

# Shelter's response to the Department for Work and Pensions Consultation –

## No one written off: reforming welfare to reward responsibility

**From the Shelter policy library**

**October 2008**

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# Shelter

Shelter is a national campaigning charity that provides practical advice, support and innovative services to over 170,000 homeless or badly housed people a year. This work gives us direct experience of the various problems caused by the shortage of affordable housing across all tenures. Our services include:

- A national network of over 20 advice centres
- Shelter's free advice helpline which runs from 8am-8pm
- Shelter's website which provides advice online
- The Government-funded National Homelessness Advice Service, which provides specialist housing advice, training, consultancy, referral and information to other voluntary agencies, such as Citizens Advice Bureaux and members of Advice UK, which are approached by people seeking housing advice
- A number of specialist services promoting innovative solutions to particular homelessness and housing problems. These include Housing Support Services which work with formerly homeless families, and the Shelter Inclusion Project, which works with families, couples and single people who are alleged to have been involved in anti-social behavior. The aim of these services is to sustain tenancies and ensure people live successfully in the community.
- We also campaign for new laws and policies - as well as more investment - to improve the lives of homeless and badly housed people, now and in the future.

## Summary of Shelter's recommendations

We welcome the Department for Work and Pensions' consultation on welfare reform. In response to this consultation Shelter has the following recommendations:

### Housing Benefit Reform

- The Government's welfare reform proposals must also tackle the barriers that exist in the current housing benefit system that prevent people moving back into work. This should include:
  - Abolishing the Shared Room Rate and increasing in-work benefits for young people to the same rate as people aged 25 and over, to give young people the stable housing platform they require to enable them to move into, and sustain, employment
  - Extending the housing benefit run on scheme so that payments run-on for up to the first 6 months on entering work
  - Making work pay by reducing housing benefit and council tax benefit tapers;

- Increasing take-up by promoting greater awareness of housing benefit as an in-work benefit and speeding up the time it takes to process claims.

#### A new regime for drug users

- Maintain and develop projects that give the most excluded homeless drug users increased choice over the manner and timescale used to address their problems, rather than introduce benefit sanctions that place a requirement on them to declare their use of heroin or crack cocaine and/or take up specialist support as a condition of benefit.
- Encouragement to benefit claimants to disclose their drug use to a trusted, trained and experienced worker on a voluntary basis, rather than mandatory disclosure in benefits interviews.

#### Improving access to full-time training

- Extend the proposal to allow those who have been receiving JSA for more than six months to take part in full-time employment related training for up to eight weeks while receiving a training allowance. The period for which this training allowance is available should be increased, to give people time to complete worthwhile training which will provide greater access to sustainable employment.
- Remove the 16 hour housing benefit study rule for the long-term unemployed and those facing multiple disadvantage, to allow them to study for more than 16 hours a week while claiming housing benefit.

#### Supporting second-chance learning

- Shelter welcomes the proposal to extend from 20 to 21 the cut off age for those who qualify for IS and therefore housing benefit to be able to study full time for A-levels or their equivalent while receiving benefits. However, we believe that the Government should go further, by also extending the ability to study whilst claiming benefits to those in the over 21 age category who are long term unemployed or suffering from multiple disadvantage.
- Work to develop second chance learning opportunities should be undertaken in partnership with housing associations and community agencies to help ensure training and employment programmes reach the most vulnerable and hard-to-reach groups.

#### The 'Right to Bid'

- Where public, private and voluntary sector providers are used to develop new solutions for delivering support, such arrangements must be centrally monitored and evaluated by DWP to ensure an appropriate level and quality of advice and support is provided to service users.

## Introduction

Shelter welcomes this opportunity to respond to the Department for Work and Pensions consultation, *No one written off: reforming welfare to reward responsibility*. The consultation sets out very ambitious plans to reform the welfare system. However, we will be confining our comments to the following areas of the document only:

- A new regime for problem drug users – breaking the cycle of dependency (Chapter 2: 2.28-2.49);
- Improving access to full-time training (Chapter 2: 2.73 –2.75)
- Supporting second chance learning (Chapter 2: 2.76 – 2.78)
- The 'Right to Bid' – providers driving innovation (Chapter 7: 7.15 – 7.17)

Overall, Shelter is concerned with the Welfare Reform Green Paper's emphasis on the use of punitive sanctions, particularly the focus on work as a condition for the receipt of benefits. A number of barriers still exist for benefit claimants trying to make the transition into work that are not fully or appropriately addressed within this consultation.

For many households the interaction of different benefits and tax credits means that marginal deduction rates can be greater than 90 per cent when they enter work. The costs associated with entering work, such as childcare and suitable clothes, mean that moving people off benefits and into work cannot be achieved through the use of a principally sanctions based approach. In the current economic climate, with unemployment levels set to rise, it is crucial that we support people to return to work by breaking down the work disincentives that they face. Only in this way can progress towards the Government's ambitious target of 80 per cent employment be achieved.

In particular, we would like to draw attention to the huge problems that the current housing benefit system creates in terms of preventing people from moving back into work. Despite this, there are very few references made in the Green Paper to housing benefit. Given that most claimants who are in receipt of Job Seekers Allowance (JSA) and Employment and Support Allowance (ESA) will also be claiming housing benefit, we feel that this is a major limitation. We are therefore using this response as an opportunity to set out some of the key changes that need to be made to the housing benefit system to support the Government's welfare to work agenda.

### 1. Housing benefit as a barrier to making work pay

The current housing benefit system not only creates huge barriers for those trying to move into work (unemployment trap), but also for those people in low paid work trying to increase their earnings (poverty trap). Recent work by the ippr<sup>1</sup> highlights that 57 per cent of low income

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<sup>1</sup> Cooke, G. and Lawton, K., *Working out of poverty: a study of the low paid and working poor*, ippr, January 2008

households have a household member in work and that the number of these households has increased by half a million in the past ten years.

In Shelter's joint submission with Crisis<sup>2</sup> to the DWP/HMT internal housing benefit review we highlight a series of problems and accompanying solutions which need to be tackled in order to genuinely address worklessness and make work pay for people currently trapped in the benefits system. A more detailed discussion can be found in the paper itself but the main points are summarised below.

### *Shared Room Rate*

The Shared Room Rate means that everyone under 25 is paid a lower rate of housing benefit. This is frequently lower than their actual rent, which presents a significant risk of them falling into rent arrears. In-work benefits for young people are also lower. Shelter believes that the Shared Room Rate should be abolished and in work benefits for young people should be increased to the same rate as for the over 25s, in order to give young people the stable housing platform they require to move into, and sustain, employment.

### *Short term financial implications*

The housing benefit system is highly sensitive to changes in circumstances which can affect the eligibility of those with irregular employment patterns. The housing benefit run-on scheme (extended payments) was introduced to allow housing benefit to continue for up to four weeks after a claimant has started work. However, this is restricted to claimants who have been in receipt of IS or JSA for at least six months before the job starts and the job must last five weeks or more. This excludes those people who move frequently in and out of work, or those people who have not been consistently claiming housing benefit for six months. The five week rule can also deter individuals from trying out jobs if they are unsure about how they will work out. Shelter would like to see the scheme further expanded so that payments run-on for up to six months from entering work, at the very least for people with multiple disadvantages or those who have been out of work for two years or more.

### *Housing benefit tapers*

The withdrawal rate for housing benefit is excessively high. For every extra pound earned 65 pence of housing benefit is withdrawn. When combined with the Council Tax Benefit this goes up to 85 pence. This means, for instance, that someone working 16 hours a week earning £6 an hour, would see a net gain of only £2.70 if they worked an additional 3 hours a week. Reducing the housing benefit taper would encourage more claimants to take up employment or increase their hours in work. We believe the costs associated with this measure would be more than counterbalanced by the long term economic benefits of people moving into work.

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<sup>2</sup> Crisis and Shelter, *Housing Benefits not Barriers: Joint submission from Crisis & Shelter into the DWP & HM Treasury Review of Housing Benefit*, July 2008

### *Increased awareness and quicker processing of claims*

The housing benefit system is incredibly complex and there is a lack of awareness of housing benefit as an in-work benefit both amongst claimants and some advice staff. A fifth of those eligible fail to claim housing benefit, mainly those in low wage jobs rather than those who are out of work.<sup>3</sup> The take up rate of housing benefit among people in employment is only in the region of 41-54 per cent.<sup>4</sup> There is a clear need to provide better advice and information to ensure people are aware of their entitlements, including that housing benefit is available as an in-work benefit, and to improve case management to reduce the complexity of applications and speed up the time it takes to process claims.

## **2. A new regime for problem drug users – breaking the cycle of dependency**

We welcome the importance given to an integrated approach to drug treatment, employment support and the range of barriers that recovering drug users may face that is identified in this consultation. We also support the commitment to improving joint working across different agencies to support problem drug users. We do however have serious concerns in relation to the following three proposals:

- Whether there should be a requirement to declare use of heroin or crack cocaine;
- Information sharing between Jobcentre Plus and police, prisons and probation; and
- A requirement to take up drug treatment and/or specialist employment support.

Shelter would question whether a benefits interview is an appropriate environment to encourage disclosure of drug use. Such personal (and illegal) activities should be discussed within a trusting relationship with a trained and experienced worker. It is unlikely that benefits staff would have the time or skills to provide this.

We also have concerns regarding the proposed sharing of information between Jobcentre Plus, and the police, prison and probation services. Given the stigma and discrimination many drug users may have experienced, this is likely to act as a trigger for them to disengage with the benefits system.

However, it is the final proposal that gives greatest cause for concern. As the Green Paper acknowledges, problem drug users are more likely to be vulnerably housed and socially excluded, have health problems (particularly mental health problems), basic skills needs and be in debt. While the proposed measures may indeed bring a number of drug users into treatment where they

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<sup>3</sup> National Statistics, *Income Related Benefits Estimates of Take-Up in 2005-06, 2007*

<sup>4</sup> Kemp, P.A., Chapter 4: Housing Benefit and social housing in England. In Fitzpatrick, S. and Stephens, M. (eds) *The Future of Social Housing*, Shelter 2008

are currently not engaged, this is likely to be counter balanced by a detrimental and disproportionate effect on some of the most vulnerable and socially excluded.

Homeless drug users with complex needs may feel unready or unable to address their drug use and this may lead to either benefit sanctions or a disengagement from the benefit system. Without benefits, housing options are extremely limited and there is further danger of such individuals engaging in, or increasing, activities such as begging or offending to obtain money. Providing stable housing options for drug users will also help to support their future access to employment or training.

Groups such as rough sleepers, among whom drug use is often prevalent, can experience multiple barriers to engagement with support services. The Government's 1999 strategy on rough sleeping<sup>5</sup> acknowledged this, stating: "*making appropriate benefits available to those coming in off the streets will be crucial to rebalancing the incentives, making life off the streets more attractive*". The report goes on say "*It is crucial that we make it as simple as possible for rough sleepers, who often have chaotic lifestyles, to access the benefits system. In principle all rough sleepers are entitled to benefits but many are too overwhelmed by the system to take up the help.*" It is hard to see how increasing the conditions and potential sanctions within the benefit system for homeless drug users is likely to assist in achieving these objectives.

A Shelter report in 2006<sup>6</sup> outlined the difficulties many homeless drug users face in accessing general needs or supported accommodation. The report identified a number of projects that operate within a harm reduction model with considerable success. Such projects do not require treatment engagement or the cessation of illicit drug use in order to be housed and supported.

Engagement with treatment services in these projects is encouraged but service users are given increased choice over the manner and timescale of this and sanctions are not imposed for refusal. These projects have successfully housed and supported a number of homeless drug users with multiple and complex needs. Many of their service users have experienced repeated exclusion and eviction from previous projects. However they have achieved substantial improvements in health, stability, social well-being as well as treatment engagement and positive outcomes via this approach. Given that benefit entitlement is key to the majority of service users being able to access and maintain this accommodation, the Green Paper's proposals could have a substantial negative effect on these projects.

The Housing First model in the United States has achieved a strong evidence base of effectiveness in housing and supporting chronically street homeless people with multiple complex

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<sup>5</sup> ODPM, *Coming in from the cold: The government's strategy on rough sleeping*, ODPM, 1999

<sup>6</sup> McKeown, S. *Safe As Houses: An inclusive approach for housing drug users*, Shelter, February 2006

needs (primarily substance misuse and/or mental health problems)<sup>7</sup>. This model provides permanent housing and intensive support to individuals without any requirement for treatment engagement or progress. A four year longitudinal study comparing this approach with projects requiring treatment engagement and progress found it to be nearly twice as successful (88 per cent compared to 47 per cent respectively) in achieving housing retention among service users<sup>8</sup>. Requiring treatment engagement as the basis of a benefits claim would provide major difficulties to the investigation and development of such approaches in the UK.

The national drug strategy website has recently launched a practice paper on Improving Practice in Housing for Drug Users<sup>9</sup>. The paper comprises of a number of case studies of innovative practice, strategic planning and commissioning in the provision of housing and support services to drug users. A number of these case studies are operating within the harm reduction model outlined above (SHP, In-Partnership Project, Framework Housing Association) and have developed their policy and practice in order to accommodate some of the most problematic continuing drug users. There is a very real danger that the Government's proposals could undermine the cross-cutting aims and benefits of these approaches.

### **3. Improving access to full-time training**

There are two rules that prevent people aged 19 and over claiming benefits from studying for more than 16 hours a week<sup>10</sup>. The first of these is the 16 hour rule in JSA, whereby those aged 19 and over and claiming JSA to study are prevented from studying for more than 16 hours a week. The second is the 16 hour rule in housing benefit where people are unable to claim housing benefit if they are studying for more than 16 hours a week, even if they are not claiming any other benefits.

Shelter welcomes the recognition in the Green Paper that the 16 hour study rule in JSA is a barrier to employment focused training. We support the proposal that people who have been receiving JSA for more than six months – or those whose personal advisors believe need urgent help to update skills – will be able to take part in full-time employment related training while receiving a training allowance. Those trying to re-enter the labour market often face multiple barriers including out-of-date skills, low self-esteem, discrimination and lack of recent work experience. Research undertaken by Working Links<sup>11</sup> which asked people what they thought their biggest barriers to

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<sup>7</sup> Housing First: A different approach to bringing permanent solutions to homeless people with complex needs, Shelter (forthcoming), 2008

<sup>8</sup> Padgett, D. Gulcur, L. & Tsemberis, S. *Housing First Services for People Who are Homeless With Co-occurring Serious Mental Illness and Substance Abuse*, Research on Social Work Practice, 16:1, 74-83, 2006

<sup>9</sup> <http://drugs.homeoffice.gov.uk/drug-interventions-programme/guidance/throughcare-aftercare/HousingandHomelessness/PracticeInHousingPracticePaper/>

<sup>10</sup> The Foyer Federation, *The 16-hour rule - past its sell by date*, 2004

<sup>11</sup> Working Links, *Breaking down barriers*, October 2008

finding work were found that 30 per cent of respondents gave lack of skills and qualifications as a reason, and 9 per cent stated discrimination as a factor.

However, we do not think that a maximum of eight weeks for JSA claimants to participate in employment focused training goes far enough. For those wishing to study for vocational qualifications to improve their skills, Shelter would like to see an extension to the eight weeks currently proposed to give people the opportunity to participate in long-term employment related training that would help to build a higher level and more sustainable skills base to re-enter, and remain connected to, the labour market. For example, an entry-level (NVQ level 1) full time plumbing course takes one year to complete<sup>12</sup>, and it is only once this has been undertaken that a person can go on to take up an apprenticeship with an employer and continue with training at NVQ level 2. The proposed eight weeks provision would fall short of enabling someone to take up this level of training.

In addition to the 16 hour rule in JSA, the 16 hour housing benefit study rule also creates huge barriers for people trying to get back into work. This can impede efforts of claimants to study for further qualifications which makes it more difficult for people to enter more higher skilled, or more highly paid, sustainable work. The current internal housing benefit review gives the Government an opportunity to remove the restrictive 16 hour housing benefit rule for the long-term unemployed, and those facing multiple disadvantages. Addressing the 16 hour JSA study rule alone is not enough and it is vital that the Government takes an integrated approach by tackling the barriers created by the 16 hour housing benefit rule also.

#### **4. Supporting second-chance learning**

Shelter welcomes the proposal to extend from 20 to 21 the cut off age for those who qualify for IS and therefore housing benefit to be able to study full time for A-levels or their equivalent while receiving benefits. Research amongst young homeless people conducted by The Foyer Federation<sup>13</sup> found that nearly half of the young people interviewed that were studying at NVQ level 2, and two thirds of those studying at NVQ level 3, gave up their course because they would lose their housing benefit entitlement. The majority of these young people then went back to claiming JSA or ended up in unsustainable work earning the minimum wage. However, we believe that the Government should go further, by also extending the ability to study whilst claiming benefits to those in the over 21 age category who are long term unemployed or suffering from multiple disadvantage.

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<sup>12</sup> Directgov training information, available at [www.direct.gov.uk](http://www.direct.gov.uk)

<sup>13</sup> The Foyer Federation, *The 16-hour rule - past its sell by date*, 2004

Recent debates and a significant amount of research have centred on the concentration of worklessness in the social rented sector<sup>14</sup>. Originally highlighted in John Hills' review of social housing<sup>15</sup>, further research has suggested that worklessness in social housing is particularly high due to the multiple disadvantages faced by tenants.<sup>16</sup> Work to develop second chance learning opportunities should therefore be undertaken in partnership with housing associations and community agencies to help ensure training and employment programmes reach the most vulnerable and hard-to-reach groups.

## 5. The 'Right to Bid' – providers driving innovation

There remains the need for further personalised support for those with particular difficulties or disadvantage to enter into employment. Existing support programmes have experienced problems gaining access to people with the most challenging circumstances.<sup>17</sup> Particular groups, such as young people, people from ethnic minorities, and those with mental or physical disabilities may face additional disadvantages and need specifically tailored support.<sup>18</sup> Proposals which invite public, private and voluntary service providers to come up with new and innovative ideas to help connect with, and meet the needs of, particular groups such as these can play a valuable contribution towards achieving this if managed in an appropriate way.

We would like the Government, led by DWP to ensure there is strict monitoring and evaluation of proposals under the Right to Bid to make sure that the same level and quality of advice and support is provided by all service delivery agencies. This should include training courses for staff working in specialist services which covers both knowledge of the benefits system and knowledge of particular groups being targeted. Services need to ensure that they are able to deal in a sensitive manner with and provide the necessary services to groups with specific needs such as people with mental or physical disabilities and ethnic minority communities.

## Conclusion

While we recognise that the Government's welfare reform proposals are trying to simplify the benefits system and provide more personalised support packages for those on benefits, we do not agree that welfare reform should be so heavily weighted towards punitive sanctions with work as a condition for the receipt of benefits. More change is needed to address the real barriers that exist

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<sup>14</sup> Shelter policy briefing, *Worklessness and social housing*, October 2008.

<sup>15</sup> Hills, J., *Ends and Means: The Future Roles of Social Housing in England*, Case report 34, ESRC Research Centre for Analysis of Social Exclusion, February 2007

<sup>16</sup> Fitzpatrick, S. and Stephens, M. (eds) *The future of social housing*, Shelter, 2008, chapter 5

<sup>17</sup> National Audit Office, *Helping people from workless households into work*, HC 609 session 2006/07, 2007.

<sup>18</sup> Shelter policy briefing, *Worklessness and social housing*, October 2008.

for people moving back into employment, and to ensure that people are actually better off in work. These changes should include responding to the problems with the current housing benefit system to genuinely tackle worklessness. We think that these issues should be addressed by the current DWP and HM Treasury internal review of the housing benefit and integrated with wider welfare reform proposals.

However, we are specifically concerned with the proposals put forward relating to drug users. While we welcome an integrated approach to drug treatment, we do not agree that this should be administered through conditional practices. It is important that drug users are able to engage with the benefit system to address their drug misuse issues in their own time if they are to have the prospect of achieving long-term stability in employment, training and housing options.

We also support the Government's commitment to improving access to full-time training and second chance learning for those people who have become trapped in the benefits system. But these proposals should to be extended to address the needs of more people who currently face multiple disadvantage and exclusion from the labour market. This would help to ensure that more people could access and maintain sustainable employment in the future. This should include more personalised services for people trying to get back into work and proposals under the 'Right to Bid' scheme could provide this if managed and monitored in the right way.

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**October 2008**

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