**Work and Pensions Committee Inquiry into Benefit Sanctions Policy  
Community Housing Cymru Group response**

1. **The Community Housing Cymru (CHC) Group** is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2013/14, our members directly employed 8,400 people and spent almost £2bn (directly and indirectly) in the economy, with 81% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.
2. **Our objectives are to**:
   1. Be the leading voice of the social housing sector.
   2. Promote the social housing sector in Wales.
   3. Promote the relief of financial hardship through the sector's provision of low cost social housing.
   4. Provide services, education, training, information, advice and support to members.
   5. Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.
3. **Our vision is to be**:

* A dynamic, action-based advocate for the not-for-profit housing sector.
* A ‘member centred’ support provider, adding value to our members’ activities by delivering the services and advice that they need in order to provide social housing, regeneration and care services.
* A knowledge-based social enterprise.

1. In 2010, CHC formed a group structure with Care & Repair Cymru and CREW Regeneration Wales in order to jointly champion not-for-profit housing, care and regeneration. CHC also runs Your Benefits Are Changing (YBAC), a highly successful project, unique to Wales, which comprises awareness-raising campaign, money advice and consultancy support.
2. CHC welcomes the opportunity to respond to the proposed inquiry into benefit sanctions policy. Our members provide homes and services to some of the most vulnerable members of our communities, many of whom claim welfare benefits, including Jobseekers’ Allowance and Employment Support Allowance, and are thus vulnerable to sanctions. The implications for these tenants of being sanctioned, and the knock-on effects for social landlords, are significant and, as such, we welcome the opportunity to add the voice of the Welsh social housing sector to the debate about the future of sanctions.
3. There is significant anecdotal evidence that benefit sanctions are applied too readily; the severity of the removal of a claimant’s living expenses failing to match the ‘offence’ of being a few minutes late to a Jobcentre Plus (JCP) interview attended by someone who was reliant on public transport, for instance. To illustrate this, the following case study was provided by one of our members: *“We supported a 25 year old single mother, placed on JSA when her child turned 5. The first time she signed-on she was issued with a warning, as she hadn’t put the correct notes on her job search. The second time she signed-on she was sanctioned as she had completed the required number of job searches but hadn’t done them over 5 days a week. The sanction was for payment to be stopped for 2 weeks. This resulted in her accruing rent arrears, utility arrears, needing to use the food bank and claiming nil income for housing benefit. The sanction was appealed and overturned but the debt resulted from delay in payments.*”
4. We argue that the current system of sanctions is unnecessarily severe; the large increases in numbers show an upward trend in the use of sanctions which cannot be justified and has major ramifications for the wellbeing of a significant proportion of the population (400 people claiming ESA in Wales faced sanctions in June 2014 - up from 150 in a year)[[1]](#footnote-1).
5. Evidence from the Joseph Rowntree Foundation shows a disproportionate increase in the number of sanctions in areas in which there are higher numbers of claims (“*those regions and countries with higher JSA claim rates also have higher proportions of those claims resulting in a sanction*”).[[2]](#footnote-2) This, combined with the suggestion of the existence of sanction ‘league-tables’ suggests a pressure on JCPs to reduce the amount of ESA/JSA that is being claimed.[[3]](#footnote-3)
6. The effect of sanctions is to reduce the amount of money which claimants have to purchase basics, such as food, forcing people to depend on charity. A recent YMCA England report showed that 79% of those YMCAs referring young people to foodbanks (88% of the sample needed to do this to feed their service users) reported having to do this as a direct result of delays in receiving benefit payments and “punitive sanctions”.[[4]](#footnote-4) By providing a causal-link between sanctions and foodbank use, this directly undermines Neil Couling’s earlier assertion that the growth in use of foodbanks is a “supply-led growth” and a case of poor people “maximising their economic choices.[[5]](#footnote-5)
7. The Trussell Trust demonstrated that foodbank use was rapidly increasing, with further evidence to support a causal link between this fact and the increase in sanctions. Their evidence shows a 163% rise in food bank usage over the last year. More than 900,000 people visited food banks in 2013/14, with benefit delays or changes reported as the primary reason for referral in 48% of cases. In 2013/14, 582,933 adults and 330,205 children (total, 913,138) received three days’ emergency food/ support from Trussell Trust foodbanks, compared with 346,992 in 2012/13.[[6]](#footnote-6)
8. Recent evidence suggests that by placing people into greater financial hardship, the chances of them finding and sustaining employment actually diminish due to a change in the way people view themselves and their futures. People in this situation exhibit less long-term thinking (such as the protracted process of job-hunting) and focus more on the immediate issues thrown up by having living funds cut (finding food and other vital goods). This evidence is in a report from a longitudinal, qualitative research project looking at the impacts of welfare reform on a small sample group of individuals and communities in Newham. The study, entitled ‘Just about Surviving’, undertaken by Community Links (described by the Prime Minister as "*one of Britain's most inspiring community organisations*"), found that: “*people’s motivation to work was not improved by the reforms or by the loss of income they had experienced due to these changes… slicing of income instead prompted people to retreat and default to survival mode. Although welfare reforms seriously affected people’s finances, they did not make work seem like a viable or attractive option.*”[[7]](#footnote-7)
9. There is evidence to suggest that in many cases, far from sanctions encouraging people into work, often those affected have no idea what they are being paid, what it is for and why their income has increased/reduced. Two studies demonstrate this. Firstly, a UC pilot project in Oldham was studied and 22% of those involved said that they had not known that their rent needed to be paid out of their UC payments.[[8]](#footnote-8) This indicates a lack of knowledge as to what they were being paid and why (suggesting a lack of communication from JCP staff). The second study is an impact study undertaken by CHC, which surveyed 412 social housing tenants in receipt of housing benefit. It is yet to be released, but preliminary results suggest that a significant number of respondents did not always understand why they had deductions to their benefits; for example, whether a deduction is due to the bedroom tax or another reason, such as non-dependent deduction.  Since UC comprises several component benefits, it is crucial that claimants understand their deductions and sanctions if they are to find appropriate solutions to the shortfall. This evidence makes clear that benefit sanctions cannot work as a motivator for finding employment if claimants do not know why they are being sanctioned, or, indeed, that they have been sanctioned, at all.
10. **The Welsh housing sector’s principal concerns are:**
    1. **The impact that sanctions will have on our tenants’ wellbeing**, as they are forced into poverty by severe sanctions. This puts their health at risk, as well as limiting their opportunities to achieve employment (if someone cannot afford food, then they cannot afford bus-fares to get to interviews);
    2. **Increased tenant arrears** - in particular, there is a very serious risk that essential living costs (food, toiletries, sanitary products) currently met by ESA or JSA, will be met by sanctioned tenants from money which should have been put aside for rent when UC is fully rolled-out (at which point, responsibility for allotting funds from UC to pay for rent will lie with the claimant);
    3. **Increased criminal and anti-social behaviour** (ASB) carried out by sanctioned tenants who feel that they have no alternative but to turn to such measures to survive (the media reports numerous examples of this[[9]](#footnote-9));
    4. **Evictions**, due to ASB or arrears build-ups;
    5. **Increased mental ill-health** - a report into the impact of a direct payment demonstration project by Bron Afon Housing Association highlights the link between mental ill-health and the effects of welfare reform, with 25% of the sample population suffering some form of mental ill health caused by the stress of the new system.[[10]](#footnote-10) A recent Mind study demonstrates the impact of sanctions on job-seekers with poor mental health: 70% of the 539 people surveyed reported experiencing severe anxiety about the threat of losing income via sanctions to benefits, a state which is clearly detrimental to someone already struggling with mental illness. Paul Farmer, Mind’s CEO stated: “*Forcing people to engage in (The Work Programme), and cutting their benefits if they struggle to do so, is inappropriate and counter-productive*”.[[11]](#footnote-11) On the use of negative sanctions, the study states: “*This review found that the main strategy for moving people… closer to work is a regime of conditionality and sanctions, not matched by appropriate support and opportunities.*”;[[12]](#footnote-12)
    6. The **Supporting People** programme in Wales supports potentially vulnerable people through supported housing and floating support services. With further impending cuts due to the programme in Wales, the increasing pressure experienced by individuals and families as a result of welfare reform will increase demand for this shrinking resource. We know that as financial hardship increases people will become more likely to visit their GP service or A and E department[[13]](#footnote-13). The impact sanctions can have on health should not be underestimated and, more broadly, the consequences for health services should be fully recognised;
    7. **Homelessness** - Homeless Link’s recent study ‘Young and Homeless 2014’ reveals that homelessness caused by financial problems following benefit reductions has increased six-fold. 90% of those studied believe sanctions have affected young people's ability to access accommodation.[[14]](#footnote-14)
    8. **A reduction in social landlords’ income** and a consequent reduction in their ability to continue to provide sufficient social housing and support.
11. **Recommendations:** 
    1. **We feel that urgent amendment to the incorrect withdrawal of benefits needs to be considered.** It often takes several weeks for those who have been wrongly deducted benefits to be vindicated and reimbursement to be made. Appeals should be given high priority and settled much faster than they currently are. This position is supported by the All-Party Parliamentary Inquiry into Hunger in the United Kingdom which states: “*There is a clear moral case to address the shortcomings that exist in our welfare system… the current system is cumbersome, complicated and fails to respond effectively to the daily changes in people’s lives.*”
    2. **We advocate a change of culture amongst Job Centre Plus staff**; claimants ought to receive the benefit of the doubt and application of benefit sanctions should be seen as a very final resort. Esther McVey MP has previously stated that sanctions are only applied in the most serious cases: “*You have to not have turned up, not have taken a job, rejected jobs, not turned up for an interview, walked out of a job … We'll do everything to stop you having a sanction*”[[15]](#footnote-15), however, this approach seems to have been put to one side, given the sharp increase in sanction applications this year, and the weight of anecdotal evidence suggesting that sanctions are being applied for trivial issues.
    3. For those claimants receiving sanctions and living in social housing, **we request that these tenants are automatically flagged as candidates for alternative payment arrangements** (APAs) under Universal Credit. Landlords should be contacted by JCP staff at the earliest possible stage to inform them that their tenant has been sanctioned. Landlords can then work proactively with the tenant to avoid the implications of missed rent payments.
    4. We request that, in order to avoid the unintended consequences of sanctions and the potential for claimants’ housing benefit to be stopped, potentially leading to homelessness, a token ESA/JSA payment continue to be made to sanctioned claimants. This would mean that other benefit payments are not automatically cancelled. This issue was raised by Jenny Willott MP in Parliament and Ian Duncan-Smith MP said it would be taken into consideration, however no firm guarantees were made and we remain concerned about the implications should these token payments be ruled out.[[16]](#footnote-16)
12. The DWP is firm in its admirable intention to make work pay; negative sanctions form part of this approach, but it is our opinion that a negative approach alone cannot solve the issue of worklessness, as it saps motivation, increases reliance on charity and fundamentally risks an increase in homelessness. Negative sanctions disincentivise worklessness rather than incentivising employment; a positive approach to making work more secure and rewarding, thus more appealing to welfare claimants, could lead to progress toward increased employment rates and diminished welfare reliance.
13. Positive approaches could include using regulation to increase the numbers of organisations paying the living wage, i.e. a regularly updated rate of pay that provides an acceptable standard of living. Evidence from Feeding Britain, the report of the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, supports the notion that, currently, wages are too low to make minimum wage work sufficiently attractive: “*Too many of the submissions we received, in written form, from food bank workers and clients themselves testify that the National Minimum Wage is too low to provide a failsafe system against hunger, even with the substantial subsidies taxpayers make to those wage levels through tax credits.*”[[17]](#footnote-17)
14. Regarding the living wage, the Welsh housing section would find it particularly valuable if pressure could be applied to local authority procurement processes. If local authorities introduced living wages to their supply chain, as is being undertaken to positive effect by Birmingham Council[[18]](#footnote-18), to give one example, those housing providers who focus on care and deliver local authority contracts could themselves offer living wages to their staff and remain competitive with other providers. This has been an area of contention in the housing sector as our members seek to balance competitiveness and the ability to provide a high quality service with their desire to pay a fair wage.
15. The housing sector in Wales has embraced the concept of a living-wage. Since Wales and West Housing Association first took the decision to achieve Living-Wage Accreditation in 2012, numerous other members of Community Housing Cymru have also achieved accreditation by the Living-Wage Foundation (examples include Taff Housing, Valleys to Coast, First Choice Housing Association and Cardiff Community Housing Association). UK-wide, the number of social landlords and representative bodies that have become accredited living-wage employers has risen by more than 50% in the last six months, demonstrating increasing sector-wide enthusiasm for such a standard.
16. Similarly, systemic changes to the zero-hour contracts, or their total removal, would be a positive move towards making work more attractive and benefit sanctions less likely. The government’s removal of exclusivity clauses in zero-hour contracts earlier this year was a welcome step toward making work fair, but it did not go far enough. Without a guaranteed minimum number of hours, workers lack security of income. This is a further impediment to both the motivation to find employment and to the abilities of those on such contracts to regularly make more income than they would through benefits. Even assuming a lack of political will for the complete removal of such contracts from employers’ powers, the instigation of a rule enabling workers to demand a regular contract if they are working regular hours or to access compensation for shifts cancelled at short notice would reduce the issues of job insecurity and unreliable income, which make working on such contracts unattractive.
17. We appreciate that the implementation of some of these latter suggestions may be beyond the remit of this particular inquiry; however, we feel that they merit inclusion in this response as they represent fundamental ideals which have the potency to shift the focus of the debate around sanctions altogether. By making work pay fairly and providing workers with the security of a minimum number of hours work per week, the government would immediately reduce the burden on the welfare system, meet their own goal of making work pay and provide a positive alternative to the sharply increasing use of sanctions.

**Community Housing Cymru Group**

**12/12/2014**

1. BBC: ‘Welfare benefit sanctions rise 'concern' in Wales’, available at: <http://www.bbc.co.uk/news/uk-wales-politics-30202477> [↑](#footnote-ref-1)
2. JRF, Monitoring Poverty and Social Exclusion 2014, available at: <http://npi.org.uk/files/8214/1658/1400/Monitoring_Poverty_and_Social_Exclusion_2014.pdf> [↑](#footnote-ref-2)
3. Guardian: Jobcentre 'scorecard' shows how areas are performing on stopping benefits, available at: <http://www.theguardian.com/society/2013/mar/28/jobcentre-scorecard-areas-stopping-benefits> [↑](#footnote-ref-3)
4. YMCA England: Food For Thought, November 2014. Available at: <http://www.insidehousing.co.uk/journals/2014/11/14/g/x/o/Food_for_thought_Report.pdf> [↑](#footnote-ref-4)
5. Neil Couling’s comments available at: <http://www.24dash.com/news/central_government/2014-04-30-Cardiff-opens-fifth-food-bank-as-DWP-director-blames-rise-on-poor-people-maximising-economic-choices> [↑](#footnote-ref-5)
6. Inside Housing: ‘Massive Increase in use of Food Banks, Says Research’, available at: <http://www.insidehousing.co.uk/care/food-poverty/massive-increase-in-use-of-food-banks-says-research/7006740.article> [↑](#footnote-ref-6)
7. Community Links report, ‘Just About Surviving’, available at: <http://www.community-links.org/our-national-work/publications/just-about-surviving/> [↑](#footnote-ref-7)
8. UC Pilot Study results: <http://www.24dash.com/news/universal_credit/2014-10-07-Universal-credits-flaws-exposed-by-tenants-as-system-forces-some-to-pay-day-lenders> [↑](#footnote-ref-8)
9. The Guardian highlighted a number of these instances in a recent article entitled: ’Benefit sanctions and absurdity: will public attitudes change?’, available at: <http://www.theguardian.com/society/patrick-butler-cuts-blog/2014/oct/24/benefit-sanctions-unfair-consequences-clapson> [↑](#footnote-ref-9)
10. Wales Housing Quarterly: ‘A Year of Welfare Reform - Direct influence’ <http://www.whq.org.uk/main/articleDetail.php?ART_id=1338> [↑](#footnote-ref-10)
11. Paul Farmer’s comments available at: <http://www.bbc.co.uk/news/uk-politics-30415243> [↑](#footnote-ref-11)
12. Mind ‘Support, Not Sanctions’ report (p7): <http://www.mind.org.uk/media/933438/2014-support-not-sanctions-report.pdf> [↑](#footnote-ref-12)
13. <http://maturinuk.wordpress.com/2013/06/16/access-to-general-practice-and-emergency-department-attendance-in-uk-a-link-to-poverty/> [↑](#footnote-ref-13)
14. Homeless Link: ‘Young and Homeless 2014’, available at: <http://www.homeless.org.uk/facts/our-research/young-and-homeless-research> [↑](#footnote-ref-14)
15. Esther Mcvey’s comments reported here: <http://www.theguardian.com/society/2013/nov/06/benefits-sanctions-jobseekers-allowance> [↑](#footnote-ref-15)
16. Jenny Willott MP’s question and Ian Duncan Smith MP’s response can be viewed at: <http://www.publications.parliament.uk/pa/cm201415/cmhansrd/cm141208/debtext/141208-0001.htm> [↑](#footnote-ref-16)
17. Feeding Britain: The report of the All-Party Parliamentary Inquiry into Hunger in the United Kingdom, available at: <https://foodpovertyinquiry.files.wordpress.com/2014/12/food-poverty-feeding-britain-final.pdf> [↑](#footnote-ref-17)
18. Birmingham City Council Living Wage Policy. Available at: <http://bit.ly/1w25UTZ> [↑](#footnote-ref-18)