:

"The whole process has made me think how vulnerable I really am and my limitations... especially having to sign on and be told ‘Right you are fit to work, go and work’. It was just impossible, it made me realise how vulnerable I am, as had to explain to people what the matter with me was, been there and done that years ago, I don’t want to revisit that again... It highlights my health issues in a negative way’" (32 year old female, single, living with friends, children left home, renting housing association property)
Indeed some residents felt that they were under pressure to ‘perform their illness’ and felt the weight of being judged against these performances of their conditions:

"I'm not happy that I'm claiming benefit, I'd rather be working full time, fit, healthy. It's not a joy to go to an assessment and have someone judge you. It's not a forgiving system, it's not a caring system." (39 year old male, married, renting privately)

In other cases, residents were simply struggling to navigate the system and make themselves heard, which could be extremely frustrating and cause a lot of anger. As one respondent claiming ESA put it, the reforms had "demonised disabled people".

The research also found health consequences to general material deprivation – particularly in large households, with overcrowding in substandard accommodation. In particular, a number of disabled residents or those with significant health conditions were not able to support their health by maintaining their households, clean themselves or cook nutritious food.

**Impacts at the family and community level**

While the focus of the depth interviews with residents focused on the individuals’ own experiences of welfare reforms, the research found a mix of impacts at the family and community level. Some residents did report that the stresses and uncertainty of their positions led to arguments in the household; however most parents were highly focused on ensuring that their children were shielded from the realities of their situations:

"It causes arguments as well in the house, not having money, and that really disturbs me... I'm trying to put them [the children] on a normal level so they don't feel like they've got nothing." (54 year old female, single parent, renting Council property)

At the broader family and community level, the impact of welfare reforms could strengthen but also add strain to existing bonds. As many residents noted, they relied on familial and community networks to help ‘tide them over’, provide loans or places to sleep and would in some cases try to offer the same in turn. These support networks were particularly evident where residents had been affected by short and medium term reductions to income such as levied through sanctions:

“We were sofa surfing and staying with friends – it was through colleagues that I worked with. We were lucky but we were still expected to contribute, plus we didn’t stay more than 1 night at any place, we would get all our stuff
on our back and go to work and then go to someone else for another night. (Focus group participant, sanctions)

However, it was also clear that residents felt that this mode of support was unsustainable over the longer term. A number of residents reported feeling guilty about the pressure that they were putting those close to them under who were in similar or worse positions than themselves.

"I feel guilty that I am eating into my parents’ pensions." (32 year old male, single, living in temporary accommodation)

In addition, as one resident from a focus group on sanctions noted, the pressures to ‘get by’ could disrupt the cohesion of the local community as some individuals in the community turned to crime in order to survive whilst sanctioned:

"Other people – when they’ve had sanctions they’ve gone out stealing to get by – they end up in prison or they end up selling drugs. It’s horrible, we had friends round there, nice people, genuine and down to earth people and I wouldn’t want to stand in the same room with them now because of what they have had to do to get by. When their money is cancelled they just say, ‘I need to find something to do, some way to get by’ and they’ve become really horrible people because of doing what they had to do. It’s ruined peoples’ lives." (Focus group participant, sanctions)
4 Resident responses to welfare reform

Residents’ capacity to respond to benefit reform impacts

Policy makers often assume that reforms will induce people to make ‘optimal’ responses towards objective conditions. In the case of recent reforms, it is often assumed that reductions in benefit income will induce individuals to seek cheaper accommodation elsewhere (including outside the local authority area) or find employment. However, optimal responses rely both on having the right information and then on making rational choices as to which actions will create the best outcomes. The ways in which people actually respond to problems is much more complicated than this. In common with other research on welfare reform this study found little evidence of residents’ desire or capacity to move out of Brighton & Hove, or find employment, as a solution to lower benefit income.

Moving to cheaper accommodation

Many residents who had considered moving home reported that they were encountering structural barriers to doing so.

One resident in the private rented sector subject to the benefit cap was seeking to find Council accommodation as a response to mounting rent arrears but found that they could not access the Council list whilst already being housed. This left little perceived option but to stay where she was, as the alternative – to intentionally make herself homeless – was too risky:

"I've tried to get on the housing list... Because I'm housed, they won't even talk to me unless I get evicted, and then I don't really fancy getting evicted with my kids and then stay at a hotel, because my older two are a little bit too old to be in that situation." (Female single parent, age undisclosed, renting privately)

Similarly, single people in receipt of health-related benefits were also finding that there were not enough affordable one-bedroom housing or housing that could accommodate mobility needs and adaptions:
"I am in a studio, I can't go smaller, I am in the Council list and I bid every 2 weeks, but there are thousands on there... I am in no man's land..." (Female, age undisclosed, single, renting privately)

"I can't find a place to move in to which is made for my needs. If I moved out into a flat it would take me a year to get another shower room put in, ridiculous." (57 year old single male, renting a housing association property)

In addition, a number of residents reported that the Council would only support Council house applications where residents could be seen to be ‘making a positive contribution to society’ which some lone parents and disabled residents felt treated them unfairly.

Residents looking for cheap private rented accommodation were also finding a lack of affordable homes:

"I have looked for cheaper places, but I've found nowhere because I've got a really good deal with my rent because the house is falling apart [laughs]." (Female, age undisclosed, single parent, privately renting)

The other main barrier that residents held regarding moving was having emotional and community ties to their current housing. Many residents had particular ties to their homes, some of which they had been living in for a very long time.

"I know I could move into a smaller flat, but I feel that here, this is my home... My children were here with me, and they still come here. My son comes from London - where would he sleep if I had one bedroom? Thankfully [nobody has suggested moving] because if they did I would be so upset and scared." (Female, age undisclosed, single, renting Council property)

A number of residents were reluctant to move away from Brighton as they felt it would not be good for their children:

"They tell me I have to look in outside areas from Brighton - but I will not do this, it's not good for the children” (40 year old female, single parent, renting privately)

In some cases, these residents were considering finding accommodation which would severely overcrowd the household, but found this preferable to moving away from local family and community support.
Finding employment

The research found very little evidence of respondents finding employment as a result of changes to their benefits, although it is important to recognise that all of those interviewed were on benefits and relatively few of these were in work at the time of the research. Nonetheless, there was also limited evidence of participants taking steps to prepare for or look for work.

The main internal barriers to employment were having health related conditions, and/ or a lack of relevant work experience due to long term unemployment, taking time out of the labour market to care for children or relatives.

In some cases, residents had attempted to find work or held short term positions, but found that they couldn’t cope with working:

"In the past I have worked because my benefit money was so low but I felt forced into a situation I couldn’t actually handle." (44 year old female, single, renting a Council property)

Others in the study wanted to work and in spite of challenges felt that they would be able to, but found a range of external barriers preventing them from accessing employment opportunities. For instance, a number of parents in the study reported the difficulty of finding part-time work in order to combine work and caring roles:

"It’s really hard, there’s nothing there for two and a half days." (Female, age undisclosed, single parent, housed in temporary accommodation)

In two cases in the study, residents with health conditions or young children wanted to work but found that they could not access mainstream employment support which limited their abilities to resolve their problems by finding employment.

As mentioned above, some residents felt that in order to stay eligible for benefits, they needed to focus on their disabilities and the negative extent of their health conditions to the exclusion of their positive skills and attributes. There is a risk that this focus may have conditioned against thinking about positive skills and attributes.

Experiences of advice and support

Respondents’ experiences of support and their understanding of what support was available was varied. Where suitable advice and support could be found, the outcomes for residents and their perceptions of their situations were much better.
At one end of the spectrum some residents were benefiting from multiple different sources of advice and support. These were particularly services in the voluntary sector and in particular Brighton Housing Trust, The Federation of Disabled People, Citizens Advice, The Bridge and the Brighton Unemployed Centre.

For many residents, advice services were viewed as a really useful source of ‘expert’ knowledge and impartial support:

"CAB were extremely helpful in explaining stage by stage what I could do to appeal and go forward with claim... Without Citizens Advice, I don't know what I would have done, even now my case worker is aware that my benefit has not been adjusted, so I am not going through it on my own." (32 year old female, single, living with friends, children left home, renting housing association property)

The research found that disabled residents and those with health conditions who could access advice services (and especially specialist support) were greatly helped by these, particularly where residents were seeking to navigate the complexity of the system and to instigate appeals to benefit changes:

"I would recommend anyone goes to [the Fed] from the beginning because any individual going through an application doesn't know the points, process, and doesn't know how to negotiate the system." (39 year old male, married, renting privately)

In addition many were accessing more specialist services for financial support, disability, young people and women. In one example, and described more fully in the case study below, the combination of support had involved MIND, St John’s, Brighton Housing Trust and Shelter – as well as signposting and support from community nurses and doctors. Support had ranged from information and advice on rent problems, support with mental ill-health, and debt and financial support – culminating in support to arrange a Debt Relief Order which helped to stave off more significant problems further on.
Case study – Stephanie

Received a combination of support from multiple services

Stephanie is 43 and lives alone in the private rented sector. She used to be self-employed but is not working at the moment due to numerous physical and mental health conditions, such as ME and borderline personality disorder.

Stephanie had a positive experience of a combination of support services. She received health advice and support from MIND; general legal guidance from Brighton Housing Trust and Shelter’s general advice helpline after she had issues with her landlord; and advice with debt from St John’s Advice, who helped her to organise a debt relief order. In addition to this, her doctor wrote letters to the Council to explain her health conditions and supported her through them.

Stephanie explained that the support from MIND was “brilliant” and that she would go to St John’s Advice again because she found them helpful. She also added that her friends had been extremely supportive as they helped to look after her; and it was because of this support network that she wanted to stay in the local area.

In the future, Stephanie would like more support and counselling for her mental health conditions, as since being discharged by the Community Mental Health Team she does not feel that her situation is being taken seriously enough. She would also like guidance on budgeting, as when she is really stressed she tends to overspend, which would be problematic if payments were made in one lump sum, as proposed under Universal Credit.

Care workers appeared to be effective gateway practitioners to other services for the most vulnerable clients who may have acute emotional responses to changes to their situation:

"The specialists are helpful, the Psychiatrist and the care worker helps to deal with my anger issues." (56 year old female, single, renting a Council property)

"If you’re not lucky enough to have a keyworker or somebody who gets the system, whose a bit savvy, then it’s going to cause you problems.” (Focus group participant, Portslade Food Bank)
For instance one care worker helped a resident with mental health difficulties by completing her DLA forms, helped with cooking and provided useful signposting to food banks and sources of emotional support. As the resident stated, this was her most useful form of support and she feared that she would have been sectioned without her care worker:

"I would have lost my daughter and be sectioned without her... With mental health, it does not go away and the questions on the forms were very difficult... That's why I have a care worker to help... she points me in all the right directions, food bank, community centre... college courses.” (44 year old female, single parent, renting housing association property)

Another resident in a focus group felt that their key worker was a really important way of navigating the benefits and housing system:

"I had a keyworker who does all my benefits for me. If it wasn’t for him I wouldn’t have got my place because he went down to the Council even though they made me homeless in the first place.” (Focus Group Portslade Food Bank)

**Food banks** were also singled out as an important support – providing 'breathing space' where there were particular short-term needs.

In many cases, the support was less around meeting the costs of food and more around ensuring that they could use the money saved to pay for gas and electricity.

"The food bank were fantastic. They sent me to a homeless charity called Project Antifreeze which is right over the other side of town. And they give you sandwiches and stuff, they give you advice and they give you counselling. It’s all a bit Christian and they’ve got a thing called a street sheet that has got all the homeless facilities in Brighton on it, so there is pretty much somewhere that you can go and get a meal most days for a nominal fee.” (Focus Group participant)

"If I didn’t come to the food bank, I would end up stealing food...I have never shop lifted in my life... The food bank has saved my life, even down to shampoo, deodorant.” (Focus Group participant)

The research found that food bank staff were helpful in providing signposting to other support or helping with applications or providing evidence to other statutory support channels:
There were mixed experiences of Council support. Many reported that they did not really ‘trust’ the Council, usually because they were simultaneously being pursued for Council Tax payments, or had had negative experiences in applying for housing support. In many cases, residents felt that the communication style of the Council could be improved. This was either where they didn’t feel that they could understand the messages, or where the perceived impersonal nature of communications:

“When I first got a letter about Council Tax and benefit changes, it had a date saying you’ve got x amount of time to pay by. It wasn’t like ‘Are you ok? Are things ok?’ It was ‘you’ve got x amount of days to pay by!’” (Focus group participant, Portslade Food Bank)

However, others had had more positive experiences – especially through quite targeted support to deal with the benefit cap or social sector size criteria.

"I have to say, Brighton Council have been very helpful.... Someone came round from the Council actually and explained all the different options I could do." (56 year old female, single, rents a Council property)

A number reported that they had received Discretionary Housing Payments, although there was less evidence that this had led to any longer-term changes in their circumstances – even where residents knew that they would only be able to access these a number of times:

"I had to go to the local authority and ask for a Discretionary Payment – you can only get that two or three times. I had to get food vouchers..." (Focus Group Participant, Portslade Food Bank)

Many of those interviewed however had simply not approached the Council or were not aware of what support may or may not be available. As one focus group participant put it, "The Council probably can help if they want to, but I don’t know how."

Very few of those interviewed had had recent experience of employment support through Jobcentre Plus or the Work Programme. Given that the large majority of those interviewed were out of work and on benefits, this in itself is an important finding, and likely contributed to negative beliefs about work and work readiness. Most participants’ experiences of Jobcentre Plus were with regards to the
administration of benefits, and the service was generally held in low regard due to fears of sanctions and the perceived rigidity of the system:

"There is no leeway on the system, it’s so rigid – if they say you are sanctioned then you are sanctioned… There’s no review or anything like that. You can’t talk to the person, it’s just automatic.” (Focus Group participant, YMCA)

“You’re at rock bottom, JCP make you feel like you’re scum of the earth, like you’re nothing, you’re begging, you come home and feel you’re going mad. You end up at the doctor and they put on antidepressants.” (Focus group participant, Portslade Food Bank)

Many research participants felt that Jobcentre Plus’s attitudes had changed in recent years, and were reluctant to approach them for employment support due to fears of being sanctioned or having their benefits challenged:

"Sanctioning did not use to exist, or certainly not in the way it does now... the staffs’ attitude at the job centre has changed dramatically.” (50 year old male, single, renting a bed and breakfast room)

However where participants had had support from employment advisers (or ‘work coaches’), experiences were often more positive. A number of claimants of ESA reported that they had infrequent contact with an adviser (usually one or two meetings a year) and that these advisers were supportive and positive:

"I have the same lady every year, she is really nice, first thing she says is ‘I am not here to stop your money’... I don't have to lie to her, I can just be myself.”(44 year old female, single parent, renting housing association property)

In addition, another customer was given useful benefits advice during an appeal of a Work Capability Assessment, allowing this resident to access financial support in the interim and avoid going into debt:

"So Jobcentre Plus... helped me understand that I could apply for ESA while waiting for my appeal, without signing on.” (Female, age undisclosed, with partner and children, privately renting)

**Future support and support needs**

There were a number of common themes around future support.
First, obviously, respondents all reported that they needed higher incomes or lower costs (or both). However they also usually felt that this was beyond their control – they could not reduce their housing costs nor find or increase employment. So their support needs were often reduced to ‘getting by’ through bridging support, or increasing their benefits income through new claims and appeals.

This in turn often informed residents’ understanding of what support was available and their views on that support. This could probably best be described as a series of stages or blocks, starting with friends and close networks, then community resources, then city or national advice services, and finally food banks and ‘emergency’ help – with fewer people engaging, more time passing and needs increasing at each stage.

Many respondents had navigated these stages effectively, albeit with clear messages that support was often resource-constrained and in high demand. They had generally positive experiences of it and wanted more – more time, more direct support with claims and appeals, broader support, and so on. So the main constraints appeared to be around capacity and availability.

For others, there was an issue around awareness – with less clarity on what was available or how to access it. The awareness issues seemed particularly pronounced for those who had had cuts to their Housing Benefit, tax credits or those with few/any other reform impacts.

“I keep getting letters through but I don't understand them.”

“One [letter] says one thing and another says another.”

“*I don’t understand all these big words*”

(Focus group participants, Citizens Advice)

However, lack of awareness was also clear from those who were accessing emergency support but had either not engaged, or engaged too late, with other services. As discussed above, there was also different levels of awareness of what support was available from the Council.

A number of residents reported that they needed additional support with managing health impacts of reform. One good example of this was around low-level mental health problems. For those who were not in contact with secondary services, it was reported that there was little or no community support to cope with anxiety or depression.
"For the people who are the worst off, it’s all emergency, emergency... But there’s this big swathe of people who aren’t that kind of emergency, but they are in their own kind of emergency. And [they] need help, but the system doesn’t seem to be able to cope with those people who fall into the middle there.” (39 year old male, married, renting privately)

In this case, a support group available through MIND was singled out for praise, but it was felt that more could be done to support people with managing poor mental health. Others had very specific needs around caring costs and adaptations. In general, support was often (necessarily) short-term in its nature, with few signs that this was linking with longer-term support around budgeting, housing or employment.

Overall a number of residents felt that they really needed a concrete, practical solution to their problems.

"I need something practical; I don’t need advice anymore, because of most of the things they say I know about. I need a solution, I need something to end this situation.” (40 year old female, single parent, renting privately)

Finally, many respondents were aware of Universal Credit, and most wanted specific information on what the changes would mean for them. Some individuals felt that monthly payment would be a positive step for them as it would be more like a wage:

"I don’t know, I liked it when I got a wage, it might be easier working out bills and things, because then all your money could come out on the same day.” (44 year old female, single, renting a Council property)

However, the great majority were generally worried about the move to monthly payment.

"I don't agree with that at all, because people that are on benefits are literally living from payment to payment, so having to make that stretch even further.... [I can see] no positives.” (33 year old male, single, rents a room in a hostel)

"For me its easier [now], because I can manage for these fourteen days in my head, or sometimes I calculate on a bit of paper.” (Female, age undisclosed, single, children moved out, rents a Council property)

Some respondents (typically those affected by ESA changes) were also aware through their networks of mooted future reforms like ‘benefit cards’ and cuts to ESA, and wanted impartial information on these.
"I'm not worried about the internet thing, although I do think that it should be a human right and there isn't that much free access in this city. The one that really worries me is the smart cards, the prepay cards where they can monitor what you are spending your money on. I don't even have a loyalty card because I don't want people knowing what I'm spending my money on."

(41 year old male, single, renting privately)

Some residents without IT skills were concerned about the move to an online-only system, feeling that support should still remain in person so that they could deal with the complexity of the process:

"My first reaction is that it would be a nightmare because I don't know how to use the internet." (54 year old female, single parent, renting Council property)

"Some questions are formulated in a way that I don't understand. Even if they explain I don't understand. So I'd rather, after filling out as much as possible. I'd rather meet a person face to face and ask if I understand it correctly." (56 year old female, single, rents a Council property)

Most residents however felt that they would simply deal with Universal Credit when it arrived, and would hold off dealing with it until it was actually implemented.
5 Supporting residents

Chapters 2 to 4 describe the impacts of welfare reform on residents, their experiences and how residents are responding to reform. This Chapter sets out the implications of this analysis for how we support residents, and makes recommendations for the future. It draws in particular on workshops with Council staff and stakeholders in August 2014 and January 2015.

We consider that there are four key priority areas for future work, as follows.

Figure 5.1 – Priority areas for supporting residents

- **Identification and communication**
  Monitoring impacts, identifying key groups, targeted communications

- **Engagement**
  Reaching those at greatest risk, engaging effectively

- **Targeted support**
  To manage and mitigate the impacts of reform

- **Building resilience**
  Towards longer-term responses – financial, employment, housing

These four areas are taken in turn below, where we also make six recommendations for the future.

**Identifying impacts on residents and communicating effectively**

**Monitoring impacts**

Our research has pulled together data from a range of sources on welfare reform impacts, including the LG Inform welfare reform tracker (developed by *Inclusion*)
and data from the Council’s own Housing Benefit rolls. This has identified a number of demographic groups that stand out as being at higher risk of particularly negative impacts: including families in the private rented sector, lone parents, disabled people or those with health conditions, and some young people. It also identifies worrying trends on wider indicators – particularly housing need – which are likely to be being driven by the impacts of welfare reforms.

Whilst many of these issues have been identified as areas of concern both by the Council and by stakeholders, they are not systematically and regularly monitored at a City level. Instead, the main focus for monitoring and reporting purposes has been on those affected by either the benefit cap or the social sector size criteria. There are at least three principal benefits of regular monitoring of impact indicators:

- First, clearly, it would enable the Council and partners to identify those groups and those issues that are of most immediate concern. Ideally, it should also allow for assessment of the nature and extent of those concerns (including geographical concentrations or hotspots).

- Secondly, it would allow for identification of trends – while some housing indicators are clearly getting much worse and growing in significance, it is somewhat reassuring that others – for example on debt, or on sanctions – appear to be moderating.

- Thirdly, it could help to ensure that there is a clear common understanding of where the priority areas are for Council staff, and between the Council and its partners.

There would be value therefore in the Council, and its partners, exploring the scope to regularly collect, share and monitor data on the impacts of welfare reform across the City. This sort of approach would ideally monitor both the known financial impacts of reform on areas and groups, and how the consequences of reform are felt on key indicators around housing, debt and inclusion. Data on financial impacts could be drawn in particular from Housing Benefit data, as we have used in this report. Wider impact indicators are often less timely and detailed, but the data sources used in this report could ideally be supplemented by data from partners – particularly on housing arrears, housing demand, indebtedness and demand for benefits/ debt advice.

Identifying those in crisis or at risk of falling into crisis

City-level monitoring should help to identify priority areas and groups, but would not in itself identify individuals that may be at crisis point as a result of welfare reform,
The impacts of welfare reform on residents in Brighton & Hove

or at risk of falling into crisis. Currently, this identification only tends to happen either where an individual is affected by the benefit cap or social sector size criteria (and so is targeted for additional support), or where they find themselves in crisis and approach either the Council or an advice agency or foodbank. A common theme in the research and in workshop was the need to identify risks earlier where possible, and also to assess needs in a more systematic way.

Many or most of those affected by welfare reforms appear to be dealing with the consequent impacts on their incomes without the need for more specialist support – particularly those families in work. However this research has identified a number of groups that appear to be disproportionately impacted by welfare reform – with disabled people, larger families, lone parents, those being reassessed for benefits, some young people (particularly those sanctioned), and families in the private rented sector all seeing larger impacts than other groups. We also identify a number of risk factors that appear to increase the chances of needing ‘crisis’ support: for example poor mental health, poor networks, multiple reforms, or reaching a tipping point such as a sanction, illness or problem debt.

Broadly, then, we would consider that households affected by reform can be loosely grouped into three: those coping or struggling, those at risk of crisis, and those in crisis. This is set out in Figure 5.2 below. These groups are not just determined by the benefits that a family claims or the cash impact of reform – they are also influenced by their circumstances, their resilience, their ability to respond and whether they have been affected by different trigger events.

Figure 5.2 – Grouping residents affected by welfare reforms

- **Coping/struggling**
  - Likely most of those affected
  - Often working households
  - Smaller losses, fewer ‘cumulative’ impacts

- **At risk of crisis**
  - Families in the private rented sector
  - Disabled people or those with health conditions
  - Those affected by multiple reforms, sanctions
  - Contributing factors, e.g. poor mental health or poor networks

- **In crisis**
  - Where multiple problems or impacts combine
  - Those reaching a tipping point - debt, illness, housing or family problems, sanction
This research suggests that a key priority, therefore, is to develop mechanisms to identify earlier where residents may be at risk of falling into crisis.

**Recommendation 1:** Consideration should be given to developing an ‘early warning system’ for identifying residents that are at risk of crisis or falling into crisis.

This warning system should build on the evidence in this research, and in particular on the factors set out Figure 5.2. Ideally, this would be a common approach between partners – including the Council, advice services, food banks and Jobcentre Plus. It could be applied not just where individuals approach services for support, but also where key tipping points are being reached – such as sanctions with hardship support, or housing debt.

Clearly there are a range of issues that would need to be explored and resolved before an early warning system could be put in place – around gaining consent for sharing information, data security, developing the metrics and processes for a system, and testing it. However, more systematically identifying needs is a key prerequisite of then engaging and supporting residents effectively (explored later in this Chapter) so we consider that there is value in developing this further.

A further theme in this research was that many of those being affected by welfare reform were already in contact with local public services, and particularly Council services (e.g. Council Tax collection, housing, children services). In many cases, research participants spoke highly of the caseworker support received from Council staff.

There would be value therefore in building on this. So alongside exploring the early warning system, it would be worthwhile to explore the scope for developing light-touch guidance for staff on identifying those at risk of crisis, the support available, and how to support residents to access more specialist support where needed.

**Communications**

The research found mixed levels of understanding of the impacts of reform and of how to get help. Some reforms were better understood than others (for example the benefit cap, size criteria, and reforms to ESA and DLA), while some groups also appeared to better informed than others (particularly those with strong social networks, often living in lower income communities). At the same time, there were clear challenges around both Council and Jobcentre Plus communications – with
some residents expressing distrust of both, due to negative experiences from reforms (Council Tax or benefit cuts).

As such, while there would appear to be areas for improvement in communicating with residents, it seems unlikely that large-scale communication efforts, particularly those led by the Council or Jobcentre Plus, would be likely to be effective. There was also little consensus in the workshops on how and whether communications could be improved.

One area that did come across fairly strongly was around Housing Benefit in the private rented sector, where there are the most significant impacts and where it was felt that many residents get very little information on changes to benefits and their options. **It may be worthwhile therefore to review the approach taken to communicating with residents that claim Local Housing Allowance.** There are a number of reasons why it is important to improve communications for this group: they are seeing significant cuts to benefit, in many cases will be falling into arrears or debt, and may benefit from earlier access to support to move home, increase income or manage their finances. However on the other hand, the workshops also raised concerns that many residents simply do not act on or respond to Council communications, and that in practice for those that would respond there is very limited additional support that can actually be offered.

**Engaging with those residents most at risk or at crisis**

Moving beyond how we identify and communicate with residents, there are a number of areas where there is scope to improve how we engage residents facing the most significant challenges from welfare reform.

**Intervening at the right level and right time**

The fieldwork with residents identified a number of stages in accessing support to deal with welfare reforms, as set out below.
Figure 5.3 – Stages of support in responding to welfare reform

Friends and close networks  
Community resources  
City-wide or national help  
Emergency help

This was not always a linear journey – residents could be accessing emergency help as well as support from friends, or may approach an agency before their family – but this general pattern was followed in most cases. At each stage, numbers of residents reduce but also needs increase.

There is clear value in engaging earlier with residents at greatest risk – either before the point that they come into contact with community resources (through outreach), or at that point (through signposting and referral). In our view, the leading option for developing this further would be through the Moneyworks service.

This service ([http://www.advicebrighton-hove.org.uk/moneyworks/](http://www.advicebrighton-hove.org.uk/moneyworks/)) launched in 2014 following extensive previous work by the Council and advice services on developing a Community Banking Partnership for the City. It is funded in part through the Jobcentre Plus Flexible Support Fund alongside European and Council funding, and draws together a wide range of community partners (including Whitehawk Inn, The Bridge, and The Hangleton and Knoll Project) as well as advice agencies including MACS and the Brighton Housing Trust.

Residents can access Moneyworks through a range of channels including online, by telephone, a drop-in service or through referral from other agencies. However it also includes an innovative ‘community frontliner’ model that brings in a range of more local community services that are expected to identify and then engage and refer their own service users. This part of the Moneyworks model has so far been relatively less developed than other aspects of it, but could usefully be built on to act as a vehicle for engaging those identified as being most affected by welfare reforms.
At the same time, ‘Money Mentors’ have recently been piloted within Council housing, building on a successful model developed by Toynbee Hall. Again, this too could provide a strong model for engaging residents that have not yet accessed community or City-wide resources.

**Recommendation 2: The Moneyworks ‘community frontliner’ model and ‘Money Mentors’ in Council housing should be built on to try to engage residents earlier and to link them up with support services.**

A further, existing approach that could be built on is the **Benefits Advice Outreach Service**, which operates in GP surgeries in Brighton & Hove – funded by the Council and delivered by Brighton & Hove Citizens Advice. Given the overlaps between poor health and welfare reform, that mental health has been identified as a contributing factor to negative impacts, and that illness is likely to be one of the events that could trigger a crisis, **there is a strong rationale for building on this service in order to engage residents affected by welfare reforms and not yet in contact with support.**

Six of the 46 surgeries in the city take part in the scheme, and engagement with residents through the service is generally low. Discussion in the workshops suggested that there was likely to be significant scope to build on this model in order to provide wider support to residents affected by reforms, and to engage more GP surgeries. The key constraint on doing this is the availability of funding. There may be value therefore in the Council, Clinical Commissioning Group and the Advice Partnership exploring the potential to extend the scope and reach of this service.

**Supporting more vulnerable residents**

The research identified that in some cases, residents struggled to understand messages that were being communicated through letters from the Council or Jobcentre Plus, or to understand where they should go for support. In many cases this appeared to be linked to issues around literacy and numeracy.

It is difficult from this research to know the extent of these issues around low comprehension or understanding. However, we understand that the Council’s Early Help Hub has also identified a key gap in service around levels of literacy particularly among some parents. We would therefore consider that **there would be value in reviewing systems both for identification of needs and then engaging with those residents.**
Providing targeted support to respond to reform

Five key support needs were identified in the research, which are taken in turn below: income, benefits, housing, health and employment. Issues were also raised around how support is joined up.

It is important to reiterate that the research suggested that a mixed economy in the delivery of services continues to be critical – many residents had very positive experiences of support from specialist agencies; others too reported good experiences from the Council; but some reported either negative experiences or perceptions of Council and Jobcentre Plus support, often linked to their role in applying benefit reforms.

Managing income

As noted, the new Moneyworks service promises to bring together existing expertise in financial inclusion and to build on this significantly. The Moneyworks model appears to be well designed, coherent and targeted. It should in itself provide the means for supporting residents with needs around income management and financial inclusion, and we have recommended above how this could be further tweaked to bring in residents specifically impacted by welfare reforms.

Benefits and housing advice

This research has found that both benefits and housing advice services appear to be under significant pressure in the City, driven largely by changes to funding but also by rising caseloads and demand. Clearly, at a time of growing pressures on funding there are no straightforward ways to address these problems.

The Council is currently reviewing the commissioning of advice services. This research suggests that housing advice, particularly for those with rent shortfalls in the private rented sector, is an area of high priority need within the city. We also found, however, that these services have often been cut back – in particular as a result of the loss of legal services funding – at the same time that demand has risen.

This research has not looked in any depth at the scope to bring together or align existing services, although there may be scope to learn from the co-ordinated approach being taken to financial inclusion through Moneyworks. In any event, we consider that protecting – and where possible improving – the scope and extent of housing advice for those in the private rented sector should be a high priority.
Since July 2014, the Council has also invested in caseworker support for those affected by the overall benefit cap. This caseworker approach appears to have been effective in helping residents to respond to the benefit cap – with caseworkers working with 46 households and successfully supporting 28 to exempt themselves from the cap. The large majority of these (20) have been supported to find employment – almost double the rate finding employment without caseworker support. A further five cases have been supported to move to more affordable accommodation.

This caseworker model was introduced on a clear business case that earlier and intensive intervention with these high-cost families should help to avoid greater costs to the Council further down the line (for example from emergency accommodation or Discretionary Housing Payments). Prima facie, this research suggests that **there may be a similarly strong case for intervening to support those affected by LHA reforms but not subjected to the cap** – many of whom may have shortfalls in their benefits that are similar to or higher than capped households, and likely could incur similar costs to the Council where those shortfalls lead to eviction.

**Recommendation 3: A more intensive, caseworker-led housing support for those affected by LHA reforms and at risk of eviction should be considered.**

This should include for example looking more closely at the extent to which increases in demand for temporary accommodation are being driven by loss of unaffordable accommodation in the private rented sector, and mapping the potential benefits and costs of developing a caseworker-led model.

**Improving health and wellbeing**

Two areas in particular came across strongly in the research. First, we found that many residents appeared to have increased anxiety and stress as a consequence of welfare reform impacts. This in turn was often affecting their family relationships, their ability to function, their physical health and at times appearing to contribute to lower level mental health problems. In principle, the Brighton & Hove Wellbeing Service should be well placed to support these residents. This service is being delivered by a GP-led consortium (The Mental Health Partnership) to provide primary care and support to those with common mental health problems. Residents can either self-refer, or be referred via their GPs.

Secondly, this research found evidence that welfare reforms were exacerbating poor mental health for some of those with more significant and pre-existing mental health
problems. Mental health was identified both as a key driver of reform impacts and a potential trigger for those impacts leading to crisis. This points to the need to ensure that mental health services themselves are able to identify and support (or refer on) those in contact with services that appear to be being adversely affected by the impacts of welfare reforms.

We consider that there would be value in the Council, voluntary sector and Clinical Commissioning Group working both to raise awareness of the Wellbeing Service among those affected by reforms, and to improve signposting to support to deal with welfare reforms for those in contact with more specialist services. While there was some evidence of health specialists supporting residents to deal with reform impacts, the workshops suggested that this was not happening systematically in the design and delivery of services.

Employment support

The research identified a clear gap around supporting residents affected by welfare reform to prepare for, look for and return to work. Relatively few of those interviewed had had recent experiences of employment support from Jobcentre Plus, and virtually none had had any meaningful support from other services or agencies. Many set out reasons why they were unable to work currently, but also said that they wanted to work and recognised that finding work would be the most sustainable route out of low income.

Those agencies and services interviewed did not generally see their role as providing help with securing employment, although there was strong support in the workshops for the view that improving employment support needed to be a priority for residents affected by welfare reform. Where this support is provided in a co-ordinated and intensive way, it can often be effective – indeed there are some indications that the City’s support for residents affected by the benefit cap may be succeeding in supporting many of them into work. This would also be consistent with findings in other local areas.

Jobcentre Plus is increasingly prioritising support for more disadvantaged claimants, and particularly those claiming ESA and/or with common mental health problems. We recommend that the Council and Jobcentre Plus in the first instance should work together to explore the scope for commissioning more targeted employment support to residents affected by reform. Clearly there will be challenges in funding this, but there may be scope to explore either using the Flexible Support Fund or focusing European Social Fund investment on this (as there is likely to be some overlap with one of the proposed ESF projects).
Recommendation 4: There should be consideration of joint commissioning of intensive employment support for residents that are out of work, want to work and affected by welfare reform.

Joining up support

The research identified that often residents had had contact with different support services and local public services. And clearly, one consequence of being more systematic in referring individuals to support to deal with income, health, housing, benefits and employment would be that individuals would be in contact with yet more services. There would be value therefore in exploring how services can best be linked up so as to reduce the burdens on individuals and the risk that people slip through gaps.

There are a range of potential approaches to how this can be done, for example:

- **‘Warm’ signposting and referral** to specialist support – where referrals were happening currently, they tended not to be routinely followed up to identify if actions had been taken or issues resolved. This can be addressed relatively straightforwardly.

- **‘Virtual teams’** to provide joined up support – a range of non-statutory services, including Moneyworks, are intended to work in this way

- **Co-locating services** that are complementary – the workshops suggested that this had been discussed in various contexts previously, but not progressed. Co-location of housing and employment services is often a good example.

- **Integrated case management** through a single key worker – the Integrated Team for Families is the best example of this, while the support for benefit cap households also has this sort of approach

There would be value in exploring the scope for greater use of all of these models, in particular as part of any wider work on the design and delivery of services. The Council is currently exploring a version of this through a European funding bid, and if successful this could be built upon.
Building resilience

Supporting longer-term responses

This research found that overwhelmingly, residents affected by welfare reforms were in ‘crisis management’ mode – dealing as best they could with individual crises around benefits, money, housing, family and so on, with the underlying drivers of those crises almost always going unresolved. Very few residents engaged for this research were actively taking longer term actions – most importantly, steps that would lead to them moving home and/ or finding work – with many of those interviewed feeling either that they could not take these steps, that there was no point, or that it was not appropriate.

In our view, it is imperative that the Council and its partners work to support residents to make longer term decisions and take actions that will help them to cope with – and be resilient to – the impacts of welfare reform. Four recommendations are set out below, around employment, housing and the introduction of Universal Credit.

Employment

The City Council is currently developing its new employment and skills strategy, which should set out how the Council, Jobcentre Plus and other city partners will support residents to prepare for, enter, stay in and progress in work. This development work is in its early stages, and there will likely be a number of priority areas. Given the context set out in Chapter 2, and experiences of employment support described in Chapter 4, we consider that welfare reform should be a key priority area.

In particular, there would be value in the new employment and skills strategy focusing on how support can be extended, improved and better aligned for those claiming ESA and IB, those in large families (including lone parent families) and those with complex needs. This should include looking at how support across Jobcentre Plus services, health services, adult skills, the ‘Troubled Families’ programme (Integrated Team for Families in Brighton) and other Council services link together.

In other city regions (particularly Manchester, London, Sheffield and Greater Ipswich), these debates have gone hand-in-hand with negotiations around greater devolution and local control over central government funding for those further from work. In Brighton & Hove, the City Council also enjoys a good working relationship
with Jobcentre Plus. We would suggest building on this, and work with other partners, to develop a proposition for improving support for those further from work and affected by welfare reforms, built on greater local control and influence over employment support.

Alongside this, **there is scope to further explore opportunities to fund new services through grant funding and European programmes**. The Council and its partners have pursued a number of such opportunities in the past, to enable them to fund more extensive support for residents than would otherwise be available. Looking ahead, the European Social Fund will offer a key opportunity to extend support between 2015 and 2020. In total, just over £10 million will be available across the ‘Coast 2 Capital’ area (roughly covering an area from Lewes to Chichester, and up to Croydon), targeted at three relevant priority areas:

- Developing innovative interventions for target groups that are out of work (including the long-term unemployed, older people and younger people)
- Supporting employment and self-employment in deprived areas and for key target groups
- Developing wrap-around support for the longest-term unemployed and those with complex needs

All of these priority areas would map well onto the welfare reform priorities and needs identified in this research.

**Housing**

As noted, virtually none of those in crisis or close to crisis were taking steps to resolve the underlying causes of these problems. For those with large shortfalls in their housing, the longer-term responses are either to significantly increase income or reduce housing costs. Many of those affected by the benefit cap were receiving caseworker support to either find employment or move home, but for almost all other claimants there is very limited support available beyond crisis management.

The workshop discussions highlighted in particular that there may often be reluctance among frontline staff to have difficult conversations with residents about finding work, moving home or even finding accommodation outside the city. On one level this is to be expected – as these are difficult decisions that would in turn require further support to consider options and seek appropriate help. However, not having these conversations early may in turn lead to problems getting worse and may contribute to the perceptions encountered in the research that moving home or finding work was not an immediate or high priority.
We consider that there would be value in looking in more depth at this issue, to determine whether residents at risk of homelessness and with rent shortfalls are being made aware of their longer-term options and receiving (or being signposted to) the right support. There may as part of this be a need to look at training and guidance for staff and intermediaries.

**Recommendation 5:** Residents at risk of homelessness from the private rented sector with shortfalls between Housing Benefit and rent should be encouraged to have difficult conversations earlier.

**Preparation for Universal Credit**

Finally, it is important that the Council begins its preparations now for the rollout of Universal Credit from late 2015/ early 2016. Universal Credit rollout is behind schedule and very slow, but nonetheless the city will start to have residents from early next year that are being paid their benefit monthly, in a single lump sum, and required to claim their benefit online. This will place new demands on services to ensure that residents are not digitally or financially excluded, and that partnerships are able to link up to provide appropriate support.

The government is currently testing approaches to this through eleven ‘Universal Support delivered locally’ trials, each led by Local Authorities or Jobcentre Plus and with different approaches to triage, support and partnership working. This includes greater use of common assessment processes, co-location and information sharing.

The Council and partners should look to learn from these trials, and to reflect on their own readiness for Universal Credit. The key opportunity that Universal Credit presents is that by simplifying the benefits system and combining previously separate benefits, the system will be easier to navigate and will create clearer incentives for residents.

**Recommendation 6:** As part of preparations for Universal Credit rollout, a joint taskforce should consider how services may need to respond in order to improve triage, budgeting support, digital support and partnership working for residents entering the benefits system.
Annex A – Characteristics of research participants

Demographic characteristics

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<td>Couple with children</td>
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The impacts of welfare reform on residents in Brighton & Hove

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<table>
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<td>Disability Living Allowance</td>
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<td>Housing Benefit</td>
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Base = 51 (all interview and focus group participants)

**Welfare reform impacts**

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<tr>
<td>Council Tax – required to pay contribution</td>
<td>18</td>
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<tr>
<td>Housing Benefit – Local Housing Allowance reductions</td>
<td>12</td>
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<tr>
<td>HB – social sector size criteria</td>
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<tr>
<td>HB – shared accommodation rate change</td>
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<tr>
<td>ESA – Found ‘fit for work’ in Work Capability assessment</td>
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<tr>
<td>ESA – Contributory ESA time-limited</td>
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The impacts of welfare reform on residents in Brighton & Hove

<table>
<thead>
<tr>
<th>Welfare Reform Impact</th>
<th>Number of Interviewees</th>
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<tr>
<td>Personal Independence Payment – assessment delayed</td>
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<tr>
<td>PIP – unsuccessful</td>
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<td>Tax Credits reduced</td>
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<td>Overall benefit cap</td>
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<td>Benefits sanctioned or stopped</td>
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Base = 35 (all interview participants)

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<th>Number of Interviewees</th>
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<td>1 reform</td>
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<tr>
<td>6 reforms</td>
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Base = 35 (all interview participants)
Annex B – Approach taken for cumulative impact modelling

We have developed for this project a model that enables us to estimate the impacts of welfare reforms on Brighton & Hove households according to where they live and according to key household characteristics. A description of the key data sources and the modelling approach is set out below.

Model inputs

The model draws from three principal inputs:

- Anonymised, household-level data on Brighton & Hove claimants of Housing Benefit (June 2014). This was provided by the Council from the ‘Single Housing Benefit Extract’ and provides a range of information on claimant characteristics, HB claims and some reform impacts. This is subsequently referred to as the ‘SHBE data’.

- The Local Government Association/ Inclusion welfare reform impacts tool. This was developed by Inclusion for the LGA, and provides estimates of the cash impacts of specific welfare reforms to Local Authority level, based on the Government’s own impact assessments and policy costings for reform impacts. This is subsequently referred to as the ‘LGA tool’.

- Administrative, aggregate data on benefit claimants, available for DWP benefits from www.nomisweb.co.uk (subsequently referred to as ‘NOMIS data’) and from HMRC statistical releases for tax credits (subsequently referred to as ‘tax credits data’). NOMIS data is available to Ward level, with tax credits data available to LA-level.

In addition, survey data (from the 2011 Census and from the Family Resources Survey) is used in some cases to further apportion impacts between groups. This is explained in relevant sections.

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19 Available at: http://www.local.gov.uk/documents/10180/11531/Impact+modelling+tool/572bb1d3-2be3-43e5-8ca3-4075b25f192c

20 Comprising Jobseeker’s Allowance, Income Support, Incapacity Benefit, Employment and Support Allowance and Disability Living Allowance
The impacts of welfare reform on residents in Brighton & Hove

**Modelling specific reforms**

The first stage in the modelling was to estimate the impacts of specific welfare reforms. The headline approach to doing this is set out below.

**Changes to Local Housing Allowance**

For the change from paying the LHA at the 50\(^{th}\) percentile to instead paying at the 30\(^{th}\) percentile, the Valuation Office Agency published their own assessment in 2011 of the impacts to Local Authority level for different bedroom entitlements\(^2^1\). In Brighton & Hove, this leads to reductions of between 4.0% (1 Bedroom) and 36.1% (5 Bedroom), as set out below.

<table>
<thead>
<tr>
<th></th>
<th>1 Room</th>
<th>1 Bed</th>
<th>2 Bed</th>
<th>3 Bed</th>
<th>4 bed</th>
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<td>£253.85</td>
<td>£334.62</td>
<td>£424.62</td>
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<td>March 11 at 30th percentile</td>
<td>£80.00</td>
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Factor to apply to reflect LHA changes 2011 6.3% 4.0% 9.0% 13.4% 7.3% 36.1%

The SHBE data tells us the bedroom entitlements of individual HB claimants to Ward level, so the relevant reduction factor was applied to each claimant.

We then need to estimate the additional impact of the decision to change the uprating of LHA to price inflation rather than rent inflation. The LGA tool gives us the Government’s national estimate of the year-on-year impact of this change to Local Authority level. The figure for Brighton was then apportioned between LHA claimants based on their rent levels.

**The Housing Benefit social sector size criteria**

The impacts of this reform are available from the SHBE data, to claimant household level.

**Localisation of Council Tax Benefit**

The SHBE data records claimants’ gross liability for Council Tax, and their net liability following discounts and exemptions. This enables us to identify those receiving a discount through the City’s Council Tax reduction scheme (which has replaced Council Tax Benefit) and the amount of that discount.

Those claiming a DWP ‘passporting benefit’ would previously not have been required to pay any Council Tax, and these claimants can be identified through the SHBE data. We have therefore recorded the net Council Tax liability for these claimants as the impact of this welfare reform.

CTB was also paid to some households on low incomes that were not claiming a passporting benefit. Some of these households will likely also face smaller losses as a result of CTB localisation, but it has not been possible to identify these impacts. This means that the impact of CTB localisation is likely under-counted by a small amount.

**Changes to tax credits**

Very little local data is available on tax credits. We have therefore used the LGA tool, which gives us an estimated average loss per tax credit claimant household for Brighton & Hove – based on government assessments of the financial impact of tax credit reforms – and numbers of tax credit households in April 2011 (at the point that reforms were introduced).

In the absence of more detailed data, these average impacts are assumed to be the same for all tax credits claimants, and are apportioned equally between Wards.

**Replacement of Disability Living Allowance**

In the absence of more detailed local data, the impacts of the replacement of DLA are taken from the LGA tool – which apportions between Local Authorities the government estimates of the impact of reform based on their shares of those claiming DLA.

The total number of working age DLA claimants (taken from NOMIS data) is then apportioned between Wards based on the known number of DLA claimants in each Ward, taken from NOMIS data.

**Time-limiting of Contributory Employment and Support Allowance**

Again, impacts for Brighton & Hove are taken from the LGA tool, which again apportions between Local Authorities the government’s estimates of the impacts of this reform, based on areas’ shares of claimants and expenditure. This is then

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22 Jobseeker’s Allowance, Employment and Support Allowance/ Incapacity Benefit or Income Support
modelled to Ward level based on the known number of ESA claimants, taken from NOMIS data.

**The introduction of the overall benefit cap**

The impacts of this reform are available from the SHBE data, to claimant household level.

**The extension of the Shared Accommodation Rate to Local Housing Allowance claimants aged under 35**

The number of LHA claimants aged under 35 is available from SHBE data, including to Ward level. It is then assumed that each of these claimant households see a reform impact in line with the estimated average impact of this reform per household, taken from the LGA tool (which in turn is based on government impact assessments).

This likely under-estimates the impact of this reform, as it does not include those who may be unable to claim Housing Benefit as a result of the reforms (i.e. because they cannot afford to, or choose not to, rent at the lower Shared Accommodation Rate).

**1% uprating of benefits**

The estimated average impact of this reform per claimant, taken from the LGA tool, is applied to all claimant households in the City.

**Estimating cumulative impacts for household types and groups**

The next stage in the modelling work was to quantify the impacts of reforms for eleven different household types (set out in Chapter 2) and based on claimants’ age, gender and disability.

For the most part, reform impacts were apportioned using the SHBE data, which provides individual-level detail on age, gender, disability (defined for these purposes as claiming DLA or ESA), tenure, and numbers of children.

However, SHBE data does not capture owner-occupiers, who by definition are not claimants of Housing Benefit. In order to estimate the numbers not on HB that may be affected by welfare reforms, Census and Family Resources Survey (FRS) data was used. The FRS tells us what proportion of residents in each tenure type claim
benefit (and in many cases, what proportion claim individual benefits), while the Census tells us how many households are in each of these tenures, to Ward level. Combining this data enables us to estimate the numbers of claimant households that are owner-occupiers to Ward level.

Relevant reform impacts for the owner-occupier group (i.e. for all reforms excluding Housing Benefit reforms) are then apportioned based on estimated average impacts of reforms, and estimated numbers of claimants affected (again using FRS and Census data).