

Scrutiny in a Day -

Understanding and Managing the Impacts of Welfare Reform on Communities
in Peterborough

Return on Investment

February 2015

Introduction

In January 2014, the council held a ground breaking 'Scrutiny in a Day' event, entitled 'Understanding and Managing the Impacts of Welfare Reform on Communities in Peterborough' to develop an in-depth understanding of the issues and opportunities and to scrutinise responses on this cross-cutting agenda. The event, held on January 17th 2014, provided all scrutiny councillors and other participants with a chance to understand the Government's strategy on Welfare Reform, wider poverty issues and how they affect Peterborough.

Throughout the event, participants heard from officers and partners on the range of different impacts that people who are in financial crisis can face. Both people in and out of work can experience financial crisis at some point, often due to a sudden change of circumstance. This can lead to unintended consequences particularly around quality of life and in some circumstances lead to long term poverty and deprivation.

The Scrutiny in a Day event highlighted the need that some of the most vulnerable people in our community have. However, it also showcased the range of support and services that are in place both within the council and across our partners that is helping to support people most in need and, where necessary, turn around peoples' lives.

The impact of joint scrutiny

Scrutiny Committees were provided with a single evidential report prior to the Scrutiny in a Day event, which contained information and intelligence relevant to the themes of each Scrutiny Committee. This is again provided at appendix 1. The Government is due to publish a comprehensive update of this data in June 2015. Once available, we will undertake a thorough refresh of the data.

Scrutiny Committees examined both this evidence and that which they heard on the day carefully and developed a number of key lines of enquiry they wished to focus upon during the 2014/15 municipal year. These are reproduced at appendix 2.

However, the overriding issue that Scrutiny Committees identified was the long term future of the Peterborough Community Assistance Scheme (PCAS). PCAS was established by the council in April 2013 following the Government's decision to cease Social Fund payments and Community Care Grants as part of the Welfare Reform strategy. The PCAS scheme (also known as Local Welfare Provision) is delivered by the council through a partnership of local charities, most notably Citizens Advice Bureau, Kingsgate Community Church, Disability Peterborough, MIND and Age UK Peterborough.

The scheme focuses on providing immediate support to help address emergency needs (for example emergency food through the network of food banks, emergency furniture through Carezone, basic white goods through Wee Reuse and low value energy card payments). In addition, information and advice is provided to the client through the range of voluntary sector partners to explore the issues the client faces and identify measures that can be taken to reduce the likelihood of the client again facing a crisis situation. This may include debt advice and casework, money management advice or supporting clients to access Welfare benefits and appeals. Importantly, access to emergency support can only be provided after the client has received at least some basic financial or other relevant advice.

Scrutiny Committees heard that Government funding for the scheme was due to end in March 2015. Without further funding being identified, it would mean that the scheme would close leading to a loss of vital support to many vulnerable clients. This led to the Scrutiny Committees recommending that officers should:

‘explore the impact of the cessation of the Local Welfare Provision funding from Department of Work and Pensions and develop recommendations to Cabinet on how the Peterborough Community Assistance Scheme can be sustained.’

Throughout 2014/15 officers have worked with the Cabinet to explore options to maintain the PCAS service, and during these discussions Cabinet confirmed its intention to propose continuation of funding for PCAS from core Council funds irrespective of what was to happen nationally. During this time Government undertook a short term consultation on the impact of its previous decision to withdraw funding, and in December 2014, the council received its provisional Local Government Financial Settlement from Government which indicated a notional amount of funding available to be used for PCAS. However, this funding was included within the original overall settlement and did not provide any additional funds to the council. Nevertheless, Cabinet has maintained its commitment to PCAS and has identified funding (subject to budget approval by full council) within the council’s Medium Term Financial Strategy to continue delivering PCAS.

The recommendation from the Scrutiny Committees to explore the ways of sustaining the PCAS provision has played a significant role in securing the future of the scheme. Without the focus that Scrutiny in a Day provided to PCAS and highlighting the impact that ceasing the service would have, it is likely that scheme would have either closed or operated in a significantly reduced fashion once Government funding ended.

The rest of this report explores the investment that was made during Scrutiny in a Day and the social return gained by continuing to deliver PCAS.

What has PCAS achieved?

During its first year of operation, the PCAS has supported almost 5500 clients who have been in financial crises. In its first year the scheme has provided:

- 2967 clients with food via the food bank
- 1553 clients with furniture and clothing
- 293 beds
- 91 microwave/kettle/toaster packs
- 536 energy card payments

- 197 white goods (fridge/freezer or washing machine)

PCAS clients come from a range of backgrounds, ages and locations across the city. Whilst there is no such thing as a typical client, we do know that the majority of clients are White British (55%), male and aged 35-49. Just over a quarter of clients described themselves as either disabled or having a long term health conditions and over a third of clients stated that they had one or more dependent children in the household. Further data is set out in the attached management report in appendix 3.

Clients can find themselves in financial crises for any number of reasons, for example poor health, irregular work, poor financial planning or redundancy. Other causes can relate to problems with Welfare Benefit payments with clients either not claiming the correct entitlement or finding that their benefits have been reduced or stopped by the DWP, sometimes erroneously. PCAS partners work with the clients to appeal bad decisions and apply for correct entitlement, thereby increasing income to clients.

Identifying the investment made on Scrutiny in a Day

The majority of the costs involved in developing the Scrutiny in a Day model were officer time in developing the concept and providing the evidence and information. It is estimated that the total cost for the event was approximately £11,000. This is made up from:

- Shontal theatre company production (2 performances) - £1,000
- Food and refreshments - £620
- High Street vouchers for PCAS clients who took part in the day - £100
- Officer time (development, research and facilitation) - £9,280

In addition to the council time in putting on this event, we are grateful for the time and support from many partner organisations who attended on the day and contributed to the evidence gathering. We also thank the Centre for Public Scrutiny who provided expert advice and support in developing the concept and facilitating the event.

Return on Investment

Through continuing to fund PCAS, the council has prevented significant costs both to its own services and the wider public sector. Nationally, the Local Government Association has estimated that for every £1 invested into schemes such as PCAS, the public purse has saved more than £2 in preventing people becoming homeless.

There will be other costs prevented to the public purse by the continuation of PCAS. Whilst we cannot fully predict what the impact for each client would be should PCAS no longer exist, we believe it is a reasonable argument to say that given the vulnerable nature of our clients and that they have been assessed as being in crisis, there would be an impact faced by wider public services. Some clients may face becoming homeless, suffer ill health or may turn to crime in order to make ends meet. Where the council knows that there are children in the home who cannot be fed and lack the basics such as heating and lighting, the council may well be forced to take those children into care.

At the Scrutiny in a Day event last year, a number of scenarios were created to demonstrate how poverty and welfare reform can affect people. Although fictitious, they are based on real situations

and circumstances seen by the council and our partners. These scenarios are reproduced below and have been updated to show the impact PCAS might have made and what might have happened had it not existed for the 5,500 clients supported.

The public sector costs highlighted are taken from published data from the University of Manchester and can be viewed [here](#)

Scenario 1: Charlene

Charlene is a single mum with school age children. She has a history of receiving benefits for her disability, but following a recent reassessment, Charlene has been told that she is no longer eligible for disability benefits.

Charlene had got a temporary part time job, but on minimum wage. She is finding it difficult to pay her bills and provide food for the family. To make matters worse, her cooker no longer works and needs replacing. Charlene needs to find £300 urgently as she cannot provide a hot meal for her family. Charlene has approached her bank for a loan, but due to poor credit history was turned down.

Soon after Charlene’s job came to an end, which led to more money worries.

How did PCAS help?

Charlene turned to CAB for help. They assessed her situation and provided budget advice on how she could manage her money better. They also referred Charlene to the foodbank and the Rainbow Savers Credit Union who were able to provide a loan.

Having moved Charlene out of her crisis situation this gave her the opportunity to focus on finding work. She has now found a permanent job and is managing her finances.

What costs has PCAS prevented?

By moving Charlene out of her crisis and back into employment, it has prevented costs to the public sector of £10,025 per year. In addition, Charlene now has an increased income as a result of being in employment which further benefits the local economy. This is estimated at £4,335 per year.

The table below sets out the predicted costs if 1%, 5% or 10% of PCAS clients were to need these services:

		Cost (£)	Volume	% of PCAS clients	No. of PCAS clients	Total public sector cost prevented
Employment	Job Seekers Allowance- Workless client entering work (JSA)	10025	per case	1	53.7	£538,343
				5	268.5	£2,691,713
				10	537	£5,383,425
	Job Seekers Allowance- Workless client entering work (ESA)	8831	per case	1	53.7	£474,225
				5	268.5	£2,371,124
				10	537	£4,742,247

Scenario 2: The McGuire Family

The McGuire family consists of Mr & Mrs McGuire and two children. Both parents have been unemployed for a number of years and receive benefits. Due to the changes in the Council Tax scheme, the family are now required for the first time to pay an element of Council Tax.

The family live in a privately rented home which has been neglected for some time by the landlord. Conditions are very poor affecting the families' health and wellbeing.

The family have problems managing their money properly and are in debt. The children often are given convenience foods (ready meals, junk food etc.) and are in poor health.

How did PCAS help?

The family were provided with foodbank vouchers and energy payment cards. The family were also provided with debt advice and money management skills. CAB advisors referred the family's poor housing conditions to the council. As a result, the council through its statutory duties contacted the landlord and made arrangements for essential repairs to be carried out.

What costs has PCAS prevented?

By improving the living conditions in the home, the family's health has improved. This has reduced the burden on the NHS and led to improved school attendance.

Every visit to a GP costs the NHS £125 (per hour of GP time), whilst for A&E attendance the cost rises to £130 per visit. For more serious conditions that require hospital admittance, the average cost is £1,779 per episode.

The table below sets out the predicted costs if 1%, 5% or 10% of PCAS clients were to need these services:

		Cost (£)	Volume	% of PCAS clients	No. of PCAS clients	Total public sector cost prevented
Public Health	A+E Attendance- investigations leading to admission	130	per incident	1	53.7	£6,981
				5	268.5	£34,905
				10	537	£69,810
	Hospital in-patient-average cost per episode	1,779	per incident	1	53.7	£95,532
				5	268.5	£477,661
				10	537	£955,323
	GP Contact cost per hour	125	per incident	1	53.7	£6,712
				5	268.5	£33,562
				10	537	£67,125

Scenario 3 – Andy

Andy is a private tenant aged 32. He has been renting a 1 bedroom self-contained flat from his landlord for the last 4 years. The rent is £400 per calendar month. When he started renting the flat he was working full time, but was made redundant and has been unable to find another job since.

Andy is in receipt of housing benefit which covers his rent. Due to changes in Housing Benefit rules, Andy's benefits have reduced from £400 per month to £242 per month.

Andy is unable to meet the shortfall in his rent and is now in arrears. He currently owes £1400.

After numerous threatening phone calls, the landlord has now told Andy that she will be visiting the property at 11am today and if he's not out of the property she'll "get some guys round" to forcibly remove him and his belongings. Andy is becoming desperate and considering turning to crime as a means of covering his debts.

How did PCAS help?

Andy approached CAB for help. CAB advisors took up Andy's case and negotiated with the landlord to agree a repayment schedule. This has allowed Andy to stay in his home and prevented him from turning to crime to pay off his debts.

What costs has PCAS prevented?

By keeping Andy in his home, PCAS had prevented Andy from being made homeless. It is estimated that an average case of processing and managing a homeless application is £2656 – this includes 4 weeks of providing temporary accommodation.

The table below sets out the predicted costs if 1%, 5% or 10% of PCAS clients were to need these services:

		Cost (£)	Volume	% of PCAS clients	No. of PCAS clients	Total public sector costs prevented
Housing	homelessness application-average one off and ongoing costs associated with statutory homelessness	2,656	per application	1	53.7	£142,627
				5	268.5	£713,136
				10	537	£1,426,272

Scenario 4 – Denham

Denham is a single father living in a four bedroomed house. He has two children, both boys one aged 7 the other 14 that attend different schools. Due to the changes in housing benefit from the Spare Room Subsidy, his benefit has been cut by 25%.

Denham’s new job means he has to leave the house at 6am. This means that the children have no one to get them ready for school.

The school is concerned about the lack of attendance of the younger child and the disrupting behaviour in class. The school has asked to meet with Denham on a number of occasions. Denham is also concerned that the older son is hanging around a group of older boys known for anti-social behaviour and a bad influence.

Denham is struggling to cope and turned to alcohol. Drinking became a regular habit for Denham causing problems both at work and at home. Denham soon lost his job and the family found themselves in greater crisis.

How did PCAS help?

CAB advisors reviewed the family’s benefits entitlement and helped Denham to claim additional benefits to which he was entitled. Denham received advice on how to budget his income and was provided with a voucher for the foodbank. CAB also referred Denham to the council’s Connecting Families programme to help provide support to the family in dealing with the range of issues that were being experienced.

What costs has PCAS prevented?

Without the help that Denham received, the family faced an increasingly chaotic home life. This would have had a strong impact on the young children in the house and would have led to safeguarding concerns for the council. If the situation continued to deteriorate, the council may have been forced to take the children into local authority care. The cost (and impact to the family) is significant and is calculated on average to be an annual cost of £64,819 per child

The table below sets out the predicted costs if 1%, 5% or 10% of PCAS clients if they were to face this situation:

		Cost (£)	Volume	% of PCAS clients	No. of PCAS clients	Total costs prevented to council
Childrens Services	Children Taken into Care-average cost across different types of care setting* based on two persons per family (cohort of estimated 3800 children)	64,819	per case, per year	1	38	£2,463,122
				5	190	£12,315,610
				10	380	£24,631,220

Scenario 5 – Dave

Dave moved to a small village with his partner six months ago in a bid to make a fresh start after they kept arguing and Dave’s partner started becoming violent. Dave doesn’t work as his partner preferred him to stay at home and look after the house, however the rent and bills are all in Dave’s name at his partner’s insistence. Since they moved, the arguments got worse: Dave’s partner cut him off from his friends and family, and stopped him going out. Then one day Dave’s partner simply took the car, his things and left.

This left Dave alone in the village, isolated without a car and no income. His bills are mounting and Dave is getting into debt. Dave doesn’t know anyone locally because his partner didn’t allow him to socialise.

Dave is considering turning to shoplifting and theft as a way of making ends meet.

Dave has lost his self-confidence and is finding it increasingly difficult to re-enter the job market. His mental health is starting to deteriorate.

How did PCAS help?

PCAS provided Dave with basic electrical goods and furniture to replace the items that his partner had taken. Dave was referred to MIND who provided him support to help improve his self-confidence and mental health. CAB also referred Dave to a Carezone programme that trains unemployed people and gives them new skills in furniture making and construction. Dave has been regularly volunteering at Carezone and has gradually felt his confidence return. He now feels ready to re-enter the job market.

What costs has PCAS prevented?

Dave’s life was becoming increasingly desperate, lacking even basic household items and with little money to provide them. As Dave’s life became more desperate he was considering turning to crime in order to make ends meet. This was having a negative effect on Dave’s mental health, which could lead to long term problems and cost to the NHS.

Had Dave taken to crime the costs to society and the Justice system can quickly mount up as the following table shows. Figures are for 1%, 5% and 10% of PCAS clients if they were to follow this route:

	Cost (£)	Volume	% of PCAS Clients	No. of PCAS Clients	Total public sector cost prevented
Average cost of service provision for people suffering with mental health disorders	2148	per person, per year	1	53.7	£115,347
			5	268.5	£576,738
			10	537	£1,153,476

	Cost (£)	Volume	% of PCAS Clients	No. of PCAS clients	Total public sector cost prevented
Average cost per incident of crime – across all crime types	647	per incident	1	53.7	£34,744
			5	268.5	£173,719
			10	537	£347,439
Police Costs-Detained	700	per arrest	1	53.7	£37,590
			5	268.5	£187,950
			10	537	£375,900
Police Costs- Caution	336	per arrest	1	53.7	£18,043
			5	268.5	£90,216
			10	537	£180,432
Prison Costs	39,472	per annum	1	53.7	£2,119,646
			5	268.5	£10,598,232
			10	537	£21,196,464

Future of PCAS and Universal Credit

The introduction of Universal Credit is expected to be rolled out in Peterborough in late 2015. This will see a number of different welfare benefits (such as tax credits, housing benefit and job seekers allowance) replaced by a single means tested benefit. The Government is gradually rolling out the programme across the country which is aimed at single claimants initially but will be expanded to families in due course.

There are a number of differences between Universal Credit and the existing system:

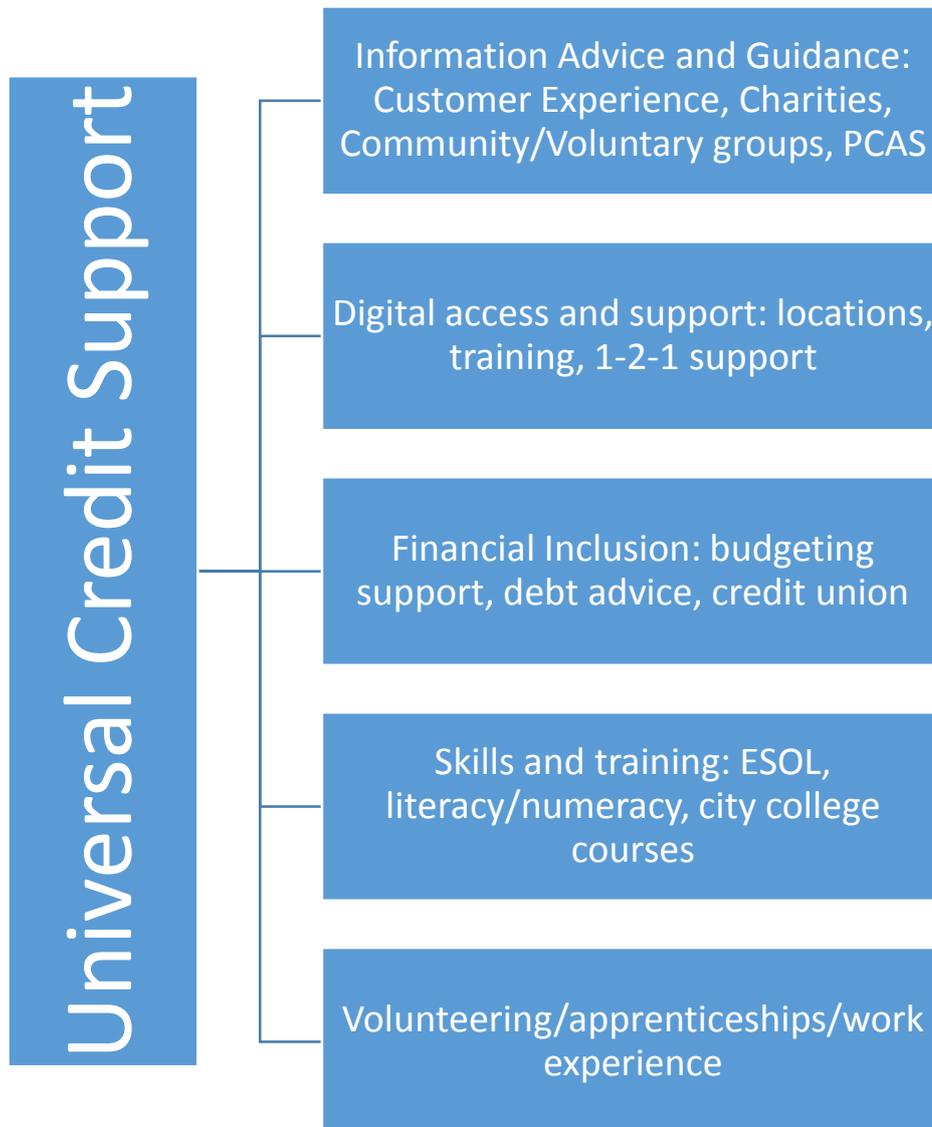
- Payments will be made in a single monthly payment rather 2 weekly
- If both occupants are eligible for welfare benefits, than a single payment will be made to the household rather than individuals
- Where claimants get help with their rent, payments will be made to the household rather than the landlord
- Under Universal Credit, claimants are not penalised for working more hours unlike the current system. If a claimants has variable working hours, Universal Credit automatically adjusts to make up the difference.
- Under Universal Credit, a benefit cap will apply meaning that for some benefit income may be reduced.

As with any new system, changes can be confusing and claimants will likely need support to deal with queries and challenge any erroneous decisions. Claimants may also need help in managing their household budget over a monthly period rather than 2 weekly.

PCAS partners are in a strong position to continue to deliver the necessary support and interventions for vulnerable clients and can either deal directly with clients' needs, or signpost to other local agencies than can provide more specialised support.

To ensure that Peterborough is prepared to provide the additional support to clients, PCAS will be expanded over the coming months to provide broader Universal Credit Support. Whilst this will

continue to deliver emergency support to clients in crisis, it will also offer greater focus to help people get back into work and out of poverty. This is demonstrated in the diagram below:



Conclusion

The Scrutiny in a Day event was extremely successful. It led to a greater understanding of the issues that vulnerable people are facing and showed how the impacts can be felt across a number of public and charity services.

Scrutiny Committees identified the importance that PCAS has in supporting people who are in financial crisis and how the partners involved can help to prevent such crises reoccurring. The overriding recommendation from the Joint Scrutiny Committee was that council should explore ways to sustain the PCAS scheme post Government funding. Over the last year, officers have worked with the Cabinet to do just that.

Funding has been identified in the Medium Term Financial Strategy of the council to sustain the scheme. This will provide long term investment to support people who find themselves in financial crisis. As has been demonstrated in this report the return on the investment made is significant. Without a scheme such as PCAS the additional cost to the wider public purse could run into millions of pounds.

As outlined above, the continuation of PCAS will provide not only emergency support for clients in crisis, but will be expanded to assist clients as they navigate through Universal Credit. One of the key outcomes will be supporting more people to move out of debt and poverty by gaining employment. We will work with partners across the city to provide and signpost to opportunities that will improve longer term prospects for employment.

This page is intentionally left blank