

# An Assessment of Local Social Security Provision in London

Carla Ayrton, Peter Kenway and Josh Holden

March 2019

## About the New Policy Institute

The New Policy Institute is a progressive think tank that produces research on poverty and disadvantage. It works broadly, studying the labour market, the social security system, housing, local government and economic policy. NPI is an independent organisation that relies on project funding.

<http://www.npi.org.uk/>

## About Trust for London

Trust for London is an independent charitable foundation. We aim to tackle poverty and inequality in London and we do this by: funding voluntary and charity groups – currently we make grants totalling around £9 million a year and at any one time we are supporting up to 300 organisations; funding independent research; and providing knowledge and expertise on London’s social issues to policymakers and journalists.

<https://www.trustforlondon.org.uk/>

## Acknowledgements

This report was funded by Trust for London. We are grateful to the team at Trust for London for their support and advice on this report. We are also grateful to those local authorities who took the time to discuss their scheme with us. We would also like to thank our former colleague, Adam Tinson, whose original idea this project was.

The responsibility for the accuracy of this report, including any errors or misunderstandings, lies with the authors alone.

# Table of Contents

<b>1. Summary and introduction .....</b>	<b>4</b>
Scope .....	4
Research summary .....	4
The research .....	6
Report outline .....	7
<b>2.Context: assessing the need for local schemes.....</b>	<b>8</b>
Trends over time .....	9
Differences between boroughs .....	10
Assessment .....	13
<b>3.Council tax support.....</b>	<b>15</b>
Summary of research findings .....	16
Discussion of research findings .....	17
Assessment .....	19
<b>4.Discretionary housing payment .....</b>	<b>23</b>
Summary of research findings .....	25
Discussion of research findings .....	27
Assessment .....	29
<b>5.Local welfare assistance .....</b>	<b>32</b>
Summary of research findings .....	33
Discussion of research findings .....	35
Assessment .....	38
<b>Conclusion: overview and recommendations.....</b>	<b>41</b>
Where the boroughs stand and why.....	41
Recommendations for action.....	42

# 1. Summary and introduction

## Scope

Like all English local authorities, London boroughs are now responsible not just for delivering certain elements of the social security system but for designing them too. This is a result of both the devolution of services that were once national to local authorities and of local authorities taking the initiative to fill gaps left by cuts in the national social security system.

Council tax support (CTS), discretionary housing payment (DHP) and local welfare assistance schemes (LWA) are all elements of the social security system which are now administered by the local authority. Each of these benefits has a different focus, but all are intended to prevent and alleviate hardship. Together, they are the major parts of what can be called the local social security safety net.

Previous studies have assessed individual parts of the local safety net, such as CTS in London,<sup>1</sup> the Independent Living Fund,<sup>2</sup> or that five London boroughs no longer offer an LWA scheme.<sup>3</sup> But they have not been brought together before.

## Research summary

There is now a great deal of variation across London in the level of provision for each scheme.

CTS provides help for people on low incomes with their council tax bill by reducing the amount of council tax they have to pay. Since their introduction in 2013/14 these schemes have, on average, become less generous every year.

Schemes range from having no minimum payment and having stayed fairly close to council tax benefit (CTB), to having a minimum payment of 30%. The number of residents affected by the changes to CTS varies across each borough as does the weekly cut in the amount of support; from £1.90 in Islington to £7.70 in Harrow.

The boroughs that have moved away from having no minimum payment are divided into two groups: those for whom, because they have a small weekly minimum and/or a small number of residents affected, a return to no minimum payment is feasible; and those who would find this difficult. There are eight boroughs that currently have

---

<sup>1</sup> Ashton, S., Francis, M. and Woudhuysen, A. (2016) [Still too poor to pay: Three years of localised council tax support in London](#). Child Poverty Action Group and Z2K.

<sup>2</sup> Inclusion London (2016) [One year on: Evaluating the impact of the closure of the Independent Living Fund](#). Inclusion London.

<sup>3</sup> Gibbons, D. (2017) [The decline of crisis and community care support in England: Why a new approach is needed](#). Centre for Responsible Credit.

no minimum payment, 14 boroughs who would find a return to no minimum payment feasible and 11 boroughs for whom this would be difficult.

The amount of funding available in London for DHPs has declined as a proportion of overall funding available to local authorities in England and Wales since 2013/14. Although boroughs can choose to top up DHPs up to two and a half times the original allocation, most boroughs follow the allocation from central government, regardless of need in their area, by spending close to the amount allocated to them. There were four notable exceptions who spend more than a third more: Westminster, Greenwich, Kensington and Chelsea, and Croydon. Four boroughs over-spent their allocation by between five and ten per cent while another 18 spent within 1.5% of their allocation. This means that provision across London is variable with the proportion of successful applications varying from 41% in Ealing to 90% in Croydon – where the council is using DHPs to help manage the problems caused by universal credit.

LWA provides emergency support to people in crisis or who need help to remain or start living independently. The national discretionary social fund was replaced in April 2013 by LWA schemes run by local authorities who up to 2015/16 were given ring-fenced funding for their schemes. After this the funding was rolled into their overall grant which has been shrinking.

Providing an LWA scheme is not a statutory requirement and five London boroughs do not have one in 2018/19. Eighteen boroughs are still providing a sizeable scheme whereas eight provide very small schemes which can reach only a small number of people. The number of applicants has fallen each year since the introduction of LWA, a fall that is not matched by a corresponding fall in need. As with both CTS and DHPs, schemes are variable across London, with the success rate for applications varying from 23% in Kingston to 92% in Bromley.

In response to these findings, there are actions which should be taken to improve the provision of local social security across London.

#### **Council tax support:**

1. Most London councils should return to offering full support (that is, a zero minimum payment), especially those which we find are in the 'feasible' group where the cost of returning to full benefit is likely to be small.
2. There should be a Greater London Authority (GLA)/London Councils (LC) led effort to understand and support those in the 'difficult' group – where the numbers needing support are highest and the support being provided is among the lowest: Enfield and Barking and Dagenham are at the top of this list.

### **Discretionary housing payments:**

3. Councils across London should follow the practice of the most pro-active half dozen councils by assessing need independently of budget. The lessons from Croydon's DHP scheme connected with the rollout of universal credit need to be understood and promoted across London by the GLA/LC.

### **Local welfare assistance:**

4. There should be a GLA/LC led effort to define a minimum standard and make sure that all London boroughs retain or reintroduce a significant scheme. This would ensure that all residents across London would have equal access to LWA.
5. This should be matched by a minimum budget which would be what boroughs would be expected to spend over the course of the year.

## **The research**

Using data gathered via Freedom of Information (Fol) requests, this report presents a detailed picture of what these three social security benefits provide in each of London's 32 boroughs.<sup>4</sup>

There are two objectives:

- To make this data publicly available in the belief that it will assist local service providers and campaigning groups who are arguing for local authorities to maintain or prioritise these schemes.
- To use this as evidence to assess the merits of the argument for a properly funded, local social safety net. Considering the problem London-wide opens up the question of what role there might be for the Mayor and the GLA.

The Fol Act, 2000, gives a right of public access to information held by public authorities so long as the information is not too sensitive and will not cost too much to provide. Three separate requests were sent to boroughs, one each about the social security benefits that were the focus of the work, namely: the CTS scheme for working-age adults; their DHP scheme and the scheme, if any, for LWA.

The information requested about CTS concerned details of their current scheme, for example, what the minimum payment was. This Fol contained 15 separate pieces of information about each borough's CTS scheme to allow consideration of some of the ways it had changed since first introduced in 2013.

---

<sup>4</sup> Occasionally, when data is available, we also show results for the City of London which is not, strictly speaking a London borough.

A second FoI contained around 20 questions about DHP, relating to: applications and refusals, reasons for awards, length of time and demographic information about recipients. Questions about demographic profile of recipients were generally not answered either because the LA did not hold the information or because they refused this part of the FoI on the grounds of time and cost. The analysis also draws on the DHP statistics published by central government that local authorities have been required to provide on their use of DHP funds since 2013/14.

A third FoI sought around 80 pieces of information relating to LWA dating back to 2013/14. As with the DHP FoI requests, information about recipients was often not answered, and for the same reasons.

The response rates from LAs was high. In certain cases, the way the LA recorded information meant that they could not answer particular questions.

Where discrepancies were found in the data provided, in around a third of cases, the figures were checked directly with the local authority. Although data provided by LAs should be accurate, there are some issues around data quality because different LAs have different recording practices. This data is not as robust as centrally collected data.

## Report outline

Chapter two assesses the need for local schemes by looking at trends in the number of people claiming help with their housing costs and poverty rates over time in London. We then look at the relative need in each borough.

Chapter three looks at CTS, chapter four at DHPs and chapter five at LWA schemes. Each chapter starts with a summary of the findings emerging from the data gathered in each FoI. This is followed by a discussion of these findings, with a comparison between boroughs. The final section assesses the differences between boroughs and discusses what this means for the low-income residents in each borough.

The final chapter makes recommendations for London-wide actions.

## 2.Context: assessing the need for local schemes

This chapter looks at the pressures facing the boroughs, measured by indicators of need among their residents.

We use the poverty rate and the number of families claiming housing benefit or the housing element of universal credit as indicators of what has happened to need over time. Both of these measures have been falling gently in recent years. Against this, the shortfall between what low-income tenants can claim and the rent they have to pay has been growing.

We use the poverty rate, households in the private rented sector and households affected by either the benefit cap or the removal of the spare room subsidy to look at the pressures facing each borough.

The chapter ends with an indicative assessment of need in each borough using a combination of households affected by one of the cuts and the proportion of households in the private rented sector.

This chapter looks at the pressures facing the boroughs, as measured by various indicators of need among their resident populations. The boroughs also face pressure arising from reducing budgets but these are not examined in this report.

We look at these needs in two ways. The first is how need has changed over time. The second is how need differs between boroughs. To do this, we use three different measures of need, namely:

- The number of people in poverty. Official estimates of borough-level poverty rates are only published occasionally and the latest figures are now five years old. How out-of-date they are is unknown although the broad pattern of relativities between the boroughs today is probably similar.
- The number of households in the private rented sector (PRS) in receipt of housing benefit (HB) or the housing element of universal credit (UC).<sup>5</sup> These are administrative statistics published in August 2018. The focus on tenants in the PRS reflects the belief that the cap on the amount of LHA payable has been a significant cause of financial stress which tenants in the social rented sector (SRS) have been spared.<sup>6</sup>
- The number of households affected either by the removal of the spare room subsidy or the overall benefit cap. These too are administrative statistics

<sup>5</sup> Referred to as HB or UC throughout

<sup>6</sup> Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S., Watts, B. and Wood, J. (2018) [The homelessness monitor: England 2018](#). Crisis.



published in August 2018. The spare room subsidy impacts SRS tenants and so may be seen as complementary to the previous measure of need.

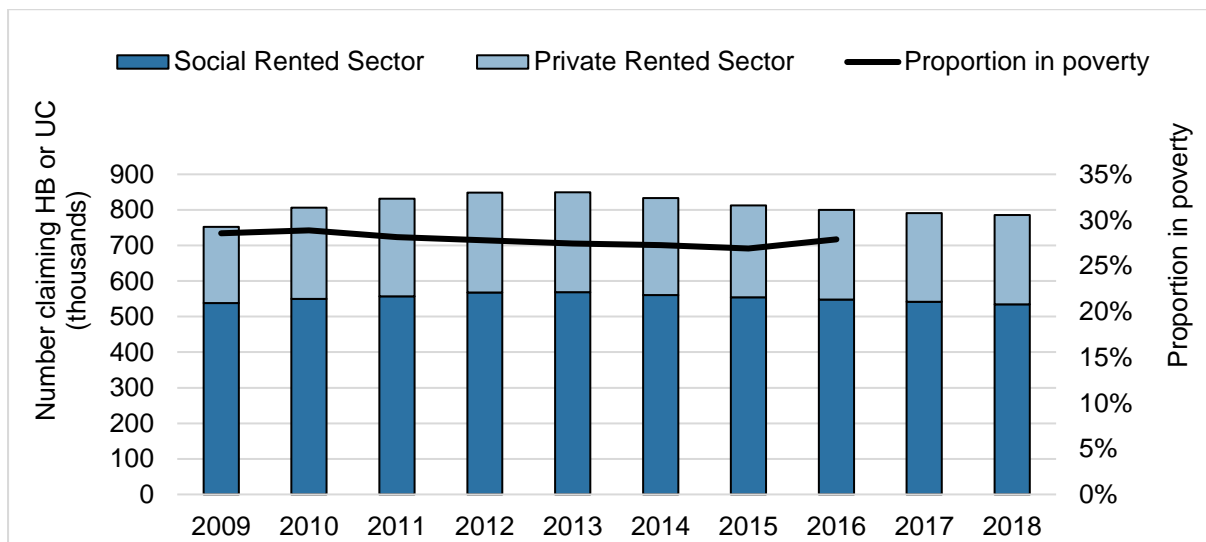
The funding available for each scheme in London has decreased over time. We are therefore interested in whether or not the need for these schemes has decreased as well or if there is more unmet need than previously.

The chapter concludes with a comparison of the second and third needs indicators at the borough level from which we create a broad classification according to the degree and type of pressure that each borough faces.

## Trends over time

Figure 1 shows the number of households in London claiming either HB or UC, year by year since 2009. It also shows the proportion of the London population whose income is low enough (below 60% of median household income after housing costs) for them to be counted as living in poverty. The two statistics tell the same story of a gentle downward drift over the period. Compared with the peak in 2013 of 850,000, the number of HB or UC claimants was down 70,000 by 2018, a fall of about 8%. Since its peak in 2010/11, the London poverty rate has come down, from 29% to 27%.

**Figure 1. Number of families claiming housing benefit or the housing costs element of universal credit and the poverty rate.**



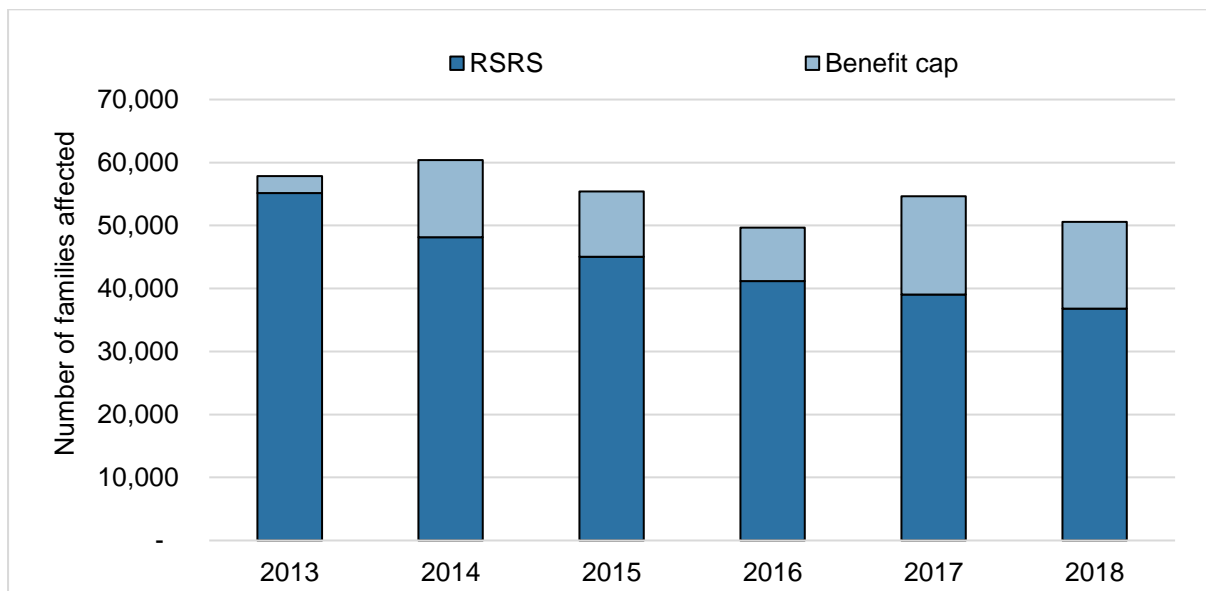
Source: Stat-Xplore, DWP. The data for housing costs is for August in each year shown. Households Below Average Income, DWP. The proportion in poverty is a three-year average up to and including the year shown.

For tenants in the PRS, the numbers alone miss the point that with LHA rates frozen, the shortfall between what a low-income tenant can claim in HB or UC and the rent

they have to pay will have been rising. Taking this into account can only offset any impression from figure 1 that the pressure of need has been easing slightly.

Figure 2 shows the number of families affected by first, the removal of the spare room subsidy (RSRS), and second, the overall benefit cap, at a point in time (August) each year since 2013. The number of households affected by the RSRS has come down by a third from 55,000 in 2013 to 37,000 in 2018. The number affected by the benefit cap has also been coming down, except in 2017 when the conditions were tightened. Taken together, the total affected came down from 60,000 in 2014 to 50,000 in 2018, a fall of 17%. The RSRS affects many more households but those affected by the benefit cap are likely to have lost more money.

**Figure 2. Number of families affected by the benefit cap and the removal of the spare room subsidy, over time**

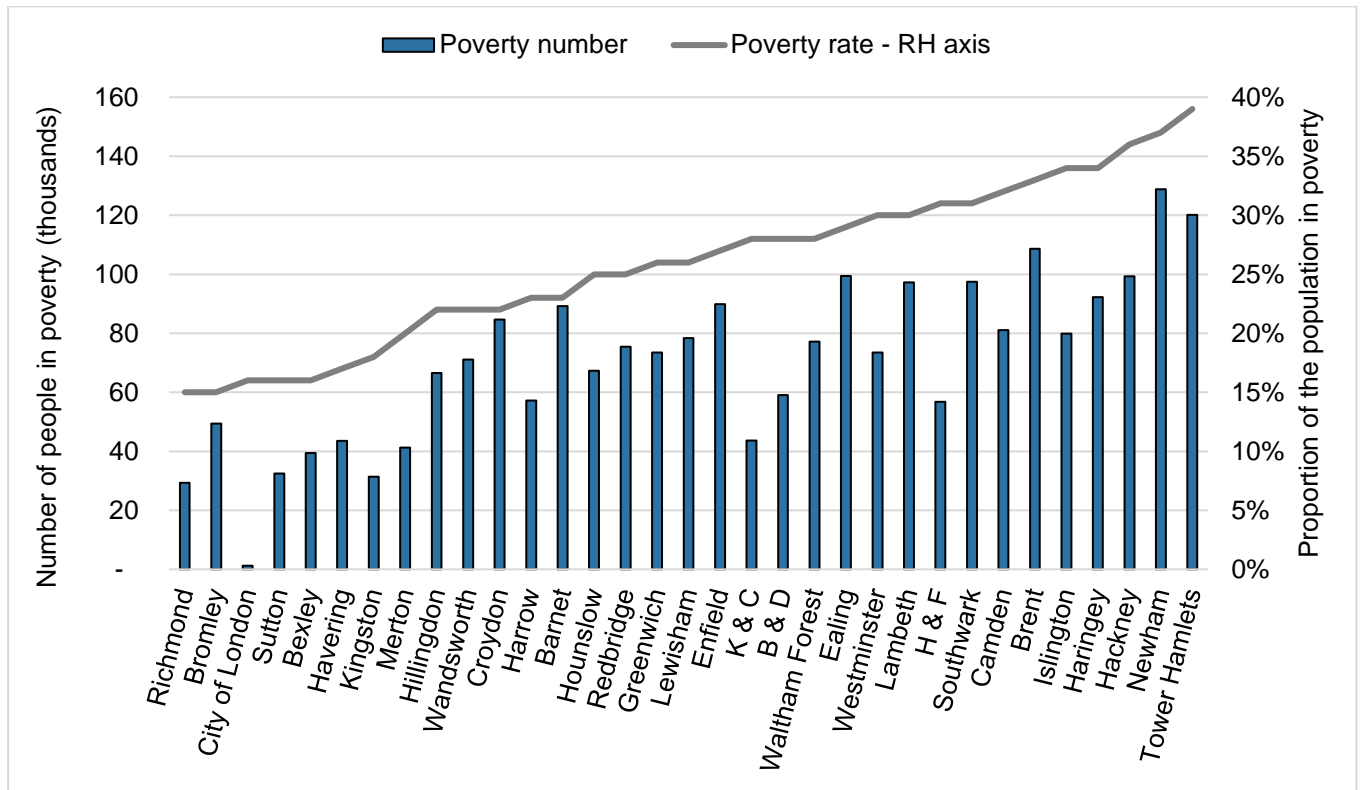


Source: Stat-Xplore, DWP. The data is for August in each year shown.

## Differences between boroughs

Figure 3 shows the poverty rate, which is the number of people in households with an income (after adjusting for household size) below 60% of median income, expressed as a proportion of the whole population. The rate varies from 15% in Richmond and Bromley to 37% in Newham and 39% in Tower Hamlets.

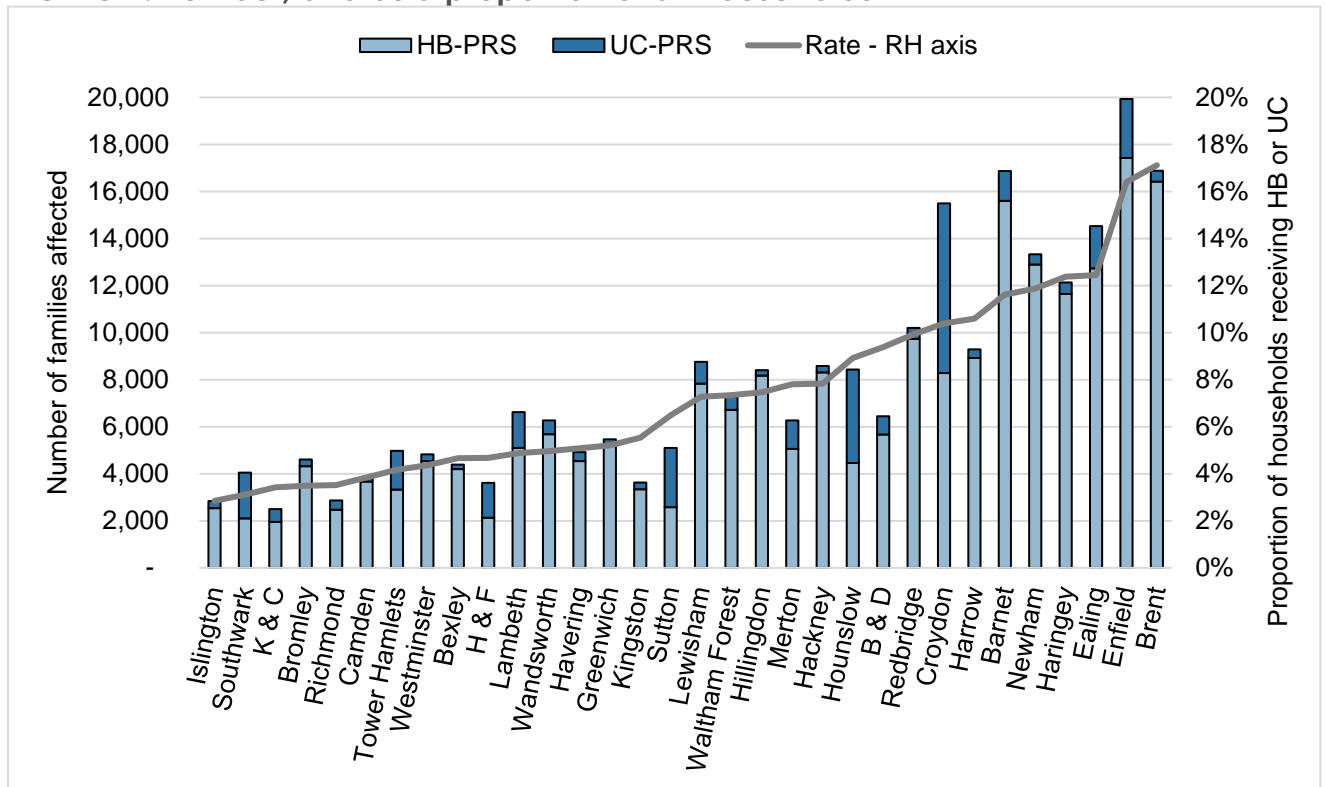
Figure 3. Poverty numbers and rates by borough 2013/14



Source: Small area model-based income estimates, England and Wales, ONS. The data is for 2013/14.

Figure 4 shows the number of households in each borough living in the PRS and receiving HB or UC. This is also shown as a proportion of the total number of households. The proportion varies from 3% in Islington and Southwark to 16% in Enfield and 17% in Brent.

**Figure 4: Households in the private rented sector receiving state support for their rent: number, and as a proportion of all households**



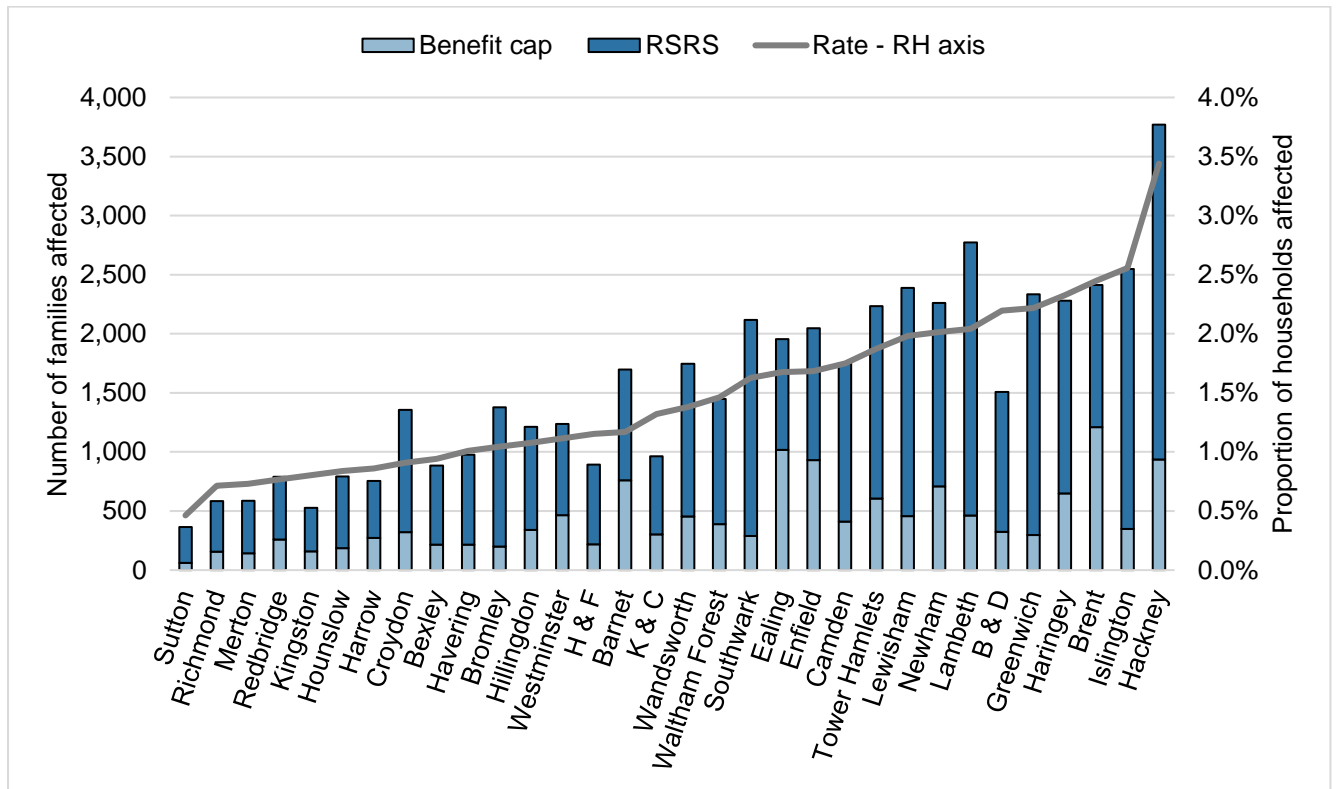
Source: Stat-Xplore, DWP. The data is for 2018.

Figure 5 shows the number of families affected by the benefit cap and the RSRs together. Ealing and Brent both have more than 1,000 families affected by the benefit cap whereas Sutton has 60. This is not just about borough size: Croydon and Barnet are the two most populous London boroughs (390,000 each) but Barnet has a high number of capped families at 760 whereas Croydon has 320. In 2015/16, private rents in Croydon were more affordable than Barnet.<sup>7</sup>

The number of families affected by the RSRs also varies by borough. Although there are exceptions (for example, Hackney), boroughs with high numbers affected by the RSRs do not usually have the highest numbers affected by the benefit cap as well. These boroughs have a higher than average proportion of social housing so more families who are likely to be affected by the RSRs (which only applies to social housing).

<sup>7</sup> Tinson, A., Ayrton, C., Barker, K., Barry Born, T. and Long, O. (2017) [London's Poverty Profile 2017](#). New Policy Institute and Trust for London.

**Figure 5. Households affected by the benefit cap and the RSRS: number, and as a proportion of all households by borough in 2018**



Source: Stat-Xplore, DWP. The data is for August 2018.

## Assessment

Two points stand out about these measures of need. The first is the extent of the variation between the boroughs with the lowest and highest pressures: ratios of about 2½:1 for the poverty rate, 6:1 for the proportion of PRS households receiving HB or UC and 7½:1 for the proportion of households affected by either the benefit cap or the RSRS. The second is the different scale of the measures. Poverty impacts about 1 in 4. About 1 in 12 households are PRS ones receiving help with housing. About 1 in 50 are impacted by either the benefit cap or the RSRS.

The composite picture of need facing the different boroughs draws on the second and third of the three measures. There are two reasons for ignoring the poverty rate in this assessment. The first is that the borough poverty rates are five years out of date. The second is that at the borough level, the poverty rate and the third indicator, on those affected by the two caps on benefit, are closely correlated. Including the poverty rate as a third measure would not change the picture much.

Table 1 uses a three-way characterisation for each of the two measures. In both cases, boroughs facing ‘average’ pressure are those where the statistic is between

80% and 120% of the London average. Those below 80% are classed as facing ‘low’ pressure while those above 120% are classed as facing ‘high’ pressure.

**Table 1: Overview of the level and type of need facing the boroughs**

PRS households receiving state help with rent as percentage of all households	Percentage of households affected by either the removal of the spare room subsidy or the benefit cap		
	Low	Average	High
<b>Low</b>	Richmond, Bromley, Bexley, Havering, Kingston	Westminster, Hammersmith & Fulham, Wandsworth, Kensington & Chelsea	Islington, Southwark, Camden, Tower Hamlets, Greenwich, Lambeth
<b>Average</b>	Hillingdon, Hounslow, Merton, Sutton	Waltham Forest	Lewisham, Hackney
<b>High</b>	Croydon, Harrow, Redbridge	Barnet	Barking & Dagenham, Brent, Ealing, Enfield, Newham, Haringey

Table 1 shows that the boroughs facing high need on both measures are Barking and Dagenham, Brent, Ealing, Enfield, Newham and Haringey. Officially or not, they are all ‘outer’ London boroughs on the northern side. Their opposites, with the lowest need, are the five outer boroughs of Richmond and Kingston to the south west, and Bromley, Bexley and Havering to the east side.

The boroughs with the highest poverty rates are on right of the table, facing high pressure from the RSRS and the benefit cap, but widely varying pressures from the PRS. Another group of outer boroughs, though with very different poverty rates, all face high pressure from the PRS: Croydon to the south, and, Barnet, Harrow and Redbridge to the north.

### 3. Council tax support

Council tax support (CTS) provides help for people on low incomes with their council tax bill by reducing the amount of council tax they have to pay.

The focus of the research presented in this chapter is the details of each local authority's CTS scheme collected through FoI requests. Since 2013/14, each local authority has been free to design its own scheme and there is a high level of variation between them.

We discuss the most prominent features of the schemes found across London. There is then some additional analysis using both data from Fols and administrative statistics to calculate the number of people affected and the average weekly cut in support in each local authority.

We use this analysis to assess the CTS scheme of each local authority.

In April 2013, council tax benefit (CTB) was replaced with CTS. CTB was not (and CTS is not) a benefit as such; rather it reduced a low-income household's liability to tax. Under CTB, receipt of a means-tested benefit reduced the liability to zero. Under CTS, it is up to each local authority to decide what the reduced liability should be. Schemes can – and do – change from year to year. Details of each LA's scheme are not held centrally which is why it has been necessary to collect them.

Table 2 summarises the main features of each council's CTS scheme for 2018/19. These are:

- the minimum payment which must be paid, however low a household's income is (expressed as a percentage of the full amount that would normally be payable);
- the level at which the band cap is set, which limits the amount of CTS available to claimants in higher-banded homes;
- the taper rate at which CTS is withdrawn as a claimant's earnings rise;
- the upper limit on the amount of savings a claimant can have before they become ineligible for CTS;
- vulnerable groups exempt from the minimum payment.

The way that each of these changes affects residents is discussed in the next section.

## Summary of research findings

Table 2. Main components of each borough's CTS scheme, 2018/19

Local authority	Minimum payment (MP)	Band-Cap	Taper rate	Savings limit	Exempt vulnerable groups
Barking and Dagenham	25%	N/A	20%	£6,000	No
Barnet	20%	N/A	20%	£16,000	No
Bexley	20%	N/A	20%	£16,000	No
Brent	20%	N/A	35%	£6,000	Those in receipt of disabled benefits
Bromley	25%	N/A	20%	£16,000	No
Camden	0%	N/A	20%	£16,000	N/A as there is no MP
City of London	0%	N/A	20%	£16,000	N/A as there is no MP
Croydon	15%	D	20%	£8,000	Those in receipt of disabled benefits; Lone parents with children under 5; Carers allowance
Ealing	25%	N/A	20%	£8,000	Those in receipt of disabled benefits; Lone parent with child under 5; Carer; or Care leaver under 22
Enfield	26.5%	N/A	20%	£6,000	Those in receipt of disabled benefits; Carers; Foster carers; single U25s
Greenwich	15%	N/A	20%	£16,000	No
Hackney	17.5%	N/A	20%	£16,000	No
Hammersmith and Fulham	0%	N/A	20%	£16,000	N/A as there is no MP
Haringey	20%	N/A	20%	£10,000	Those in receipt of disabled benefits
Harrow	30%	N/A	30%	£16,000	No
Havering	15%	D	20%	£6,000	War pensioners only
Hillingdon	25%	N/A	20%	£16,000	No
Hounslow	0%	N/A	20%	£16,000	N/A as there is no MP
Islington	8.5%	N/A	20%	£16,000	Care leavers
Kensington and Chelsea	0%	N/A	20%	£16,000	N/A as there is no MP
Kingston upon Thames	0%	N/A	20%	£16,000	Those in receipt of disabled benefits
Lambeth	20%	F	25%	£10,000	Those in receipt of disabled benefits; Carers; War widows
Lewisham	25%	N/A	20%	£16,000	No
Merton	0%	N/A	20%	£16,000	N/A as there is no MP

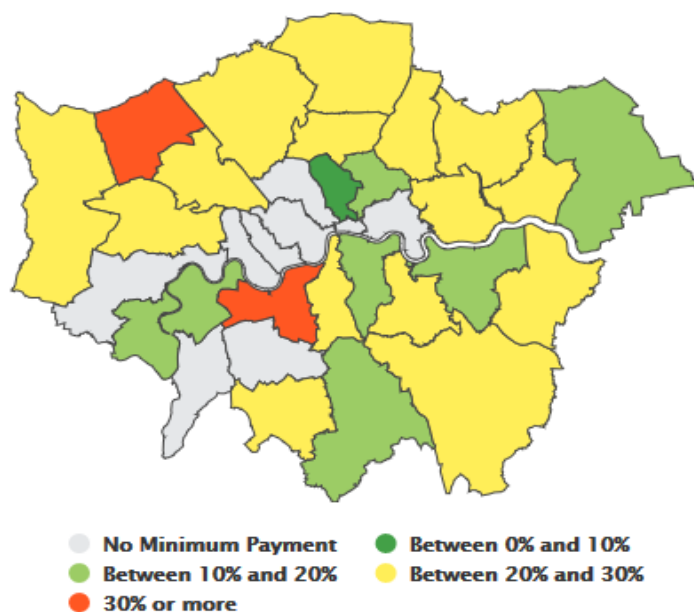


Newham	20%	N/A	20%	£16,000	No
Redbridge	25%	N/A	20%	£16,000	No
Richmond upon Thames	15%	E	20%	£16,000	Those in receipt of disabled benefits; Carer; War disablement or widow's pension
Southwark	15%	N/A	20%	£16,000	No
Sutton	20%	D	N/A	£10,000	Those in receipt of disabled benefits who are not working
Tower Hamlets	0%	N/A	20%	£6,000	N/A as there is no MP
Waltham Forest	24%	N/A	30%	£6,000	No
Wandsworth	30%	N/A	20%	£16,000	Those in receipt of disabled benefits; Carers; War widows or pension; Households with child under 3
Westminster	0%	N/A	20%	£16,000	N/A as there is no MP

## Discussion of research findings

Figure 6 shows the minimum payment by borough in 2018/19. Nine have no minimum. This is one more than last year (Hounslow has removed it for 2018/19) and two more than the year before (Camden removed it in 2017/18). Like the rest of England, most minimum payments are now between 20% and 30%, with just two – Wandsworth and Harrow – at 30%.

**Figure 6. Minimum payments as a percentage of the normal amount, by borough, 2018-19**

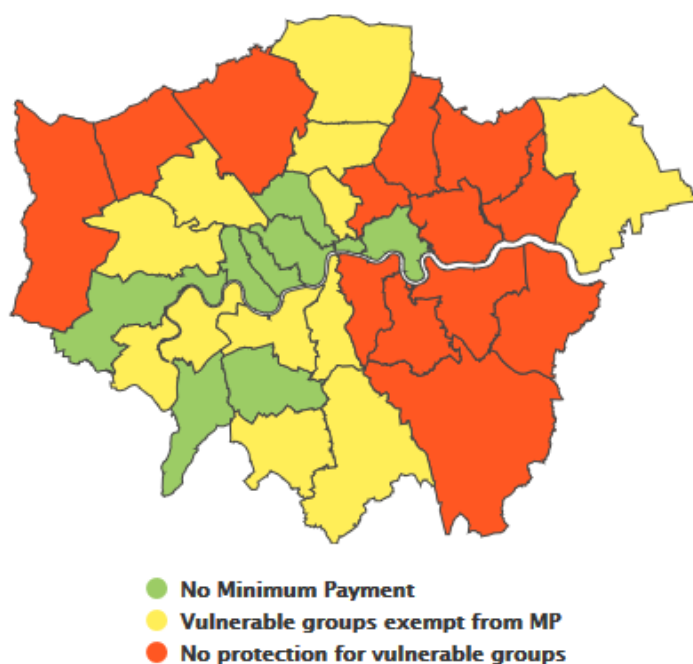


Source: NPI analysis of FOIs. The data is for 2018/19.

Boroughs can limit the amount of CTS that can be claimed by setting band caps. For example, if support is capped at band D, a claimant in a band F home can only claim support up to the band D amount. Most English LAs who have introduced a cap have capped support at band D. In most regions, few homes are above D but in London that is not the case. Five boroughs have band caps in 2018/19: Sutton, Croydon and Havering at D, Richmond at E and Lambeth at F.

Some boroughs with minimum payments have introduced special protections for vulnerable groups. These often include those who were entitled to, or claiming, a disability benefit (see table 2 for details). Figure 7 shows the boroughs who exempt groups defined as vulnerable from the minimum payment. Some boroughs have a lower minimum payment for vulnerable groups or other ways of offering partial protection, but these are not shown on the map. Boroughs not providing full exemption are mainly in the east and north-west; most are outer boroughs.

**Figure 7. Full exemption from council tax for vulnerable groups by borough, 2018/19**

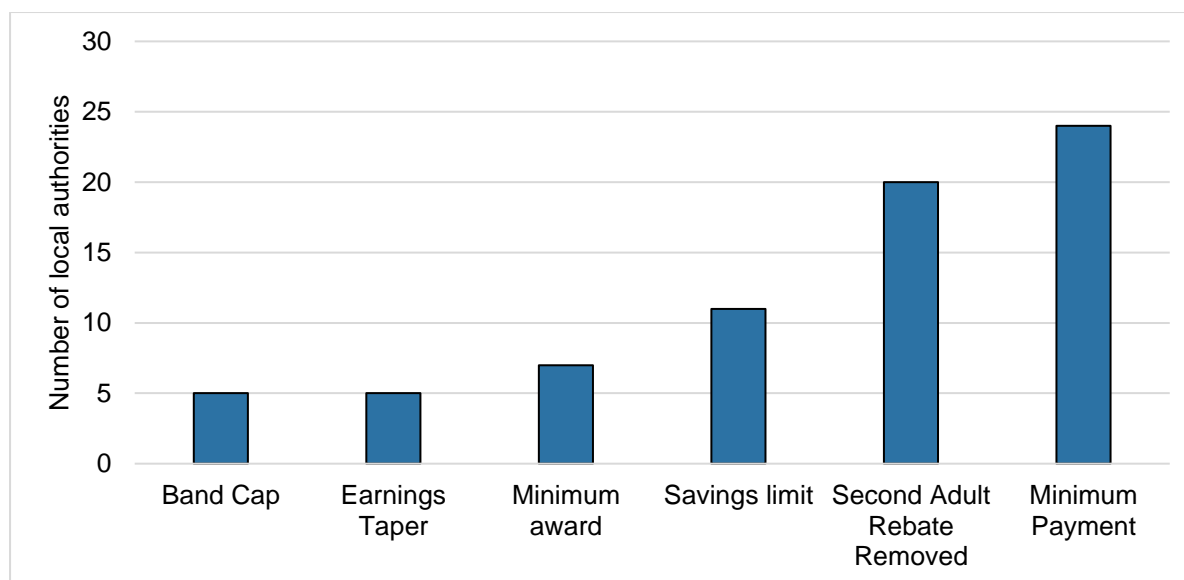


Source: NPI analysis of FOIs. The data is for 2018/19.

Figure 8 summarises various ways in which the amount of CTS can be limited. The second adult rebate is available to a council tax payer who shares their home with someone with a low income who is not liable to pay rent and who is not their partner (for example, an adult child or a friend). Since 2013, 20 of out 33 London LAs have removed this rebate.

11 boroughs have reduced the savings limit. This is the amount of savings that a claimant can have before they cease to be entitled to CTS. Before 2013, the limit was £16,000, in line with the rest of the social security system. Six boroughs have lowered the savings limit to £6,000, two to £8,000 and three to £10,000.

**Figure 8. Other features of CTS or council tax limiting entitlement**



Source: NPI analysis of FOIs. The data is for 2018/19.

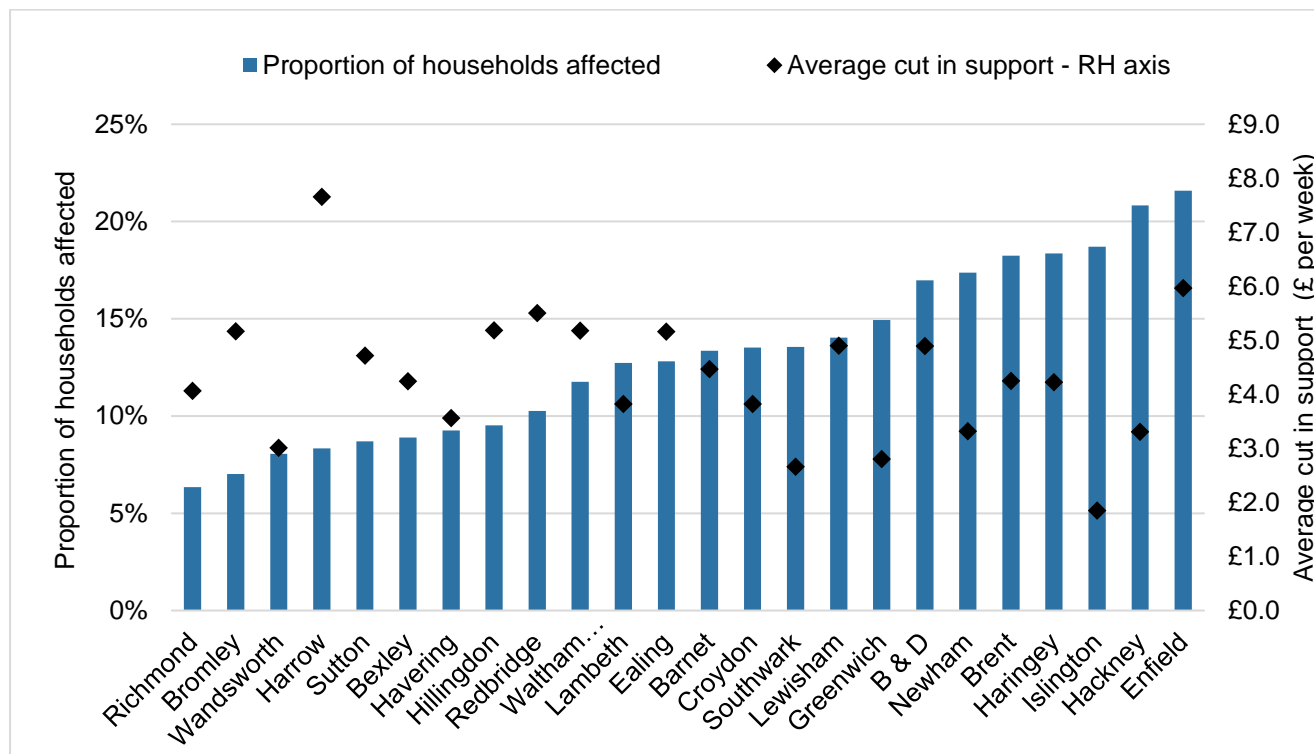
Seven boroughs have changed the minimum award. For example, if the minimum award is £2 a week and a claimant is entitled to £1, they will receive no CTS. Most boroughs who have made a change have increased it to 50p, £1 or £2 but Lambeth has increased it to £5 a week.

Five boroughs have increased the earnings taper. This is the rate at which CTS entitlement falls as a claimant's earnings rise (in effect, a tax rate on household earnings). Before 2013, the taper was 20%, meaning that for each extra £1 of earnings, CTS entitlement fell by 20p. Four boroughs have increased this taper. Sutton has introduced an income-banded scheme which changes the relationship between household earnings but in a non-gradual way.

## Assessment

Figure 9 shows the proportion of households affected by the changes made to schemes in 2018/19 compared with the last year of CTB, 2012/13. Boroughs who have kept their schemes close to CTB are not shown as residents will usually not have to pay more than previously. The average cut in support is estimated using the minimum payment and the band cap. The estimation method has been in use since 2013.

**Figure 9. Number of claimants affected and average cut in support, by borough, 2018/19**



Source: NPI analysis of FOIs. The data is for 2018/19.

Islington has the lowest minimum payment and also the lowest weekly cut in support of £1.90. Harrow and Wandsworth have the highest minimum payment of 30% but Harrow has a very high cut in support (£7.70) whereas Wandsworth's is much lower at £3.00. This is partly because Wandsworth's council tax is lower than Harrow's and partly because it has more CTS claimants in bands A and B, with a lower liability.

Standing back from the detail, how should the overall picture of CTS in London be evaluated? Our starting point is that what is desirable is clear, namely, that people who are entitled to means-tested support from the social security system should not have to pay council tax. That was the principle on which CTB was based. As a matter of good taxation, tax must reflect ability to pay: people with incomes often way below the poverty line cannot. As a matter of good government, the pockets and purses of the poor should not be a conduit to route national social security into local tax coffers. As a matter of fairness, CTS should not have been making hundreds of thousands of the poorest Londoners liable for tax at a time when increases in the income tax personal allowance were taking people with more money out of tax.

Until recently none of this would have been controversial. CTB was introduced by a Conservative government in the early 1990s and remained largely untouched for 20 years. The Scottish and Welsh governments have maintained schemes since 2013 which echo CTB. The eight London boroughs and the City of London, whose CTS

schemes include no minimum payment, are therefore reflecting what, up until recently, were mainstream values. These should be the standard to which others aspire.

It has to be accepted, however, that some boroughs are now far from this position. Based on the two statistics shown in figure 9, we would divide the other 23 boroughs into two groups, with each group in order, as follows:

- 'Feasible' group: Wandsworth, Richmond, Havering, Islington, Southwark, Bromley, Bexley, Sutton, Greenwich, Lambeth, Hillingdon, Croydon, Redbridge, Newham.
- 'Difficult' group: Barnet, Waltham Forest, Harrow, Ealing, Hackney, Lewisham, Brent, Haringey, Barking and Dagenham, Enfield.

The first group contains those for whom returning to full benefit (no minimum payment) looks feasible – and the earlier they are in the list, the more feasible it is. Wandsworth is an interesting case. Although it has a 30% minimum payment, it has a low council tax and a small number of recipients. Moving to full support would not only bring it into line with most of its neighbours (figure 6), it would also restore it to the position it took itself in 2013, using the following justification:

*Any reduction in maximum benefit levels will, due to Wandsworth's distinctively low Council tax, see the need to collect very small levels of Council tax from households that are by definition on low incomes and in many cases could be receiving reductions in other welfare payments. The size of these amounts in respect of Council tax would in many cases be uneconomic to recover, with the costs of collection, including legal recovery costs which fall to the Council being higher than the bill, and would in all likelihood have to be written off when the debt is uncollectable which would mitigate against the savings made on reducing the level of support.<sup>8</sup>*

The aim for the second group should be to improve their schemes: minimum payments below 20% would be a start. Within this group, Enfield deserves special mention not just for being last but for being so by a long way (on our metric, its CTS scheme is quite a bit harsher than Barking and Dagenham's which is just above it in the list). This raises the question of whether Enfield is in a position to do much better. It is surely significant that five of the six boroughs who received a 'double high' on the needs classification (Table 1) are in this group: alongside Enfield, Barking and Dagenham, Haringey, Brent and Ealing.

---

<sup>8</sup> Wandsworth Borough Council (2012) [Report by the Director of Finance on a proposed localised Council tax Support Scheme to replace the Council tax Benefit from 1st April 2013](#). paper no. 12-654, para 15.

Reducing minimum payments to below 20% would be beneficial to those residents negatively affected by a high minimum payment but it can also be beneficial to the local authority. Previous research has found that local authorities with minimum payments of more than 20% have had larger increases in the proportion of uncollected tax<sup>9</sup> and the IFS found that around a quarter of additional liability arising from cuts to CTS were not collected.<sup>10</sup>

Some local authorities have taken note of how difficult it can be for families to pay a proportion of their council tax liability and are removing their minimum payment. Both Hounslow and Camden have previously removed their minimum payment and Richmond has chosen to remove its minimum payment of 15% for 2019/20.<sup>11</sup> Newham is taking the step to reduce its minimum payment to from 20% to 10% for 2019/20<sup>12</sup> and Haringey have chosen to add working-age families with children, the group how have seen the biggest percentage cuts to their support since CTB was abolished,<sup>13</sup> to the list of groups who are exempt from the minimum payment.<sup>14</sup>

---

<sup>9</sup> Barker, K. and Ayrton, C. (2017) [Are cuts to Council Tax Support in England a false economy for councils?](#) New Policy Institute.

<sup>10</sup> Adam, S., Joyce, R. and Pope, T. (2019) [The impacts of localised council tax support schemes.](#) IFS.

<sup>11</sup> Richmond Council (2019) [Webpage] [Agenda and minutes, 17 January 2019.](#) Richmond Council.

<sup>12</sup> Newham Council (2019) [Webpage] [Newham Council agrees budget for 2019/20.](#) Newham Council.

<sup>13</sup> Adam, S., Joyce, R. and Pope, T. (2019) [The impacts of localised council tax support schemes.](#) IFS.

<sup>14</sup> Warlow, J. (2019) [Full Council report, 31 January 2019, item 7.](#) Haringey Council.

## 4. Discretionary housing payment

Discretionary housing payments (DHPs) are made to people in receipt of either housing benefit or the housing element of UC to alleviate the shortfall in income arising from welfare reform or a change in circumstance. Ring-fenced funding is provided by central government to local authorities who then decide how to use it.

The focus of the research presented in this chapter is the amount of funding allocated to councils in London, which has fallen every year since 2013/14, as well as features of each borough DHP scheme, including the numbers granted a DHP, the average amount and the period over which the award is payable.

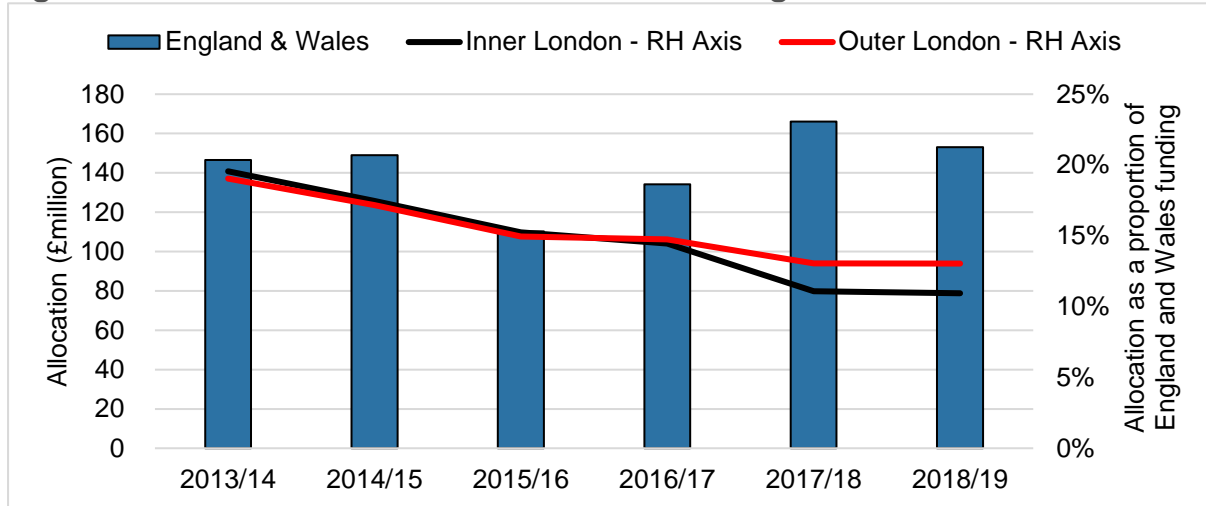
The considerable variation between the boroughs is assessed by looking at the way in which they prioritise need within their boroughs rather than simply following the funding guidance set by central government.

If a resident who is eligible for HB or the housing element of UC faces a shortfall between the rent due and the HB they receive – for example, because of LHA rates or the benefit cap – they can apply for a DHP. Government issues guidance on who should be eligible for DHPs and what they should be awarded for, but local authorities can interpret this guidance how they want.

There is an important difference between DHP and CTS. A CTS claimant who meets the conditions is entitled to the support. By contrast, the discretion in DHP means that entitlement can depend on the money available. The funding made available for DHP, by both central and local government therefore matters.

Figure 10 shows the path of funding for DHP for England and Wales and the shares of that going to inner and outer London since 2013/14. Falls in the share going to London means that the increase, in 2017/18, was much less than the England and Wales average.

Figure 10. DHP Allocation to local authorities in England and Wales, over time



Source: Use of Discretionary Housing Payments: April to September 2018, DWP and S1/2018: 2018/19 Discretionary Housing Payments government contribution for English and Welsh local authorities, DWP.

Before 2013/14, central funding for DHP was small: for Great Britain, £30m in 2011/12 and £60m in 2012/13. In 2013/14, the money was increased to £180m to help with the effects of the benefit cap, the RSRS and the new LHA rates. After falling for the next two years, it rose again, to reach £167m in 2017/18 for England and Wales, dropping back to £153m in 2018/19.<sup>15</sup>

Table 3 summarises the research findings on DHPs.

<sup>15</sup> Department for Work and Pensions (2018) [Use of Discretionary Housing Payments, England and Wales - Analysis of Mid Year Returns from Local Authorities, April 2018 - September 2018](#). DWP.



## Summary of research findings

Table 3. Summary of research findings

Local authority	No. applications	No. Successful	Benefit cap	Spare room subsidy	LHA reforms	Length of time for which award granted
<b>Barking and Dagenham</b>	2003	1119	12%	20%	18%	20 weeks
<b>Barnet</b>	2653	1366	36%	5%	20%	13 weeks
<b>Bexley</b>	969	778	20%	5%	6%	6 months
<b>Brent</b>	Not held	3398	32%	25%	2%	10 weeks
<b>Bromley</b>	1850	824	5%	52%	2%	38 weeks
<b>Camden</b>	1880	1053	30%	30%	9%	3 to 6 months
<b>City of London</b>	42	39	18%	31%	15%	6 months
<b>Croydon</b>	2097	1890	11%	3%	42%	13 weeks
<b>Ealing</b>	3703	1515	43%	8%	10%	12 weeks
<b>Enfield</b>	2317	1374	62%	5%	16%	34 weeks
<b>Greenwich</b>	Not held	1692	13%	62%	2%	Spare room: 52 weeks/ Others: 3 - 6 months
<b>Hackney</b>	1712	1370	40%	25%	6%	15 weeks
<b>Hammersmith and Fulham</b>	1159	864	26%	34%	14%	29 weeks
<b>Haringey</b>	1302	762	69%	8%	11%	8 weeks
<b>Harrow</b>	1023	554	18%	11%	45%	Not provided
<b>Havering</b>	1051	726	13%	40%	20%	6 to 12 months
<b>Hillingdon</b>	1952	1246	13%	17%	27%	14 weeks

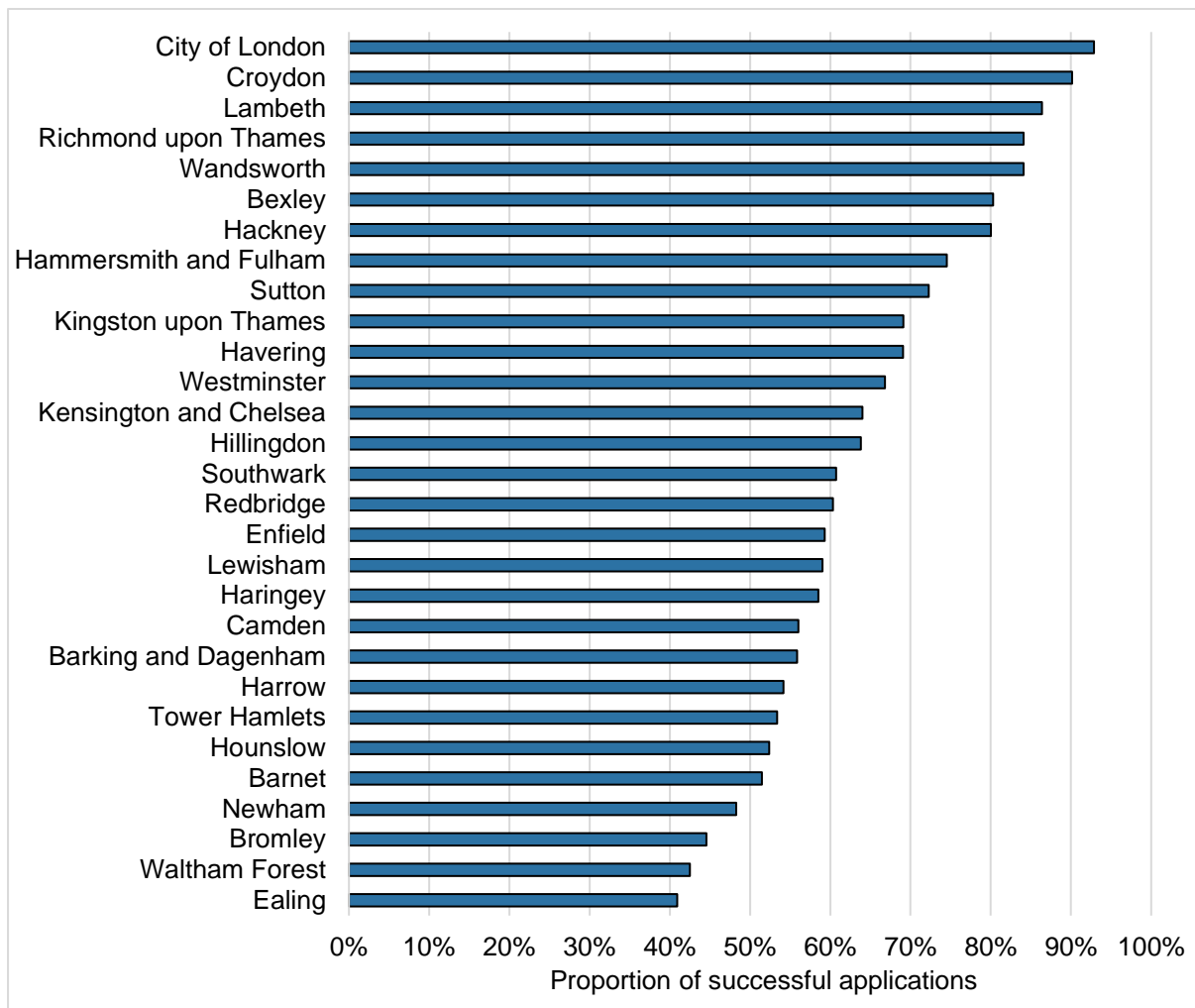
<b>Hounslow</b>	1579	827	13%	15%	19%	16 weeks
<b>Islington</b>	Not held	2304	49%	23%	5%	13 weeks
<b>Kensington and Chelsea</b>	956	612	59%	25%	11%	Not held
<b>Kingston upon Thames</b>	583	403	62%	32%	2%	20 weeks
<b>Lambeth</b>	2700	2333	44%	40%	6%	26 weeks
<b>Lewisham</b>	1293	763	67%	14%	6%	6 months for benefit cap, but no average otherwise
<b>Merton</b>	1461	Not held	Not held	Not held	Not held	26 weeks
<b>Newham</b>	1645	794	73%	19%	3%	9 weeks
<b>Redbridge</b>	1139	687	22%	12%	11%	16 weeks
<b>Richmond upon Thames</b>	414	248	21%	36%	24%	28 weeks
<b>Southwark</b>	1955	1187	27%	41%	3%	2 weeks
<b>Sutton</b>	602	435	11%	19%	10%	13 weeks
<b>Tower Hamlets</b>	1871	999	55%	30%	5%	Not held
<b>Waltham Forest</b>	1647	700	53%	21%	11%	18 weeks
<b>Wandsworth</b>	1113	936	57%	19%	8%	Not held
<b>Westminster</b>	1374	918	28%	7%	12%	30 weeks

## Discussion of research findings

Total applications for DHP in 2017/18 equalled 6.8% of the total number of recipients of HB or the housing element of UC. Application rates ranged from 4% in Lewisham to 12% in Richmond.

Figure 11 shows the variation between boroughs in the proportion of applications that were successful. The average was 59%. In Ealing, Waltham Forest, Bromley and Newham less than 50% of applications were approved. In two – Croydon and City of London - at least 90% were approved. There is a weak negative correlation between the number of applications and the success rate ( $r=-0.37$ ). There are various possible reasons for this including sensitivity to budgetary limits.

**Figure 11. Proportion of successful applications by borough (excluding non-respondents)**



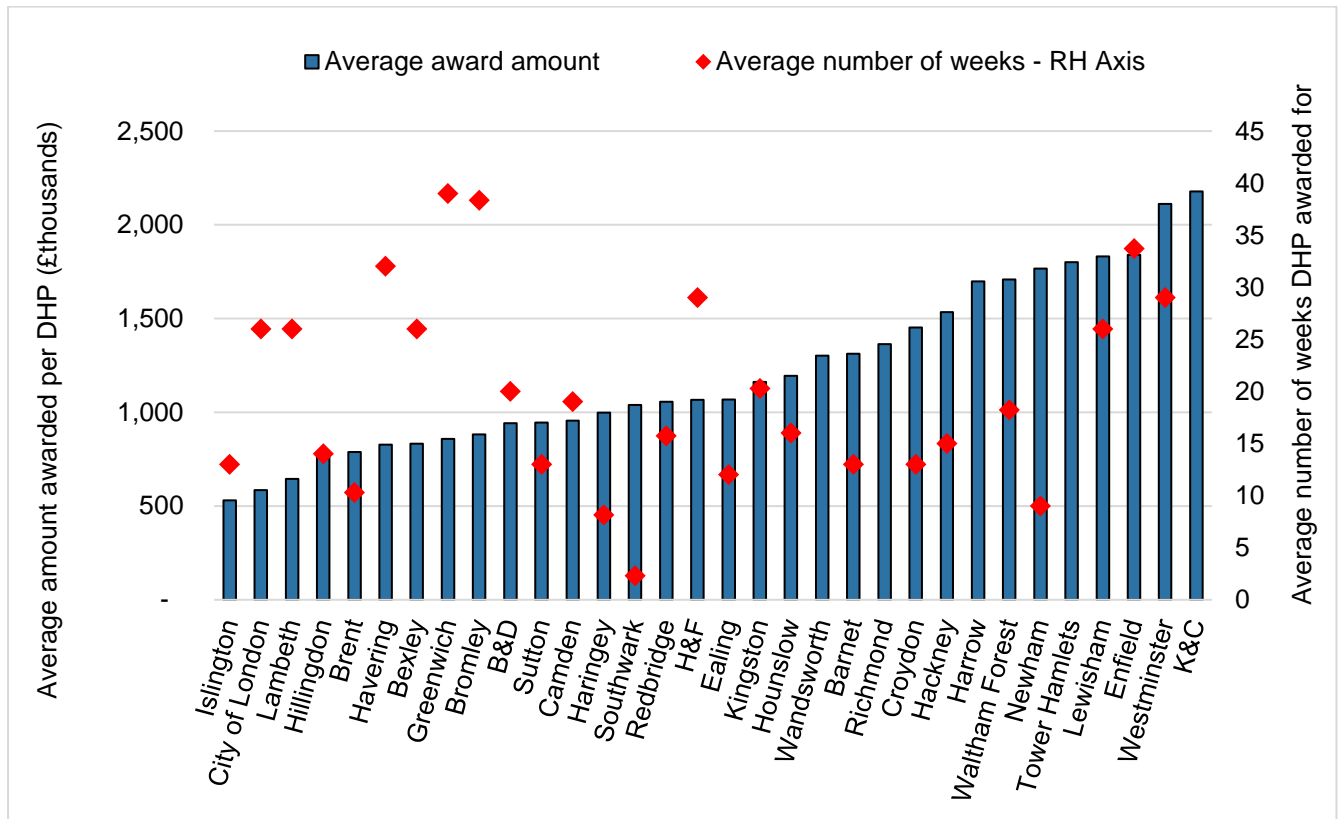
Source: NPI analysis of Fols. The data is for 2017/18.

Figure 12 shows the average award and the average number of weeks that awards were granted for. The average number of weeks should be treated with caution as

responses included answers such as ‘three to six months’ (represented below by the mid-point). Four boroughs did not provide answers to this question at all. Merton is not shown as there was insufficient information to calculate the average award.

Islington had the lowest average award at £530, followed by the City of London at £585 – less than half the average of £1,250. Kensington and Chelsea and Westminster have the highest average awards: £2,200 and £2,100 respectively. These are the two boroughs with the highest average housing costs in London.<sup>16</sup>

**Figure 12. Average award amount and average number of weeks granted**



Source: NPI analysis of Fols. The data is for 2017/18.

On average, families affected by the benefit cap received the highest payments at £1,300. Payments to families affected by the RSRs, the LHA reforms and for non-welfare reasons were lower at £670, £1,100 and £950.<sup>17</sup> As a rule, boroughs with a high proportion of DHPs for RSRs award smaller amounts for longer. Boroughs with a higher proportion of DHPs for the benefit cap give out higher average awards.

<sup>16</sup> Tinson, A. *et al.* (2017) [London's Poverty Profile 2017](#). New Policy Institute and Trust for London.

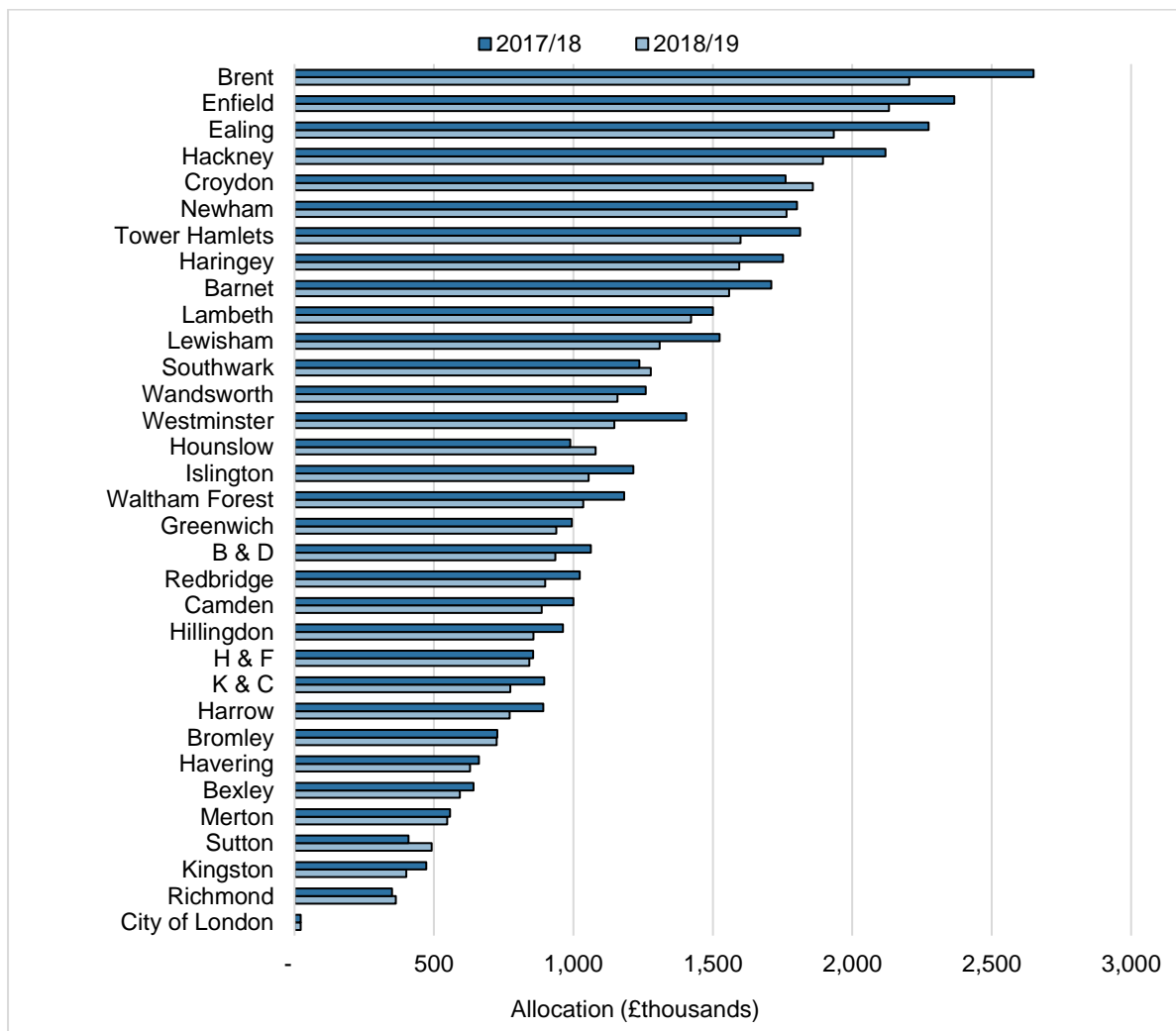
<sup>17</sup> This is based on data from 25 local authorities as not all of these filled in both the FOI and the DHP statistics that are returned to DCLG/DWP.

## Assessment

Boroughs were allocated widely varying DHP funding in 2017/18 and 2018/19. The allocation has been criticised for its lack of clarity and its insufficiency given the impact of the reforms.<sup>18 19</sup> Citizens Advice, the LGA and Z2K were among those expressing concern.<sup>20</sup>

Figure 13 shows the central allocation of DHP funding in 2017/18 and 2018/19. On average allocation is set to fall by 8%, from £40 million to £37 million. But Ealing and Kingston are set to lose 15%, Brent 17% and Westminster 18%. By contrast, Croydon has 6% more, Hounslow 9% and Sutton 20%.

Figure 13. DHP allocation by borough in 2017/18 and 2018/19



Source: Use of Discretionary Housing Payments, DWP

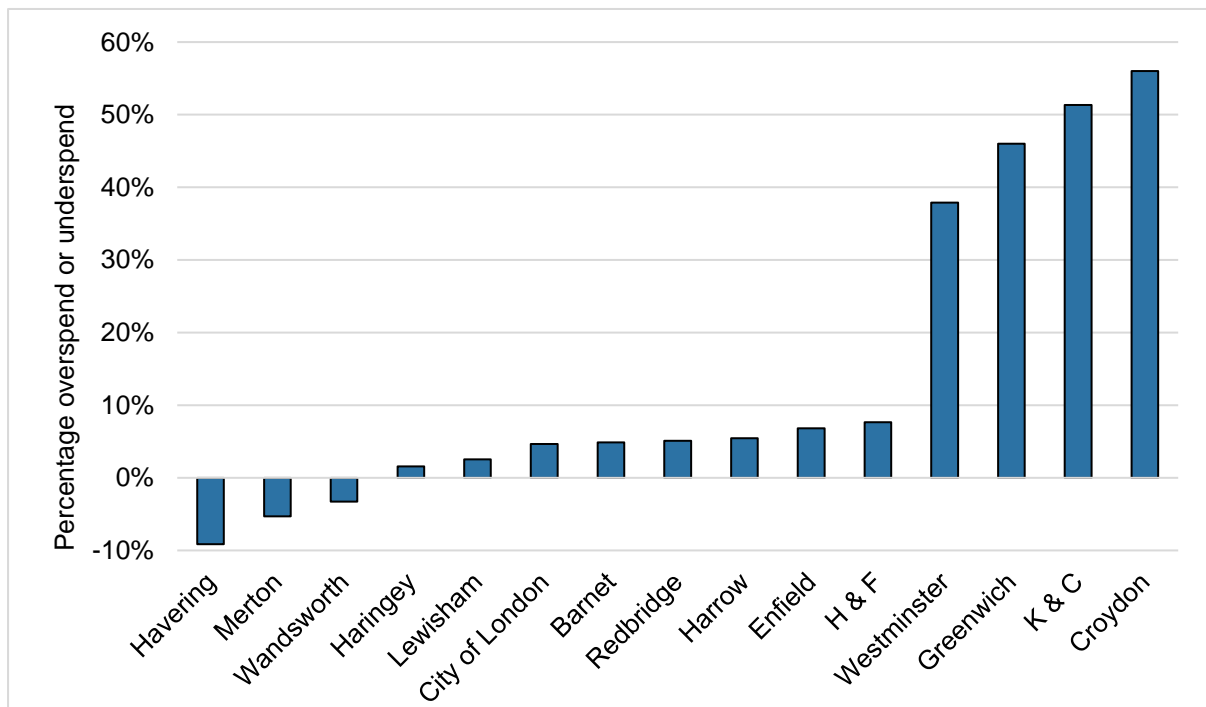
<sup>18</sup> National Audit Office (2012) [Managing the impact of Housing Benefit reform](#). NAO.

<sup>19</sup> Work and Pensions Committee (2014) [Support for housing costs in the reformed welfare system](#). House of Commons.

<sup>20</sup> *Ibid*

Each borough can choose to top up DHPs to two and a half times the original allocation. Most boroughs' expenditure is fairly close to their allocation, but a few stand out. Figure 14 shows those boroughs which had an underspend or an overspend in 2017/18 of more than 1.5% compared with their original allocation. Three spent less than their allocation while 12 spent more. Croydon's overspend was by far the largest at £990,000 (56%) but the overspends by Kensington and Chelsea, Greenwich and Westminster, were also large at 51%, 46% and 38% respectively.

**Figure 14. Over or underspend compared with allocation by borough, 2017/18**



Source: Use of Discretionary Housing Payments, DWP

Croydon is significant as it is one of the pilot areas for the roll-out of UC. A much higher proportion of recipients in Croydon are claiming UC than in most other boroughs. Croydon Council argues that this is the reason for the DHP overspend as it is using DHP to prevent families on UC becoming homeless. They have identified that £1,500 per household over three months helps to avoid homelessness but that it costs councils an average of £6,750 to accommodate a homeless household.<sup>21</sup>

Although there was an increase over time in the numbers of people affected by the RSRs who were aware of DHP,<sup>22</sup> advice workers in London reported that in 2017

<sup>21</sup> Butler, A. (2017) [Homes and Regeneration](#). Croydon Council.

<sup>22</sup> Clarke, A and Oxley, M. (2015) [Evaluation of Removal of Spare Room Subsidy](#). Department for Work & Pensions.

there was still very low awareness of DHPs<sup>23</sup>, so the need for them remains uncertain. Applications depend to some extent on how boroughs publicise them and whether housing associations, charities and advice agencies in each borough are aware of them and are able to make referrals.

Many boroughs are relying on DHPs to avoid families becoming homeless or being moved into unsuitable accommodation. Boroughs must legally house certain homeless households, often in temporary accommodation, whilst they seek permanent solutions. The amount spent on temporary accommodation in London has increased greatly in recent years.<sup>24</sup> It is in a borough's interest to grant a DHP if it can avoid homelessness.

In conclusion, our assessment of boroughs' DHP schemes rests on two measures, one to do with central government and the other to do with what the boroughs then do. Significant over-spending relative to the funds provided by central government is taken as evidence that a borough is forming its own view of local need. While locally determined budgets may themselves end up constraining awards of DHP – whether they do so is not part of this research – this is better than simply accepting the limits laid down by central government.

Our judgement is that in 2017/18, four boroughs – Croydon, Kensington and Chelsea, Greenwich and Westminster – were exercising significant judgement about the quantum of local need, their spending exceeding central provision by at least a third. Another four – Hammersmith and Fulham, Enfield, Harrow and Redbridge – exceeded central provision by more than 5%. Of the rest, 18 spent within 1.5% of the central provision. Such tight adherence to budgets set elsewhere suggests that the quantum of local need plays no part in determining spending. That cannot be right.

As for central government's allocation, the question is how far need enters into it. DHP funding for London in 2018/19 was down 8% on 2017/18. We are unaware of any basis for believing that need has fallen by that much between the two years.

Turning to the individual borough allocations, one obvious question is how far local over-spends are taken as a sign that additional central funding is needed in future. Among the four big over-spenders in 2017/18, Croydon has received an increased central allocation in 2018/19 (although the 6% increase is slight relative to the 56% overspend). The other three big local over-spenders, however, saw reduced central allocations in 2018/19.

---

<sup>23</sup> Woudhuysen, A. (2019) [blog] [Localisation of social security: what can the advice sector tell us?](#) Child Poverty Action Group.

<sup>24</sup> Tinson, A., Ayrton, C. and Petrie, I. (2018) [A Quiet Crisis: Local government spending on disadvantage in England](#). New Policy Institute and Lloyds Bank Foundation.

## 5. Local welfare assistance

Local welfare assistance provides emergency support to people in crisis or who need help to remain or start living independently.

In this chapter, we discuss the amount of funding that local authorities have received over the last five years for their LWA schemes and how they have spent this. We then look at numbers of people who have been helped and those who have applied for help over time.

We then discuss which local authorities are not providing a scheme and we assess the schemes of those who have provided a scheme in 2018/19 by looking at the budget that each borough allocated as a proportion of those in poverty.

Among its many changes, the Welfare Reform Act 2012 abolished the discretionary Social Fund with effect from April 2013. This fund had provided crisis loans (CL), budgeting loans and community care grants (CCG).

CCGs were non-repayable and intended to help people to live independently in the community. They were available to those on low-income benefits or those in care who may be entitled to a benefit. CLs were repayable, interest free loans to assist people aged 16 or over who needed to meet expenses in an emergency or as a consequence of a disaster. They were available to anyone if they were the only means of preventing a serious risk to health or safety.<sup>25</sup>

From April 2013, local authorities were to provide a version of CLs and CCGs called local welfare assistance (LWA). In 2012/13, local authorities were provided with a small amount of funding so they could set up their LWA schemes to be ready for the 2013/14 financial year. For 2013/14 and 2014/15, each English upper tier local authority, which includes London boroughs, were given programme funding allocated according to previous spending on the Social Fund, and administration funding that was a proportion of the programme funding.<sup>26</sup>

No new duties were placed on English councils. Delivery of local welfare provision is not a statutory duty. Councils are not required to monitor their schemes or report any information centrally. This is different from DHP.

---

<sup>25</sup> Not all of the components of CCGs and CLs were devolved to local authorities. Local authorities only took on CCGs and CLs for general living expenses. CL alignment payments, interim payments of benefit and Budgeting Loans (another part of the discretionary Social Fund) were replaced by a system of payments on account integrated into benefits. (See Department for Work and Pensions (2011) [Changes to Crisis Loans – protecting the vulnerable](#). DWP)

<sup>26</sup> National Audit Office (2016) [Local welfare provision](#). NAO.



## Summary of research findings

Table 4. Summary of research findings

Local authority	LWA Scheme in 2018/19?	Budget in 2018/19	===== 2013/14 =====			===== 2017/18 =====		
			No. applications	No. successful applications	Total value grants and in-kind support/loans	No. applications	No. successful applications	Total value grants/in-kind support
<b>Barking &amp; Dagenham</b>	No	No scheme	Not held	Not held	Not held	Not held	Not held	Not held
<b>Barnet</b>	Yes	No set budget	1647	1544	£283,846	1813	1273	£246,057
<b>Bexley</b>	No	No scheme	Not held	602	£403,662	Not held	Not held	Not held
<b>Brent</b>	Yes	No set budget	1723	1230	N/A	1306	1116	N/A
<b>Bromley</b>	Yes	£115,000	2141	821	£427,354	361	333	£110,120
<b>Camden</b>	Yes	£240,000	2147	1043	£449,547	1261	449	£243,387
<b>City of London</b>	Yes	£25,000	29	7	£8,740	6	4	£12,061
<b>Croydon</b>	Yes	£455,000	Not held	Not held	£309,476	1227	1095	£590,142
<b>Ealing</b>	Yes	£300,000	2705	946	£285,000	2636	1099	£300,000
<b>Enfield</b>	Yes	No set budget	1407	450	£119,452	905	508	£109,902
<b>Greenwich</b>	Yes	£550,000	5105	2579	£543,617	4066	1380	£407,210
<b>Hackney</b>	Yes	£500,000	1731	1208	£722,959	254	124	£30,148
<b>Hammersmith &amp; Fulham</b>	Yes	£588,581	1924	1159	£404,410	2645	1363	£418,428
<b>Haringey</b>	No	N/A	3074	907	£269,183	No scheme		
<b>Harrow</b>	Yes	£10,000	1123	574	£124,796	195	49	£1,737
<b>Havering</b>	Yes	£50,000	1129	749	£108,462/ £11,520	362	153	£52,241

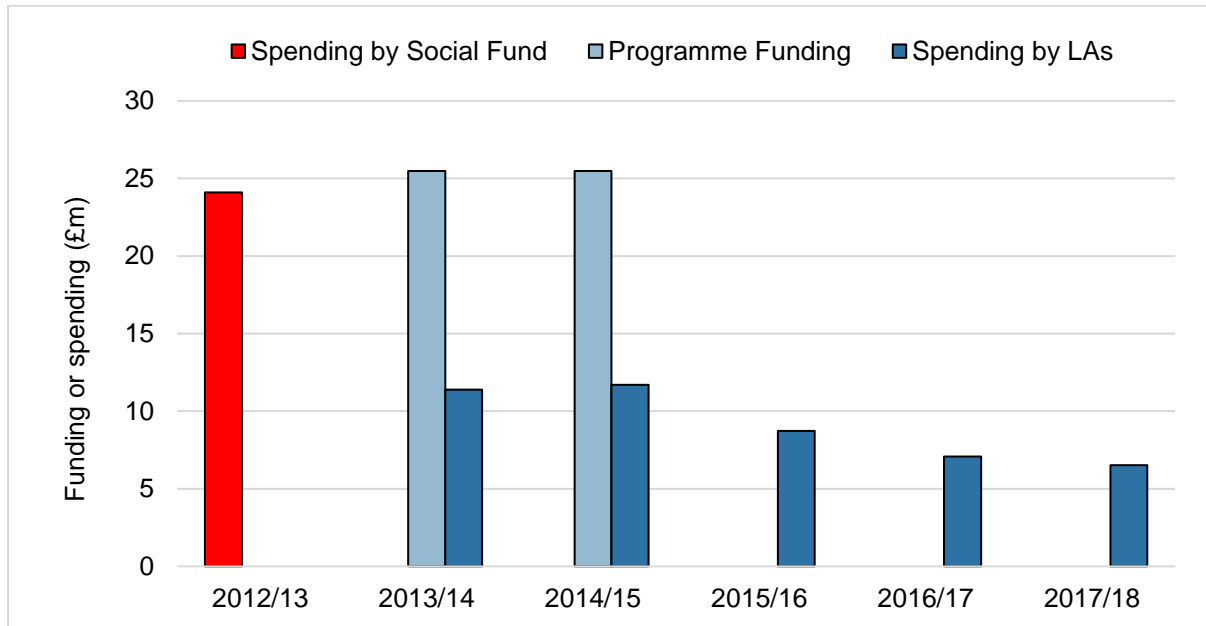
<b>Hillingdon</b>	No	N/A	1656	1214	£231,171	No scheme		
<b>Hounslow</b>	Yes	£100,000	2086	1447	£269,228	975	517	£77,155
<b>Islington<sup>27</sup></b>	Yes	£582,000	5179	4941	£1,086,497	5421	4904	£783,006
<b>Kensington &amp; Chelsea</b>	Yes	£325,000	1815	1043	£399,641	3094	1569	£491,707
<b>Kingston upon Thames</b>	Yes	£25,000	227	93	£16,224	48	11	£2,334
<b>Lambeth</b>	Yes	£400,000	3206	930	£487,378/ £15,549	1793	799	£398,551/ £3,065
<b>Lewisham</b>	Yes	£200,000	2150	747	£198,000/ £38,000	1102	420	£103,000/ £18,000
<b>Merton</b>	Yes	No overall budget	728	409	£34,670	363	266	£39,482
<b>Newham</b>	Yes	No overall budget	4035	1166	£0/ £382,347	1349	310	£0/ £112,640
<b>Redbridge</b>	No	N/A	717	529	£149,582	No scheme		
<b>Richmond upon Thames</b>	Yes	£140,000	Not held	Not held	Not held	439	282	£131,724
<b>Southwark</b>	Yes	£550,000	3102	1618	£655,273	1636	759	£350,192
<b>Sutton</b>	Yes	£55,000	1247	942	£222,000/ £24,389	705	519	£41,000/ £3,876
<b>Tower Hamlets</b>	Yes	No ring fenced budget	14257	6477	£1,441,789	5009	2144	£649,930
<b>Waltham Forest</b>	Yes	£220,000	1714	900	£401,578	554	188	£127,008
<b>Wandsworth</b>	Yes	£200,000	1580	705	£183,854	1558	875	£164,320
<b>Westminster</b>	Yes	£570,000	1875	1089	£448,445	2027	1200	£644,071

<sup>27</sup> Islington operates a Resident Support Scheme which combines LWA and DHP. The data provided in the FOI was therefore a combination of these. We have removed the amount spend on DHPs from table 4 but the number of LWA and DHP applicants cannot be separated.

## Discussion of research findings

Figure 15 shows the last year of Social Fund spending in London.<sup>28</sup> From 2013/14, it shows the 'programme funding' awarded to boroughs and the total amount spent each year. Boroughs who did not provide the correct data have been excluded.

**Figure 15. Change in funding and spending between 2012/13 and 2017/18**



Source: Discretionary Social Fund Data 2012-13 by Local Authority, DWP for 2012/13 and NPI analysis of FOIs to each local authority in London from 2013/14 onwards.

The key point is that boroughs chose not to spend their entire allocation in 2013/14 and 2014/15; behaving cautiously, they spent less than half what was provided in each year. After 2014/15, central government rolled the LWA programme funding into the general grant. With this grant shrinking, boroughs seem to have chosen to rely on what is left of the original funding to keep their LWA schemes open. Compared with the £51m of programme funding over two years, spending over the five years since has totalled £45m.

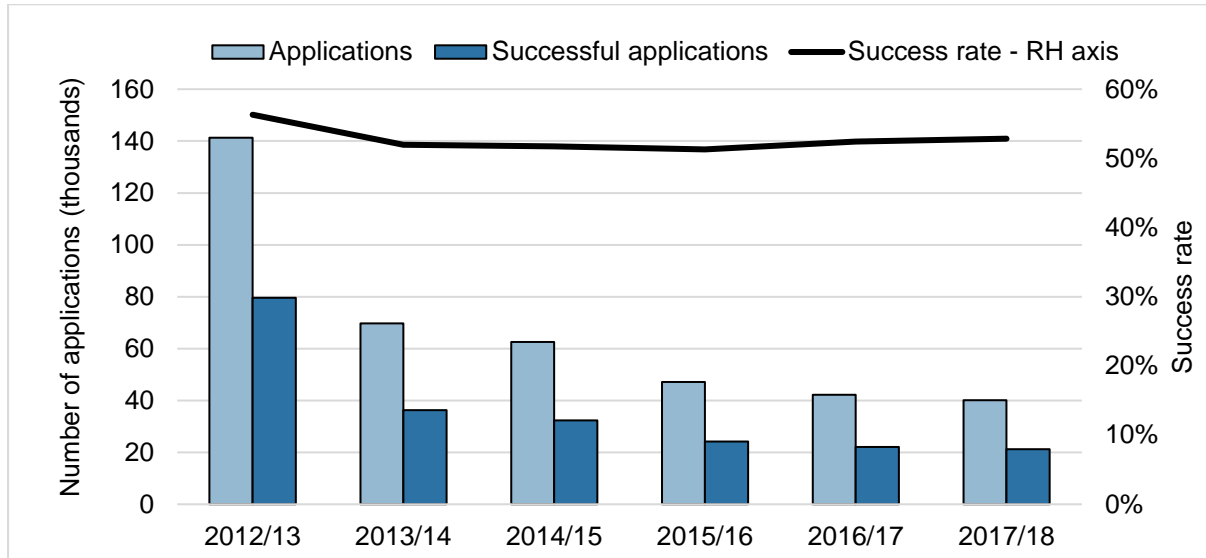
Providing an LWA scheme is not a statutory requirement and without a dedicated funding stream five LAs in London (Haringey, Bexley, Redbridge, Hillingdon and Barking and Dagenham) have chosen not to provide one in 2017/18.

Figure 16 looks at the number of applications, successful applications and the proportion of applications which are successful. In the last year of the Social Fund (2012/13), the number of applications was double what it was in the first year of LWA (2013/14). A fall between 2012/13 and 2013/14 was to be anticipated as previously

<sup>28</sup> Bexley, Brent and Richmond have been excluded as they did not provide us with the correct data.

the fund was delivered by the Jobcentre Plus network and there was also a national telephone line for Crisis Loan applications.<sup>29</sup> Potential applicants may have been unaware of the change, and pathways to publicise the new scheme will not have been as well-established as those for the Social Fund.

**Figure 16. Change in the number of applications and successful applications between 2012/13 and 2017/18**



Source: Discretionary Social Fund Data 2012-13 by Local Authority, DWP for 2012/13 and NPI analysis of FOIs to each local authority in London from 2013/14 onwards.

It is surprising that as the schemes have become established, applicant numbers have continued to fall, down from 70,000 to 40,000 from 2013/14 to 2017/18.<sup>30</sup> There was a particularly big fall after 2014/15 which was the last year in which boroughs received programme funding for their LWA schemes.

Success rates, which averaged 53% in 2017/18, ranged from 23% in Kingston and Newham, to 90% and 92% in Islington and Bromley.

Figure 17 shows the percentage change in the number of applications between 2014/15 (2015/16 for Croydon and Richmond) and 2017/18. Only three boroughs – Kensington and Chelsea, Richmond and Wandsworth – recorded significant increases, with another two – Hammersmith and Fulham and Ealing – recording slight increases. Islington saw a small fall but all the other boroughs recorded large falls, ranging from Southwark’s 18% to Hackney’s 87%. The wide range in the size of

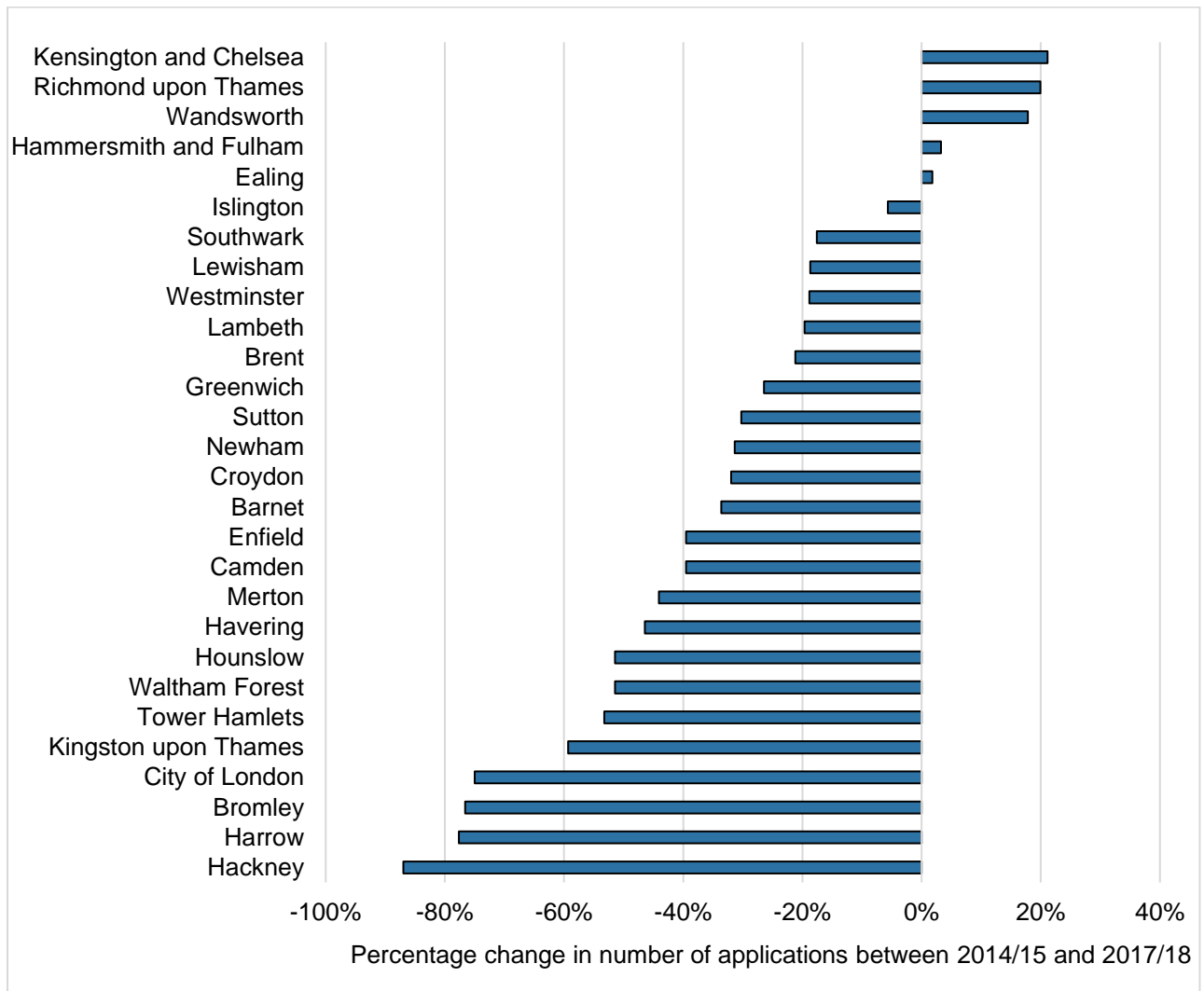
<sup>29</sup> Department for Work and Pensions (2011) [Annual Report by the Secretary of State for Work and Pensions on the Social Fund 2010/11](#). The Stationary Office.

<sup>30</sup> London Boroughs who did not respond to our FOI or provided us with incomplete data have been excluded from the time series. These were Barking and Dagenham, Brent, Bexley, Croydon and Richmond.

these falls would seem to be inconsistent with any idea that these reductions reflect sharp falls in demand and need.

As with DHPs, advice workers in London reported that there was a very low awareness of LWA amongst residents.<sup>31</sup> They also reported that the systems could be hard to navigate and that the application process could be confusing,<sup>32</sup> potentially discouraging residents.

**Figure 17. Change in the proportion of applications between 2014/15 and 2017/18**



Source: NPI analysis of FOIs to each local authority in London.

Seven boroughs and the City of London recorded falls in excess of 50%. Hackney, Harrow and Bromley saw the largest falls in the number of applications. In 2014/15,

<sup>31</sup> Woudhuysen, A. (2019) [blog] [Localisation of social security: what can the advice sector tell us?](#) Child Poverty Action Group.

<sup>32</sup> *Ibid*

Hackney had 1900 applications but in 2017/18 there were only 250. Harrow had 870 in 2014/15 falling to 200 in 2017/18 and Bromley had 1500, which fell to 360.

Harrow has a very low application approval rate meaning that in 2017/18 only 50 applications were approved. Conversely, Bromley had the highest approval rate for applications in 2017/18. The fall in the number of applications means that they can approve nearly all the applications they receive and the number of successful applications will remain low.

## Assessment

Table 5 is an assessment of the LWA scheme of each borough. Five boroughs provide no LWA scheme in 2018/19. Brent has not been classified as they have not provided us with budget or spending data. The table shows the other 26 local authorities categorised by the type of their LWA scheme. This is calculated by taking the budget for 2018/19 and dividing it by the number of people in poverty.

**Table 5. Assessment of each borough's LWA scheme**

Local authority	LWA Scheme in 2018/19?	Budget in 2018/19	Budget for each person in poverty	Type of LWA scheme
Hammersmith and Fulham	Yes	£588,581	£10.38	Larger
Westminster	Yes	£570,000	£7.76	Larger
Greenwich	Yes	£550,000	£7.48	Larger
Kensington and Chelsea	Yes	£325,000	£7.45	Larger
Islington	Yes	£582,000	£7.28	Larger
Southwark	Yes	£550,000	£5.65	Larger
Tower Hamlets	Yes	£649,930 <sup>33</sup>	£5.41	Larger
Croydon	Yes	£455,000	£5.37	Larger
Hackney <sup>34</sup>	Yes	£500,000	£5.03	Larger
Richmond upon Thames	Yes	£140,000	£4.77	Mid-size
Lambeth	Yes	£400,000	£4.12	Mid-size
Ealing	Yes	£300,000	£3.02	Mid-size
Camden	Yes	£240,000	£2.96	Mid-size
Waltham Forest	Yes	£220,000	£2.85	Mid-size
Wandsworth	Yes	£200,000	£2.81	Mid-size
Barnet	Yes	£246,057	£2.76	Mid-size
Lewisham	Yes	£200,000	£2.55	Mid-size
Bromley	Yes	£115,000	£2.33	Mid-size

<sup>33</sup> Where local authorities have not provided us with the 2018/19 budget we have used actual 2017/18 spend (highlighted in red).

<sup>34</sup> Hackney's budget is much higher than their actual spend in 2017/18 (which was £30,000). If we had used the actual spend rather than budget they would be in the 'nominal group'.

Sutton	Yes	£55,000	£1.69	Small
Hounslow	Yes	£100,000	£1.49	Small
Enfield	Yes	£109,902	£1.22	Small
Havering	Yes	£50,000	£1.15	Small
Merton	Yes	£39,482	£0.96	Nominal
Newham	Yes	£112,640	£0.87	Nominal
Kingston upon Thames	Yes	£25,000	£0.80	Nominal
Harrow	Yes	£10,000	£0.17	Nominal

Councils with ‘larger’ schemes, shown in green, have a budget of close to £500,000 or more for their schemes. This ranges from £5 per person in poverty in Hackney to £10 in Hammersmith and Fulham, with Westminster, Greenwich, Kensington and Chelsea and Islington also at the upper end of the scale with more than £7 per person.

Councils with a ‘mid-sized’ scheme, shown in orange, have a budget of between £2 and £5 per person in poverty which in general means they have set aside a budget of at least £200,000 for their scheme. Councils with a ‘small’ scheme, shown in light grey, have a budget of between £1 and £2 per person with a budget of around £100,000 or less.

Councils with ‘nominal’ schemes, shown in dark grey, have very small budgets of less than £1 per person in poverty. Newham’s inclusion in this group is based on its £110,000 budget but as a scheme which only provides loans, money allocated in previous years and subsequently repaid may be available to increase this amount.

The overall assessment of the boroughs’ LWA schemes is a bleak one. With CTS, it was possible to point to nine of the 33 having schemes that at least approached the ideal and to which the others could aspire. With LWA, by contrast, it is the five who have no scheme at all – Barking and Dagenham, Haringey, Redbridge, Bexley and Hillingdon – who serve as a marker of what must be avoided. The presence of the first two in this list is especially disturbing given that they figure in the group of six borough facing high need on both dimensions in table 1.

In our judgement, three other boroughs – Harrow, Merton and Kingston – have schemes which are so poorly resourced that they are LWA schemes in name only. It is also arguable that Sutton, Hounslow, Enfield and Havering are barely doing any better and so their schemes too are ‘in name’ only.

By contrast, there are nine boroughs who can still be seen clearly to be providing LWA schemes of substance. These nine are responsible for 65% of the LWA funding in London in 2018/19. In all cases, that funding is at levels in excess of £5 per person in poverty.

These discretionary schemes are a lifeline for destitute people – in 2015, a third of all destitute survey respondents reported having received help from their LWA or national scheme in the past month.<sup>35</sup> This had declined to 11% in 2017, likely partly due to funding reductions to English LWA schemes.<sup>36</sup>

---

<sup>35</sup> Fitzpatrick, S., Bramley, G., Sosenko, F., Blenkinsopp, J., Johnsen, S., Littlewood, M., Netto, G. and Watts, B. (2016) [Destitution in the UK](#). Joseph Rowntree Foundation.

<sup>36</sup> Fitzpatrick, S., Bramley, G., Sosenko, F., Blenkinsopp, J., Wood, J., Johnsen, S., Littlewood, M. and Watts, B. (2018) [Destitution in the UK 2018](#). Joseph Rowntree Foundation.



## Conclusion: overview and recommendations

### Where the boroughs stand and why

In offering an overall assessment for each borough, we have avoided a single score because the three schemes – CTS, DHP and LWA – are so different from one another. Instead, we look at those boroughs who we think are doing well on a number of measures and those who are doing badly. As we argue at the end, ‘good’ and ‘bad’ may be less a reflection of merit than of deep trends.

Hammersmith and Fulham, Kensington and Chelsea, Tower Hamlets and Westminster have no minimum CTS payment and provide a ‘larger’ LWA scheme. Camden has no minimum payment and a ‘mid-size’ LWA scheme. Among the others with ‘larger’ LWA schemes, four boroughs fall into the group where a zero minimum payment is judged as feasible: Croydon, Greenwich, Islington and Southwark.

These boroughs, who are at or near the top for both CTS and LWA schemes, seem to be committed to providing meaningful levels of local social security. Additionally, Croydon, Kensington and Chelsea, Greenwich and Westminster have overspent on their DHPs, which we take as a sign that their spending is influenced by need.

Six of these nine boroughs have high poverty rates, high or average pressure from the caps on benefit but low pressure from the PRS. Greenwich and Kensington and Chelsea are like these six although their poverty rates are closer to the average. Croydon, with a below-average poverty rate, low pressure from the benefit cap but high pressure from the PRS, is quite different.

Five of the nine – Tower Hamlets, Camden, Croydon, Greenwich and Islington – have had fairness or poverty commissions since 2010. It seems likely that boroughs which decide that such a commission is necessary will feel that protecting low-income residents from the changes to social security is important.

Those boroughs who are doing the worst on both measures of CTS and LWA schemes are Brent, Haringey and Barking and Dagenham, all of which have no LWA scheme. Enfield and Harrow also do badly on CTS and have ‘small’ or ‘nominal’ LWA schemes. The first four are all boroughs that are high on both our measures of need. Harrow’s need is high on the measure PRS pressure.

It is easy to conclude that these mainly outer London boroughs are not providing an adequate local social security net with respect to these schemes. The question is why. In looking for an answer, the basic message of the London Poverty Profile (LPP) since 2009 is a starting point.

At its most general, that message is that poverty in London has been moving outwards. However, the first LPP didn't just rest on a simple distinction between inner and outer. Instead, it pointed out how much better the inner west was than the inner east (to the extent that the worst inner west borough – Camden – would be comfortably the best if in the inner east). It is here, in the much-improved inner west, where no fewer than four of the nine 'good' boroughs are located.

By contrast, the LPP picked out three outer London boroughs as resembling the inner east in the extent of the poverty challenge (Brent, Enfield and Barking and Dagenham). These are three of the five 'bad' boroughs, the other two being their neighbours (inner east Haringey bordering Enfield and Harrow bordering Brent).

Viewed from this perspective, the broad pattern of local social security provision in London seems to be connected with whether the level of need and the pressure it exerts on councils has been falling (and so more support) or rising (less support). These trends have been running for a long time. In terms of where things are going, understanding why (say) Croydon is so different from (say) Enfield looks crucial.

## Recommendations for action

In the cases of CTS and LWA the government has argued that issues of local welfare are best responded to at the local level, according to local policies.<sup>37 38</sup> This argument has led to policies being devolved to local authorities at the same time as the financial burden of providing them. Within the context of reducing budgets, the needs of low-income residents and/or those in crisis, which are not different across London, have been side-lined by the needs of local authorities to produce balanced budgets. These schemes are doubly important: as well as directly impacting the wellbeing of low-income residents, they reduce pressure for other public spending when problems escalate.<sup>39</sup>

We therefore think that there are actions which should be taken to improve the provision of local social security across London.

### Council tax support:

1. Most London councils should return to offering full support, especially those which we find are in the 'feasible' group, where the cost of returning to full benefit is small.

---

<sup>37</sup> Department for Communities and Local Government (2012) [Government response to the Communities and Local Government Select Committee's Report: Localisation issues in Welfare Reform](#). DCLG.

<sup>38</sup> National Audit Office (2016) [Local welfare provision](#). NAO.

<sup>39</sup> *Ibid*

2. There should be a GLA/LC led effort to understand and support those in the 'difficult' group – where the numbers needing support are highest and the support being provided is among the lowest: Enfield and Barking and Dagenham are at the top of this list.

#### **Discretionary housing payments:**

3. Councils across London need to follow the practice of the most pro-active half dozen councils by assessing need independently of budget. The lessons from Croydon's DHP scheme connected with the rollout of universal credit need to be promoted by the GLA/LC.

#### **Local welfare assistance:**

4. There should be a GLA/LC led effort to define a minimum standard and make sure that all London boroughs retain or reintroduce a significant scheme.
5. This would ensure that all residents across London would have equal access to LWA. This should be matched by a minimum budget which would be what local authorities would be expected to spend over the course of the year.

In terms of monitoring and evaluation, there is, for each of these schemes, a lack of centrally available information about the impacts of localisation and the new schemes on low-income residents in London. The NAO recognises that the consequences of the gaps in provision of LWA are not understood:

*Councils provide discretionary local welfare support, but increasing numbers are stopping doing so, and less is being spent overall now than in 2013. The consequences of creating this gap in provision are not understood, either in terms of impact on vulnerable people or of creating potentially costly additional care or medical needs in the longer term.<sup>40</sup>*

Many London boroughs have done their own internal evaluations and research about these schemes and they each collect information about their own schemes. Making this data available to the GLA and making sure it is collected on a comparable basis would help to make the case for change clearer and is an important step in understanding the changing provision across London.

---

<sup>40</sup> Mores, A. (2016) [Local welfare provision press release](#). NAO.