A meeting of the Housing Income Protection Task Group will be held at 5.30pm on Wednesday 23rd January 2013 in Committee Room 1 at the Town Hall, Rugby.

Councillor J Roodhouse
Chairman

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes – to approve the minutes of the meeting held on 21 November 2012.
2. Apologies – to receive apologies for absence from the meeting.
3. Declarations of Interest
   To receive declarations of:
   (a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;
   (b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and
   (c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

   Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

   Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.

4. Additional evidence (see briefing paper attached):
   • submission from Christians against Poverty UK (Rugby Centre)
   • update from Welfare Reform Officers
5. Review report and recommendations (draft report attached).

PART 2 – EXEMPT INFORMATION

There is no business involving exempt information.

Membership of the Task Group:

Councillors Roodhouse (Chairman), Mrs Avis, Ms Edwards, Mrs Garcia, Mrs Kaur, Mrs New, Pacey-Day and Sandison

Ms Tracey Nuttall (nominee from Tenant Representative Panel)

If you have any general queries with regard to this agenda please contact Claire Waleczek, Democratic and Scrutiny Services Officer (Team Leader) (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.
Review of Housing Income Protection

23 January 2013

Briefing Paper

1. BACKGROUND

The evidence received during the review is brought together in an initial draft review report which is attached at appendix 1 for consideration by the task group. As agreed at the last meeting of the task group, the emerging themes identified and discussed by the group form the basis of the conclusions in this draft report.

The main purpose of this meeting is to approve the review report, discuss the review findings and emerging themes with the Head of Housing and the Sustainable Inclusive Communities Portfolio Holder, and to develop the review recommendations.

2. ADDITIONAL EVIDENCE

Following the last meeting of the task group, Cllr Claire Edwards came across an organisation – Christians Against Poverty UK – that is working locally to provide debt counselling and financial education. With the agreement of the chairman, the CAP UK Rugby centre manager was invited to give written evidence to the task group. His response is attached at appendix 2 for consideration by the task group, and the organisation is also referenced in the draft report.

The Welfare Reform Housing Officers will also be attending the meeting to give an update to members on their work with tenants affected by the reforms.

3. NEXT STEPS

It is intended that the review report will be submitted to Customer and Partnerships Committee on 7 February 2013 and to Cabinet on 11 March 2013. The group will need to decide whether this timescale remains achievable, following the discussions at the meeting.

If this reporting timescale is agreed, the group will need to determine arrangements for finalising the review report and agreeing the review action plan, which should be included with the report when it is submitted to Cabinet.

Debbie Dawson, Scrutiny Officer
January 2013
A REVIEW OF HOUSING INCOME PROTECTION: MINIMISING RENT ARREARS

January 2013
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Review Action Plan
TASK GROUP MEMBERSHIP

The Task Group consisted of the following members:

Councillor Jerry Roodhouse (Chairman)
Councillor Mrs Tina Avis
Councillor Ms Claire Edwards
Councillor Mrs Belinda Garcia
Councillor Mrs Kam Kaur
Councillor Mrs Noreen New
Councillor Chris Pacey-Day
Councillor Neil Sandison
Ms Tracey Nuttall (co-opted member from the Tenant Representative Panel)

FOR FURTHER INFORMATION

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ACKNOWLEDGEMENTS

The Group would like to thank everyone who contributed to the review, in particular:

Laurie Bird, Rugby Credit Union
David Gooding, Bedworth, Rugby and Nuneaton Citizens Advice Bureau (BRANCAB)
Nick Gower-Johnson, Troubled Families Coordinator, Warwickshire County Council
Diana Mansell, Rugby Food Bank
Mark Stanyer, Warwickshire Welfare Rights Advice Service
Denise Wilson, BRANCAB
Joyce Woodings, Benn Partnership Centre
Affinity Sutton
Midland Heart Limited
Orbit Heart of England
Staff at Boughton Leigh Children’s Centre, Claremont Children’s Centre and Hillmorton Children’s Centre, Rugby
Andrew Lewis, Centre Manager, Christians Against Poverty (CAP) Rugby

The Group would also like to thank all the officers from the council’s housing and benefits services for their invaluable support and contributions. Particular thanks are due to Liz Dunlop, Dave Wortley, Penny Jeffers and Matt Taylor.
CHAIRMAN’S FOREWORD

To be added

Councillor Jerry Roodhouse
Chairman
1. RECOMMENDATIONS

The Task Group proposes the following recommendations to Cabinet:

IMPROVEMENTS THAT COULD BE MADE QUICKLY AND AT LOW COST

1.

MODIFICATIONS OF EXISTING POLICIES AND PROCEDURES

2.

3.

4.

SIGNIFICANT PROPOSALS WHICH WILL REQUIRE COMMITMENT OF TIME OR FINANCIAL RESOURCES

5.

6.

7.

8.

The following further recommendations are made to …

9.

10.

1.1 Alignment with the Corporate Strategy

The review relates to the following corporate priority:

Facilitate the provision and upkeep of good quality housing to meet local needs and to cater for the growth of Rugby.
2. OBJECTIVES

2.1 Background

On 19 March 2012, the Overview and Scrutiny Management Board placed a review on ‘housing income protection: minimising council rent arrears’ in the overview and scrutiny work programme, on the recommendation of the work programme workshop held in February 2012. The review topic had been suggested by Leadership and Operations Team and was supported by the Sustainable Inclusive Communities Portfolio Holder.

The review topic addresses an important issue for the council. The economic downturn, combined with the impending welfare benefit reforms, present new challenges for the collection of housing income. This income is vital to the sustainability of the council’s Housing Revenue Account business plan, which underpins the future maintenance and improvement of council housing and the ability to provide a high quality housing service. This is even more relevant in the context of the new devolved council housing self-financing system which took effect in April 2012. The council therefore needs to carefully consider the likely impact of the reforms and identify measures to protect rent payments and support tenants affected by the changes.

A draft one-page strategy for the review was agreed by Customer and Partnerships Committee on 21 June 2012 and was adopted by the task group unamended. The first meeting of the task group was held on 26 July 2012.

2.2 The One-Page Strategy

The one-page strategy is the name given to the scoping document for the review. It defines the task and the improvements being aimed for and how these are going to be achieved. The review's one-page strategy is as follows:

What is the broad topic area?
Protection of the council’s housing income in the context of changes to the benefits system

What is the specific topic area?
The review will address the challenges for the collection of housing income arising from the economic downturn and impending welfare benefit reform. It will cover the following issues:

- preventative and enabling measures; for example minimising potential exposure when letting through appropriate allocations, promoting a payment culture, access to banking services, incentives and payment methods
- maximising tenants' income
- contact with tenants: communication, help and advice

A separate scrutiny review on the impact of Universal Credit on the benefits service is planned for later in the year, and will include consideration of issues around access to the new system for all residents. This review will not therefore include consideration of those issues.
What is the ambition of the review?
To enable our tenants to sustain their tenancies and facilitate swift recovery of housing rent where necessary.

How well do we perform at the moment?
The review will establish:
- current proportion of rent collected
- number of evictions per annum
- number of council tenants likely to be affected by new under-occupancy measures from April 2013
- indication of the percentage of our working age tenants who hold a bank account
- percentage of council tenants currently in receipt of housing benefit, including a breakdown of those tenants above pension age.

Who shall we consult about the current service and about how we can improve it?
Coventry and Warwickshire Co-operative Development Agency
Rugby Tenant Representative Panel (co-opted member)
Local banks and building societies
Rugby Citizens Advice Bureau
Warwickshire Financial Inclusion Partnership
Local private sector landlords

What other help do we need?
Support from housing and benefits officers

Other sources of further information may include:
National Housing Federation
Chartered Institute of Housing
CIH Direct Payment Demonstration Projects

Task group members will need a clear understanding of the welfare benefit reforms and legislative changes.

How long should it take?
6 months, concluding by January 2013

What will be the outcome?
An action plan with clear measures in place to protect housing income in advance of the impending welfare benefit reforms.
3. METHODOLOGY

3.1 Fact-finding

The task group built a strong evidence base to support its conclusions, drawing on a variety of sources. This included:

- An introductory presentation from the Operational Housing Manager, Benefits Manager and Scrutiny Officer covering:
  - details of recent and impending welfare reforms
  - baseline data about rent collection rates and profile of council tenants in receipt of housing benefits
  - preparations being made by the council.

- A private internal research report with analysis on those council tenants who would be likely to be affected by the new under-occupancy rules from April 2013.

The task group also received updates throughout the review on a draft action plan that the Housing service had in place in preparation for the reforms. This included feedback from the welfare reform officers (who were appointed during the course of the review) on their initial visits to tenants affected by the under-occupancy rules. In addition, the Communication, Consultation and Information Manager informed the group about a communications strategy that was being developed in relation to the benefits changes.

3.2 Focus Groups and survey

To gather evidence directly from tenants, the task group organised a series of focus groups in local Children’s Centres in October 2012. The groups were as follows:

- Tuesday 23 October, 1.30-2.30pm, Claremont Children’s Centre – with Cllr Tina Avis, Cllr Noreen New, Tracey Nuttall and Cllr Neil Sandison
- Wednesday 24 October, 2-3pm, Boughton Leigh Children’s Centre – with Cllr Claire Edwards and Cllr Belinda Garcia
- Thursday 25 October, 1.30-2.30pm, Hillmorton Children’s Centre – with Tracey Nuttall, Cllr Pacey-Day and Cllr Jerry Roodhouse.

For each of the focus groups, 20 local tenants were invited at random from a database of council tenants likely to be affected by the under-occupancy rules. In addition, flyers were placed in the Town Hall reception and were distributed to the Children’s Centres that were hosting the focus groups, where staff promoted the events to centre users.

The response was disappointing. At Claremont Children’s Centre, no tenants attended, although task group members were able to speak with a local resident who was leading a training course at the centre. The focus group at Boughton Leigh Children’s Centre was attended by three local residents, one of whom was a
council tenant, the others being other social housing tenants. A Family Support Worker at the Centre also contributed to the discussion. Finally, while no tenants attended the event at Hillmorton Children's Centre, there was a young parent’s group taking place at the time and the task group members were able to speak with some of those attending.

A survey was also conducted to try to capture feedback from tenants living in rural parts of the borough. Hard copies of the survey were posted to 83 council tenant households which had been identified as likely to be directly affected by the under-occupancy rules. Pre-paid reply envelopes were enclosed. The survey was also posted on the council’s website, and was promoted on the flyers issued to advertise the focus groups. In total, 17 responses were received, including two completed online.

3.3 Select Committee

The task group held a select committee meeting on 24 October 2012 at the Town Hall, which brought together those with expertise and insight into the impact of the welfare reforms on council tenants, and those with an understanding of, or role to play in, supporting tenants affected by the changes.

The following attended the meeting:
Laurie Bird, Rugby Credit Union
David Gooding, Bedworth, Rugby and Nuneaton Citizens Advice Bureau (BRANCAB)
Nick Gower-Johnson, Troubled Families Coordinator, Warwickshire County Council
Diana Mansell, Rugby Food Bank
Mark Stanyer, Warwickshire Welfare Rights Advice Service
Denise Wilson, BRANCAB
Joyce Woodings, Benn Partnership Centre

A number of those attending the meeting also provided written submissions to the task group in advance of the meeting. The meeting itself and the written submissions received provided a wealth of invaluable evidence.

3.4 Call for evidence

Several other organisations were invited to supply written evidence to the task group, and some very detailed and insightful contributions were received. The following organisations provided written evidence:

Orbit Heart of England
Affinity Sutton
Midland Heart Limited
Christians Against Poverty UK (Rugby branch)
Jobcentre Plus

These submissions can be found in the task group review papers which are all available online at www.rugby.gov.uk in the section ‘agendas, reports and minutes’.
4. FINDINGS

4.1 WELFARE BENEFIT REFORMS

The Welfare Reform Act 2012 set out fundamental changes to the welfare system aimed at improving the benefits system to reduce dependency on welfare. The welfare reforms will bring about a major cultural change in the benefits system and there will be both short-term and long-term cumulative effects arising from the reforms.

The main changes affecting the council as a social housing landlord are detailed below.

4.1.1 Universal Credit

Universal Credit will replace existing means-tested benefits for people of working age. It comes into effect from October 2013. By 2017 Universal Credit will replace:

- housing benefit
- income-based jobseekers’ allowance
- income support
- income-related employment and support allowance
- working tax credit
- child tax credit

The government has stated that no-one will see their benefits reduced at the point of change.

Instead of separate benefits, claimants will receive one monthly payment, described as a ‘surrogate wage’. Unlike the current housing benefit system, the payment will be made in arrears, with the intention being to prepare claimants for employment. There will be no separately identifiable payment made exclusively for housing costs. The new system is designed to provide an improved incentive to work, as the loss of benefit as earnings rise will be less steep than currently.

The housing element will usually be paid directly to the tenant, rather than to their landlord, with the aim of promoting personal independence and financial responsibility. It can, however, be paid to the landlord in some circumstances, where the tenant is vulnerable (though this is still to be defined). The government has also stated that there will be an arrears trigger put in place to protect landlords from persistent failure to pay – which will again result in direct payment to landlords.

For pension-age claims a new housing credit element within the existing pension credit will replace housing benefit for pensioners who need help with their rent.

Universal Credit will be administered through a centralised IT system. The majority of claims will be dealt with online, with a back-up national telephone call centre for all other cases. DWP has an initial target of 50% of claims to be dealt with on-line,
rising to 80% by 2017. Local authorities will therefore no longer administer support for help with housing costs.

4.1.2 Overall benefit cap

The overall amount of benefit that workless households can receive is to be capped. This policy is to be piloted in four London boroughs from April 2013 and rolled out nationally from July 2013. The total state support available from Universal Credit and child benefit to working-age households will be limited to:
- £500 per week for couple and lone-parent households
- £350 per week for single-person households

This level is based on median incomes and will be reviewed annually.

The cap will not apply to:
- households where someone is in receipt of disability living allowance, industrial injuries disablement benefit, support component of employment and support allowance, and attendance allowance;
- households who are entitled to working tax credit; and
- war widows and widowers.

For claimants who have been in work continuously for the previous 12 months, a 39-week grace period will apply during which the benefit cap will be deferred.

The DWP has allocated additional support to local authorities (an additional £80 million in 2013/14 and £50 million in 2014/15) to assist households affected by the benefit cap through the discretionary housing payments scheme, which allows local authorities to make additional payments to people entitled to housing benefits where the person needs temporary help with housing costs. The additional support is particularly aimed at those who live in properties adapted for disabled people and foster carers, who may not be able to move immediately after being hit by the cap. Local authorities will be free to allocate the resource locally as they see fit.

4.1.3 Size Criteria

From April 2013 all current and future working-age tenants renting from a local authority, housing association or other registered social landlord will receive housing benefit based on the need of their household. The size criteria allow one bedroom for each person or couple living as part of the household, with the following exceptions:

- children under 16 of the same gender are expected to share
- children under 10 are expected to share regardless of gender
- a disabled tenant or partner who needs a non-resident overnight carer will be allowed an extra room.

Those tenants whose accommodation is larger than they need will lose part of their housing benefit. For those with one spare bedroom, their eligible rent will be reduced by 14 per cent and for those with two or more spare bedrooms it will be reduced by 25 per cent.
An additional £30 million per year will be available nationally for the discretionary payments scheme from 2013/14 to help with the introduction of this change. This extra funding is aimed at two specific groups: disabled people living in significantly adapted accommodation and foster carers.

Those qualifying for state pension credit from April 2013 (those aged 61 years and above) will not be subject to the size criteria.

4.1.4 Council Tax support

Existing council tax support is to be replaced by grants to local authorities from April 2013 and expenditure is to be reduced by 10 per cent. The national scheme will still be used for customers over pensionable age but for all other customers each council will devise its own local scheme of council tax support. In Rugby the 10 per cent saving will be borne by 55 per cent of customers (4,400) who are of working age. Under the scheme adopted by the Council in December 2013, customers of working age will pay at least 15 per cent towards their Council Tax bill.

4.1.5 Non-dependant charges

Once a household member reaches 18, they are no longer classed as part of the claimant’s family for benefit purposes, and are classed as non-dependant. Housing benefit and council tax benefit is reduced for every non-dependant residing with the claimant, reflecting the contribution the Government expects non-dependants to make to the household costs.

Non-dependant deduction rates were frozen between April 2001 and April 2011. However, in the June 2010 Budget, the Government announced that non-dependant deductions would be increased over a phased three-year period, starting in April 2011.

4.1.6 Community Care Grants and Crisis Loans

From April 2013 Crisis Loans for general living expenses (including rent in advance) and Community Care Grants will be replaced by Local Welfare Assistance and responsibility will be transferred to the county council, who will deliver support to vulnerable people in the way they deem most appropriate to meet local needs. In England this will be on a non ring-fenced basis, and there will be no new duties on local authorities to provide the new assistance. Local authorities are being discouraged from operating loan schemes in future but instead are expected to provide support on the basis of one-off grants. Warwickshire County Council was expected to consult on proposals for this scheme in January 2013.

4.1.7 Local housing allowance changes

Local authorities administer local housing allowance (LHA) to tenants in the private-rented sector who require help with housing costs. From January 2012 in the private-rented sector the age limit for single claimants to whom the shared accommodation rate applies rose from 25 to 35 years of age for new claims. This
means that single people under 35 in the private rented sector no longer receive housing benefit based on one-bedroom self-contained accommodation.

From April 2013 LHA claims for private tenants will be set using the April 2012 LHA rate increased in line with the consumer price index measure of inflation relevant in September 2012, rather than the higher retail price index.

4.1.8 Disability Living Allowance

Personal Independence Payments will be replacing Disability Living Allowance, starting in a pilot area in 2013 followed by a phased introduction starting with new claimants. It is anticipated that many claimants will see their benefit reduced or removed.

4.2 IMPACT ON HOUSING INCOME

4.2.1 Housing income at risk

During 2011/2012 the council collected 99.13% of its rental income, amounting to £13.9 million. Approximately 60% of this was received directly through housing benefit. The phased introduction of Universal Credit over the next 3-4 years will mean that this housing benefit will no longer be paid directly to the council, but will form part of a tenant’s monthly benefits payment which they will be responsible for managing.

4.2.2 Overall benefits cap

In Rugby, 28 households have been identified (November 2012) as being affected by the cap:
- 4 council tenants will have a benefit reduction of £12 - £118 per week
- 10 housing association tenants will have a benefit reduction of 10p - £255 per week
- 14 private rented sector tenants will have a benefit reduction of £2.50-£150 per week.

4.2.3 Size criteria

The impact of the under-occupancy rules on council tenants is more significant. While individual circumstances are constantly changing and the figures offer only a snapshot in time, internal research indicates that more than 420 council tenants will be affected by these rules (more than one in six tenants of working age).

The benefit reductions range from £6 to just under £30 per week. Some tenants will no longer receive any benefit due to the changes. The majority of those affected are under-occupying by one bedroom.

Across a full financial year around £268,000 of housing income will no longer be met by benefit and will become payable directly by the tenants.
The scale of impact on Rugby Borough Council’s tenants clearly has implications for the council’s stock profile and allocations policy. Opportunities for the council to offer smaller accommodation are limited both by the number of vacancies and by the profile of the stock in relation to people’s preferences and needs. Options for those in rural areas are particularly limited – many of those under-occupying two-bedroom houses will have no available options to downsize within the same village. It is also the case that two-bedroom high-rise flats may become increasingly difficult to let.

4.2.4 Cumulative impact

A point that was repeatedly made to the task group was the cumulative impact of all the different benefits changes on council tenants, both in terms of reduced income and their ability to manage household budgets. This points to an increased risk to the council of tenants being unable to meet their rent (and, equally, council tax) demands.

4.3 ISSUES FOR COUNCIL TENANTS

A key focus of the review was to explore how council tenants are likely to be affected by the welfare changes, and what the main issues will be for them. The issues and impacts for council tenants highlighted in direct feedback from tenants and in evidence and research from those who work with them, are detailed below.

4.3.1 Understanding the benefit changes

Most people the task group members spoke with had a lack of understanding about the changes ahead, and in some cases did not seem to be particularly concerned. Evidence from other sources reinforced the view that there is considerable confusion amongst those who will be affected by the changes, with some even being unaware of their impact.

It is likely that many clients affected by the welfare reform changes will turn to the council for support in the first instance.

4.3.2 Reduced income

Tenants who are faced with restricted or reduced income as a result of the welfare reforms are likely to struggle to meet their rent and council tax demands and there is likely to be an increase in rent arrears and, potentially, homelessness as a result. It is notable that the council currently has a fairly low number of evictions for rent arrears, with only 6 cases in 2011/12.

Those who commented in response to a survey question about how they might cover the shortfall in the event of reduced income were on the whole struggling to identify easy savings. One respondent stated that they would “have to cut back but there is nothing left to cut back on”. The extent of hardship already experienced by some of the borough’s residents is highlighted by the work of Rugby Food Bank,
which had given emergency food relief to 570 people during the previous 6 months, 200 of whom had children.

The group heard that people in receipt of benefits often do not have any savings, and so are unable to cope with gaps or delays in benefits payments. One single parent said that “you can’t put children on hold”. People turn to loan sharks if they run out of other options and there is concern that local communities could become targeted by high cost credit providers and loan sharks.

Submissions to the task group also highlighted the wider social impact of increased poverty – for example the mental health issues arising from stress and anxiety about housing and financial pressures.

4.3.3 Budgeting skills

The shift to Universal Credit will make tenants’ financial management of their household budgets a key issue, particularly as payment of housing benefit changes from weekly and fortnightly payments direct to the landlord to monthly direct payments, paid in arrears. Training and advice will need to be available to help tenants to manage the transition to the new payment arrangements and to manage household budgets and change spending habits.

For people who have recently been in work and hope to return to work, the shift to a single benefits payment should make it easier to manage the household budget and simplify the benefits system. However, there was evidence from a range of sources that, for those currently budgeting on a weekly basis and without savings to fall back on, the transition to a single monthly payment in arrears will be difficult to manage and there will need to be a strong support structure in place to help them make this transition.

Task group members heard from a Family Support Worker that many of the individuals they work with lack the skills to save or budget effectively. They are often living on a day to day basis – for example spending the day at the Children’s Centre on the day before benefits payments are received as they have run out of money on their heating meter and need somewhere warm for their family. If they are struggling with debt they can often be overwhelmed by the demands from creditors, and much of their time is spent deflecting these demands.

Of those who responded to the survey, 14 out of 17 ranked rent among their top three budget priorities, with food and heating being the other high ranking budget priorities.

4.3.4 Financial inclusion

Many people are currently unable to access even basic banking services, which will create difficulty when it comes to them receiving direct payments. National estimates are that between 15% and 20% of social housing tenants do not have a bank account. There is no available data on how many council tenants have a bank account, but currently 29% pay their rent by direct debit or standing order. This is split 60:40 between those aged 60 or more and those younger than 60).
Of those who responded to the survey only 3 stated that they did not have a bank account through which they could set up a direct debit or standing order, although one of these commented: “can’t get a bank account in my name – I've tried all those in the town centre.” There were mixed reactions from respondents to the suggestion of opening a ‘jam jar’ account.

4.3.5 Housing options

There is clearly an issue around availability of affordable, appropriately-sized housing and a potential increased risk of over-crowding as a result of the reforms, if families look to move to smaller, lower cost properties. In some cases tenants may have to move area, away from family and friends, or further away from work or potential work.

It has been suggested by the Department of Work and Pensions that some could mitigate the effects of the size criteria by taking in a lodger to fill a ‘spare bedroom’. Clearly this is a personal decision, but submissions to the task group highlighted concerns that families with young children may have about sharing their home with another adult, as well as issues about the size of shared living space and whether there would be a market for such rooms.

4.3.5 Employment

Encouraging benefits claimants to find work is a key thrust of the welfare reforms. However, this is a complex issue and in many cases a longer-term solution. Many people require training in employability, literacy and numeracy skills, and they often experience difficulties in applying for jobs online. In addition, many opportunities for employment are with agencies, which often offer poor terms of employment and temporary contracts. This type of employment offers no security for assured or secure tenancy holders.

Finding work is not necessarily an easy option. Members heard from a single parent who had applied for nearly 50 jobs in the previous few weeks, and had attended 10 interviews. At all of the interviews she had been asked about childcare arrangements should her children be unwell. Repeated rejections were undermining her resolve to find work. Family Support Workers also have contact with many people who require a lot of support to prepare CVs and job applications, and need other practical help, such as interview clothes.

Evidence from Jobcentre Plus also highlighted concerns about the challenges for lone parents and people who have been claiming benefit due to a sickness or disability in joining the labour market for the first time in many years (or ever). They raised questions about the adequacy of provision to meet training needs, and how to encourage employers to recruit such individuals.
4.3.6 Computer access

There are issues about the move to online claims, with concerns as to whether tenants will have the ability and internet access to enable them to make such claims.

Ten of those responding to the survey stated that they did not have a computer with internet access that they could use to claim benefits. (Six said they did). Of those who said ‘no’, only three said they knew where they could access the internet, and only one mentioned the library.

4.3.7 Advice and support

Anecdotal feedback suggested that some tenants find it difficult to engage with official agencies, such as the council and the Jobcentre, which they can find to be intimidating and unfriendly. They can also be intimidated by ‘official-looking’ letters, and tend to put them to one side, unopened. Most respondents to the survey said (unprompted) that they would go to the CAB for advice and help if they were having difficulty paying their bills. The responses to this question are presented in the chart below.

![Chart: Where would you go for advice and help if you were having difficulty paying your bills?]

- CAB, 11
- Jobcentre, 1
- National Debtline, 2
- Council, 2

It was suggested to members that the Children’s Centres were a more neutral and accessible venue. An idea was put forward that benefits advisers could go out and run support and advice sessions in these more accessible locations. The library was cited as another such venue. The general feedback was that face to face communication was probably the most effective – even young people said they were unlikely to use Facebook, for example. Offering real-life scenarios/case studies may have more impact in trying to get messages out.

The task group learnt of other creative ways of getting key messages out to people that were being employed elsewhere – for example through hairdressers and GP surgeries.
Tenants from minority ethnic groups may require specific support and communication strategies, though this will not be the case for everyone.

4.3.8 Disproportionate impact

It was suggested that the new under-occupancy rules may have a disproportionate effect on the following key council tenant groups:
- separated parents who share childcare
- foster carers (foster children will not be included in any housing benefit calculation)
- disabled people living in adapted/specially designed properties.

There is also some evidence that women may be disproportionately affected by these rules. There are some concerns about the fact that Universal Credit will be paid to just one member of the household.

4.4 THE COUNCIL’S RESPONSE

4.4.1 Action to date

Due to the speed with which some of the reforms are being introduced, the council has had to act quickly to prepare for the changes. The Housing service has an action plan in place, progress against which was reported to the task group during the review. This is included at appendix 1 to the report. This includes working with the benefits service to identify tenants of working age who are claiming housing benefit and will be under-occupying council properties under the new size criteria.

Before the task group began its work, Council had already approved the appointment of two housing officers with specific responsibility for dealing with the implications of the welfare reforms as temporary posts for two years. These officers were in post from the end of October 2012.

Following initial research on the impact of the under-occupancy rule, Cabinet approved further actions in November 2012 to address the resulting challenges. These included:

- amending the allocation policy to prevent people moving into properties where they would under-occupy the home, unless a financial assessment demonstrates they are likely to be able to afford to pay the rent from April 2013;
- provision of an under-occupation alleviation fund (£10,000 in 2012/13 and £25,000 in 2013/14)
- further redesignation of one-bedroom sheltered housing flats to general needs accommodation, with these vacancies ring-fenced to existing tenants in the first instance.

From summer 2012 information about the benefits changes was made available to tenants through Tenant Times. At the end of October 2012 the council wrote to all tenants identified as being affected by the under-occupancy rules advising them of
the changes. It was intended that all of these households would receive a personal visit from the welfare reform officers by early February 2013.

In November 2012 the new welfare reform officers fed back to the task group on their initial work. An extensive information pack was being put together, with clear explanations of the new size criteria and the potential options available to affected tenants. The officers were using a questionnaire in their visits to affected tenants and the data captured was being recorded and profiled for future reference and reported to housing managers on a monthly basis.

It was also reported to the task group that a communications strategy in relation to the benefits changes was being developed, with two clear objectives:
(i) ensure that the people affected by the welfare reform changes have a range of options to deal with the impact of the changes on them; and
(ii) ensure that the information and capability (ie. access to leaflets, internet etc) was available to enable people to get the help and support they required.

It was intended that face-to-face contact would be the key form of communication wherever possible, with demographics and profiling used to ensure that communication was in a suitable format for the target audience.

The task group emphasised the need to include elected members as a key audience for the communications strategy and, as a result, officers ensured that all members were issued with a copy of the full information pack in December 2012.

4.4.2 Further potential areas for action

- **Identifying vulnerable groups**

Although the housing service has undertaken initial analysis of households affected by the under-occupancy rules, this has focused on identifying these households and the extent to which they are under-occupying. At the select committee meeting a persuasive argument was made that further analysis is needed to identify the most vulnerable clients in order to take pre-emptive action to support these individuals to manage the impact of benefits changes as a whole. Failure to do so may result in them becoming subject to sanctions, which would ultimately place greater burdens on statutory and voluntary sector agencies.

- **Rental Income Policy**

Under the council’s current Rental Income Policy the council serves notice on tenants who fall 5 weeks in arrears. Tenants are not permitted to move if they are subject to a court order. There is a need to review this policy and to give consideration to allowing tenants in arrears to move to smaller, more affordable properties, to prevent them from incurring further debt.

- **Discretionary Housing Payments**

Discretionary Housing Payment funding is being increased by central government from April 2013 – Rugby Borough Council will receive £111,000 in 2013/14. The payments are intended to provide short-term support to protect disadvantaged groups, and any tenant experiencing a shortfall in their rent will be eligible to apply for assistance. Local authorities across the county are working together on revised
guidelines for the discretionary housing payment scheme, with the intention that consistent criteria would be applied.

It was suggested to the task group that there may be some cases where longer-term support may be needed. Local authorities are able to top-up funding from government, and consideration may need to be given to provision of additional funding for this purpose. The importance of proper advertising and promotion of such support was also emphasised.

- **Allocations Policy**

Further to the interim amendment to the allocations policy detailed above, additional recommendations about amendments to the allocations policy were due to be submitted to Cabinet in April 2013. It was reported to the task group that a full policy review would be carried out following the completion of an internal review of the UChoose system.

### 4.5 THE ROLE OF PARTNERS

The task group received evidence from a range of partners who all have an important role to play in addressing the issues for council tenants identified above.

#### 4.5.1 Statutory sector

From April 2013 Warwickshire County Council will be taking responsibility for administering social fund elements (see 4.1.6 above). In October 2012 it was reported that the criteria had yet to be developed and agreed and that this would be subject to partner and community consultation which would provide an opportunity to highlight concerns about the impact of the welfare reforms.

It was also suggested that it may be possible to draw on support through the County Council’s Troubled Families Programme. This new programme involves key workers with a small caseload working intensively with targeted families, drawing on support from different agencies to provide assistance around health, money, and employment advice. There are an estimated 180 ‘troubled’ families in Rugby, 20% of the total number for Warwickshire. Families are identified as ‘troubled’ using national criteria relating to crime and anti-social behaviour, education issues such as poor school attendance and behaviour, and being out of work (and in receipt of benefits). It is also possible to introduce a local criterion, which could offer an opportunity to capture those adversely affected by the welfare reforms.

Jobcentre Plus provides, and signposts clients to, a wide range of support to assist people to enter employment. Programmes and services range from work clubs to support to set up a business; from help to tackle drug and alcohol dependency to work experience and job trial placements.

Discussions with Children’s Centre staff identified the need for better information for frontline support workers who have direct contact with people in difficulty. Family support workers would welcome a direct point of reference within the Town Hall and
other statutory agencies that they could approach when they are dealing with someone in crisis.

4.5.2 Voluntary and Community Sector

Voluntary and community sector bodies are engaged in a wide range of activities to address the needs of those affected by the welfare reforms.

An important area is around financial inclusion, including access to banking services, budgeting skills and debt counselling.

The task group learnt that Credit Unions are investigating the feasibility of providing 'jam jar accounts' for those who are not eligible to apply for a high street bank account. Most credit unions make an administration charge of £2-4 per month for each account and, in many cases, housing associations and landlords are paying this for their tenants as the accounts provide assurance that rent payments will be prioritised.

It is unclear at present what level of demand there would be for 'jam jar' accounts in Rugby, but Rugby Credit Union stated that they would be able to draw on support from larger Credit Unions in Coventry if they were unable to meet demand on their own. In anticipation of the reforms, Rugby Credit Union had recently introduced a significant software upgrade, and was in the process of moving to larger premises which would be more visible and provide improved access.

It was noted that private providers are also offering similar services, often charging a higher management fee but offering customers cashback deals on bills at participating supermarkets. It is likely that tenants would welcome a choice of different providers.

BRANCAB provided evidence about financial capability training they had piloted with Orbit tenants, highlighting ways of increasing disposable income by changing shopping habits. The training had been the subject of independent research by the University of Bristol, which confirmed the value of social landlords becoming involved in financial skills training for their tenants. The research report concluded that “the positive change made by tenant learners following the training, and the financial benefit they enjoyed as a result, can help to make their household finances more sustainable going forward”. It was suggested that this may make them more likely to be able to meet their rent payments.

BRANCAB had made a short film showing how, as a result of the training, participants had made real changes in managing their income. They were now looking to make further short films to promote hard-hitting messages about the impact of the welfare reforms and how to access help. It was envisaged that these films could be shown in local agencies’ reception areas. BRANCAB requires funding for these.

60 per cent of enquiries to Rugby Citizens Advice Bureau relate to debt and financial problems and the welfare reforms are likely to increase the demand for financial and debt advice. The loss of legal aid funding means that Citizens Advice
Bureau services are being reduced, and there is a real threat that Rugby CAB could lose its specialist debt counselling service due to funding cuts.

Christians Against Poverty UK (CAP UK) is a national debt counselling charity, which offers a combination of advice, financial education, budgeting and insolvency services. Evidence from their Rugby Centre Manager stated that they expect to see more new clients in 2013 and now have three debt coaches based in Rugby, compared with only one the previous last year. The centre also runs CAP Money courses to help people learn how to budget before their problems become too severe.

Rugby Food Bank has a continuing role in meeting the immediate needs of people finding themselves in financial crisis. It is significant that most cases they deal with have been a result of changes to benefits, delays in benefits and debt, and it is envisaged that the number of cases referred to Rugby Food Bank will increase as a result of the welfare reforms.

Benn Partnership Centre provides work clubs and basic skills training to tackle longer term issues around worklessness.

4.5.3 Registered Social Landlords

Registered Social Landlords within the borough are themselves having to tackle the impact of the changes in benefits for social tenants, and the benefits service is assisting them by providing information about benefits claimants in this sector who will be affected. Housing managers also hold regular management meetings with preferred partners and welfare reforms implications are considered as a regular item.

One of the housing associations that submitted written evidence to the task group made a suggestion that the Council could proactively pool properties with other housing providers to encourage movement across landlords to reduce the impact of the under-occupancy rules. This could be facilitated through the ‘West Midlands best use of stock group’ (WMBUS) which brings together local authorities and housing associations across the region. However, the task group were advised by officers that, in Rugby, housing association are experiencing the same difficulties as the council in identifying smaller accommodation for affected tenants.

4.5.4 Coordination

One of the strongest points made to the task group was about the importance of building bridges between agencies (statutory and voluntary sectors) and encouraging better joint working. It was argued that a strategic partnership approach is needed, with voluntary and community groups, in response to the welfare reforms, to avoid duplication and make optimum use of existing resource. For example, the use of appropriately trained volunteers in voluntary and community groups to give advice to tenants could help to secure a robust and cohesive line of communication whilst avoiding duplication by other agencies.
Similarly, a more coordinated approach would enable better signposting between agencies, which should mean that people are directed to appropriate support and advice at an early stage, before problems become too complex.

There could also be value in sharing data amongst agencies, where possible, to assist in identifying vulnerable local tenants. For example, BRANCAB holds statistics relating to the queries they receive, and the ethnic backgrounds of those accessing their services in Rugby. Faith communities are also often well-informed about the support needs of their members.
5. CONCLUSIONS

The task group drew the following conclusions from the evidence that it gathered:

- **Communication**: The impact of the welfare reforms on tenants is a serious issue and tenants needed to be informed about the changes. Currently there is considerable unawareness of the changes. There will need to be a clear communication strategy, using many different lines of communication. Some communication should be through ‘non-official’ agencies and in neutral locations, as official bodies are sometimes perceived as intimidating and unfriendly.

- **Ongoing information and feedback to members**: the review has highlighted the role of elected members in dealing with some of the impact of the welfare reforms through their casework and in their interactions with residents. This means that they are an important ‘audience’ for the communication strategy and need to be kept well-informed about the changes and sources of advice and support.

- **‘Invest to save’ principle**: As a landlord the council risks losing a considerable amount of housing income if tenants are not supported to prepare for the welfare reforms. The case for ‘investing to save’ is a strong one, and there may need to be increased expenditure in the short term to help prevent future demands on council services and loss of income due to rent arrears and evictions.

- **Flexible approach**: There will need to be a flexible approach to dealing with the implications of welfare reform for tenants. The Council is constrained by legislation and compliance with policies, while the voluntary and community sector is able to offer a more flexible response.

- **Coordination and partnership working**: There are a plethora of agencies that have involvement with local people affected by the benefits changes. There is also a need to encourage better joint working, and provide good information and sources of advice to frontline workers. A strategic group – involving voluntary and community organisations working with the Council – may be helpful, to produce a cohesive approach to dealing with the issue of welfare reforms.

- **Individual support needs**: The evidence identifies a range of support needs that tenants might have, including financial capability, debt advice, employability skills, support to find suitable work and digital inclusion (ability to make online claims). The voluntary and community sector is well-placed to provide some of this advice and support, but is faced with cuts in income, and the council will need to consider providing financial support to enable voluntary and community sector agencies to meet these demands.

- **Advice and support**: Consideration needs to be given to which agencies are best placed to deliver each aspect of advice, to take advantage of good partnership working and avoid duplication by agencies and voluntary groups. This will
involve better sharing of information and consequently more effective signposting and early intervention by appropriate services.

- Data sharing and targeting support: Vulnerable groups and individuals need to be identified locally and specific support put in place to assist them in the transition to Universal Credit and in managing any reduction in benefits income. Agencies will need to share and analyse current data held to help identify these groups.

- Financial inclusion: Access to financial services will be an issue for many, and jam jar accounts need to be explored in further detail and the resource implications for the Credit Union investigated.

- Managing the transition: There will need to be a clear package of support in place to assist those moving to Universal Credit to manage the gap in income as a result of the move to a monthly payment in arrears.

- Social and economic impact: Though beyond the scope of this review, the evidence has highlighted the likely wider social and economic impact of the reforms within the local community as a result of the new pressures they will place on households.

- Availability of housing: The evidence highlights concerns about the availability of low-cost, appropriately sized housing for those affected by the under-occupancy rules, or seeking a more affordable rent level. This will have implications for the council’s allocations policy and designation of properties.

- Provision of discretionary support to tenants affected by the reforms: The cumulative impact of the different benefits changes, and the significant number of council tenant households affected by the under-occupancy rules, means that the council may need to top-up the discretionary support available to tenants. The level of demand for such payments will need to be kept under close review.

- Rental Income Policy: Consideration should be given to amending the council’s Rental Income Policy to enable tenants who are subject to a court order to move to smaller, more affordable properties, to prevent them from incurring further debt.

Draft Review Action Plan

To be added
### Appendix 1

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Timescale/Complete by</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Use information from P1E and Housing Options Team experiments to see if any increase in homelessness for under 35’s – if increase look to extend priority for under 35’s.</td>
<td>October 2012</td>
<td>Update to be provided at meeting</td>
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<td></td>
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<tr>
<td>1.1</td>
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<tr>
<td>1.2</td>
<td>Identify suitable provision – undertake viability exercise – identify suitable provider partners</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Identify potential empty homes to bring into use for under 35’s</td>
<td>December 2012</td>
<td></td>
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<tr>
<td>1.4</td>
<td>Engage with private Landlords and look to include in the agenda for the Landlords’ Forum</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Train front line workers in housing options for under 35’s</td>
<td>September 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>1.6</td>
<td>Ensure housing options fact sheet includes relevant information</td>
<td>September 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>1.7</td>
<td>Update website to encourage people to attend a housing options interview</td>
<td>November 2012</td>
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<tr>
<td>2</td>
<td>Work with housing benefit service to identify tenants of working age who are claiming</td>
<td>August 2012</td>
<td>Completed</td>
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<tr>
<td>housing benefit and under-occupying council properties</td>
<td>August 2012</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.2 Include under-occupation check as part of pre-tenancy financial health check</td>
<td>November 2012</td>
<td>Now to be considered under 2.6 - existing policy allows Band 2 status in cases of under-occupation</td>
<td></td>
</tr>
<tr>
<td>2.3 Prior to allocation policy being reviewed develop a separate transfer policy for tenants who are under-occupying council properties</td>
<td>From September 2012 (Commenced October 2012 when new officers in post)</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>2.4 Contact and visit tenants that are under-occupying to identify solutions/develop a plan for action from menu of options</td>
<td>September 2012</td>
<td>Completed</td>
<td></td>
</tr>
<tr>
<td>2.5 Produce easy read advice leaflet providing practical advice for people who may be under-occupying</td>
<td>December 2012</td>
<td></td>
<td></td>
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<tr>
<td>2.6 Review allocations policy in relation to under-occupation to ensure new and existing tenants are not put at risk due to under-occupying their home</td>
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<tr>
<td>3 Universal Credit &amp; Direct Payments</td>
<td></td>
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<tr>
<td>3.1 Input into Social Fund and Community Care Grant protocol and understand the impact on council tenants</td>
<td>March 2013</td>
<td>Warwickshire County Council responsibility</td>
<td></td>
</tr>
<tr>
<td>3.2 Understand the impact of new council tax rebate scheme being developed and the affect on council tenants</td>
<td>Ready for April 13</td>
<td>Housing Officers (Welfare Reform) are informing tenants when doing under-occupation visits reference changes</td>
<td></td>
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<tr>
<td>3.3 Understand and be aware of DWP</td>
<td>Ready for October</td>
<td></td>
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<tr>
<td>3.4</td>
<td>Understand and be aware of DWP procedure relating to direct payments where council tenants have escalating rent arrears</td>
<td>Ready for October 2013</td>
<td></td>
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<tr>
<td>3.5</td>
<td>Ensure appropriate joint working with the housing benefit service</td>
<td>Ongoing</td>
<td></td>
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<tr>
<td>3.6</td>
<td>Training and awareness sessions for tenants relating to welfare reform and financial management.</td>
<td>From September 2012</td>
<td>Requirement for training and type of awareness sessions to be assessed once feedback from visits to tenants under-occupying is reviewed</td>
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<tr>
<td>3.7</td>
<td>Communicate changes to tenants</td>
<td>Ready for October 2013</td>
<td></td>
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<tr>
<td>4.1</td>
<td>Review money advice services available to customers to ensure effective services are delivered</td>
<td>From November 2012</td>
<td></td>
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<tr>
<td>4.2</td>
<td>Develop process for undertaking financial health checks for new tenants as part of pre-sign up</td>
<td>December 2012</td>
<td></td>
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<tr>
<td>4.3</td>
<td>Ensure appropriate training for Housing Management Teams via briefings, staff awareness sessions</td>
<td>Ongoing</td>
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<tr>
<td>4.4</td>
<td>Develop Communications Plan for tenants i.e. newsletters, leaflets, website</td>
<td>From September 2012</td>
<td>Meeting with Communications Manager to finalise</td>
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<tr>
<td>4.5</td>
<td>Develop customer insight data to include financial data and whether customers have a</td>
<td>From September 2012</td>
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<tr>
<td>4.6</td>
<td>Feasibility on whether we can use Credit Unions to do “jam jar” accounts.</td>
<td>From September 2012</td>
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<tr>
<td>4.7</td>
<td>Work with other stakeholders, partners, Credit Union, Banks, CAB, etc to inform them of changes and explore flexible transactional banking opportunities.</td>
<td>From September 2012</td>
<td></td>
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<tr>
<td>4.8</td>
<td>Review rent policy and procedures to take into account changes arising from welfare reform act</td>
<td>September 2013</td>
<td></td>
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</tbody>
</table>
Evidence from Christians Against Poverty (CAPUK) in Rugby

Our clients are all in situations where their debt has become too much for them to handle and we will always find a solution for them even if it means helping them go down an insolvency route. Our guidance involves understanding exactly what the clients’ income will be and what expenditure they will incur. This enables us to agree a budget with our clients with a reasonable estimate of how long it will take to get them debt free. Any changes to their income or expenditure result in changes to the budgets and the repayment periods. Therefore, any reduction in Housing Benefit will cause our existing clients difficulty as their budgets will need to be adjusted and will leave them less money available to repay their debts.

I appreciate that some of the above will appear to be obvious, but it should be understood that by the time clients contact us, it is already too late to avoid getting into debt. If it would be of interest to you, or anyone else, I would be pleased to come to visit you to explain exactly how we assist people.

In order to attempt to answer your questions, I comment as follows:

- Our existing clients will see their budgets being adversely affected which will result in it being more difficult to repay their debts. This will increase the period that it will take to become debt free and is likely to force more people down an insolvency route. It is also likely to force more people into a situation where they need our help.

- We expect to see more new clients next year and we now have three debt coaches based in Rugby compared with only one this time last year. One of the biggest issues for clients is any sudden change and it would have been good for changes to have been introduced more gradually. However, I acknowledge that we are not able to amend the reforms in any way and must work within the parameters that we have been given.

- One of the statistics that came out of a client survey that we recently carried out is that 61% of CAP clients waited more than 12 months before seeking help. The earlier people come to us, the more likely we will be able to assist and so we should be aiming to let tenants know what we can do for them as early as possible. If we can work together to achieve this, we may be able to reduce the impact. We also run CAP Money courses to help people learn how to budget before their problems become too severe. Anything we can do to increase awareness of these courses would help.

- The council can assist us by helping to publicise both our debt counselling service and our CAP Money courses. As you can see from my "signature" below, we are rebranding at the end of the month and I have a quantity of leaflets and posters that I would be pleased to bring to your office in the next few weeks. It is difficult to see how you can help once a client is in debt other
by dealing with the situation sympathetically which I believe is what happens at the moment. We can help the council by helping with education issues and by helping our clients to resolve their problems when they come to us.

This may not be particularly helpful in the terms of your review, but I welcome the opportunity to comment and hope that we will be able to work more closely in the future. The knock on effects of debt in terms of mental illness, relationship breakdowns and possible suicides should not be underestimated and anything that we can do to help each other should be done as efficiently as possible.