



REPORT TO: COMMUNITIES COMMITTEE ON 29 APRIL 2014

SUBJECT: WELFARE REFORM UPDATE

BY: ACTING CORPORATE DIRECTOR (ENVIRONMENTAL SERVICES)

1. REASON FOR REPORT

- 1.1 This report provides an update for the Committee on the housing impacts of welfare reform. It also provides information on the impact of the underoccupancy charges and explains the steps the Council along with the Department of Work and Pensions are taking to prepare for the introduction of Universal Credit in the future.
- 1.2 This report is submitted to Committee in terms of Section III (H) (3) of the Council's Administrative Scheme relating to the management of its housing stock and its functions as a housing authority.

2. RECOMMENDATION

- 2.1 It is recommended that the Communities Committee:-**
- (i) considers and notes this progress report; and**
 - (ii) notes that future reports will be provided to the Committee**

3. BACKGROUND

- 3.1 The Communities Committee has received a number of reports on the potential housing impacts of the UK Government's welfare reform agenda. The last of these was considered on 22 October 2013 (paragraph 7 of the Minute refers).
- 3.2 The Council's Corporate Officer Working Group continues to oversee the implications of welfare reform and provide appropriate reports to the Policy and Resources Committee. The Housing Sub Group specifically considers the housing implications and potential impacts of the reforms on the Council's Housing and Property Service.

4. IMPACT OF UNDEROCCUPANCY CHARGES

- 4.1 The Underoccupancy Charge (UOC) was introduced on 1 April 2013. Previous reports to Committee have set out the details of how this works and its impact on Council tenants subject to it. As of 14 March 2014, 406 tenants

are affected by the charge. The number of tenants affected by the charge has reduced throughout the year from 496 on 1 April 2013.

- 4.2 The 406 tenants affected as at 14 March 2014 therefore are not entirely part of the same group from 1 April 2013, due to changes in entitlement to housing benefit that tenants may experience. In total, 692 tenants are known to have been affected by the UOC at some point during the year since it was introduced.
- 4.3 Of the 406 tenants affected by the UOC on 14 March 2014, 358 tenants were receiving a 14% reduction in housing benefit and 48 tenants a 25% reduction. Of these, 160 tenants were in arrears. As table 1 shows, the number of tenants affected by the UOC who are in arrears has reduced from a peak of 322 at the end of April 2013.

Date	No. of tenants affected	No. in arrears	Value of group arrears	No. receiving DHP
1 st April 2013	496	119	£35,000	0
29 th April 2013	472	322	£44,000	0
24 th June 2013	460	270	£45,789	19
30 th Sep 2013	404	234	£36,866	82
14 th Jan 2014	395	170	£34,393	116
14 th Mar 2014	406	160	£33,576	166

- 4.4 Out of the 406 affected, 248 (61%) of tenants have paid the charge in full, 150 (37%) have paid partially and only 8 (2%) nothing at all. Of the 8 tenants who have made no payment:
- 5 are in arrears of £0-£250 and 3 in arrears of £250-500, and
 - 4 have submitted an application for Discretionary Housing Payments (DHP).
- 4.5 It is not possible to identify exactly what value of current rent arrears are attributable to the UOC only, as a variety of factors can impact on arrears accrued by each tenant. However, a detailed tracking exercise of all tenants affected between the introduction of the charge and 14 March 2014 has produced a total estimate of £4,000.
- 4.6 Before UOC was introduced on 1 April 2013, all tenants affected were written to and visited at least twice by area housing staff to alert them to the changes, explain the help available and the tenants' need to pay the shortfall. The visits continue as tenants fall into arrears and are managed through the rent arrears process. This has involved sustained and significant efforts by area housing staff to regularly contact and visit those affected.
- 4.7 A key component of the help available has been the significant increase in the Council's budget for DHP. The total DHP budget was £627k in 2013/14 and will be £437k in 2014/15. From the 406 tenants affected by UOC, 166 tenants

currently receive a DHP payment with an average award of £8.29 per tenant, per week.

- 4.8 At the time of writing, a total of 6 applications for DHP from council tenants are being processed and waiting to be concluded (including the 4 referred to in paragraph 4.4). To help tenants, Housing and Benefits staff have been working very closely to promote the uptake of DHP with specific attention given to those with rising arrears. This is in addition to staff helping tenants make affordable repayment agreements towards any outstanding arrears and signposting them to sources of further help; for example, the Scottish Welfare Fund or Money Advice staff. The award of DHP however, needs tenants to complete a separate application. For various reasons, some tenants have been reluctant to do this. Staff continue to try to make contact with them and help them through the application process.
- 4.9 Approximately 5 tenants' rent arrears have now reached the point where the preliminary stages of legal action have started. These include tenants who were in arrears prior to the introduction of the UOC and those whose arrears are only attributed to the UOC. Following the Council's policy of only using eviction as a last resort, intensive efforts are being made by staff to encourage those tenants to apply for DHP, provide advice and support and remove the need for further action. Managers within the Housing Service are carefully tracking progress on these cases to ensure that everything possible is done to avoid the need for eviction and in particular, those whose arrears are only attributed to the UOC. The Housing Services Manager and the Acting Head of Housing and Property are overseeing action being taken in these cases.
- 4.10 Following contact by Revenues staff, 6 tenants' rent accounts have been readjusted to take account of the UOC being wrongly applied and housing benefit not fully paid. This issue relates to a loophole in housing benefit regulations where tenants who have been in continuous receipt of housing benefit since 1996 should not have the UOC applied. Arrangements are in hand to resolve 16 further cases. Where tenants have paid the shortfall in benefit from their own money, arrangements are being made to re-imburse them.
- 4.11 To assist tenants to deal with the impact of the UOC, Housing and Property Services staff have provided advice to tenants to help facilitate moves where possible. In total, 56 tenants affected since the UOC was introduced, have moved to alternative accommodation:
- 20 have transferred to another Moray Council property, including 7 with assistance under the Council's downsizing scheme,
 - 21 have moved to another Moray Council property by mutual exchange,
 - 3 moved outside of Moray (1 by mutual exchange),
 - 1 moved to RSL accommodation,
 - 7 moved in with family or a partner, and
 - 4 moved to private accommodation.

5. TEMPORARY ACCOMMODATION

- 5.1 At the Policy and Resources Committee on 7 May 2013 (paragraph 6 of the minute refers) the Committee agreed a recommendation from the Communities Committee that underoccupancy charges were not passed on to homeless households in temporary accommodation and that the position was reviewed in April/May 2014.
- 5.2 Since then, the Council has met the shortfall in charges in relation to UOC for temporary accommodation at an estimated cost of £3,630, well within the £23k which was previously projected. The actual shortfall met by the Council has been kept low by placing households in accommodation of a size appropriate to their needs as far as possible and by maximising take up of DHP. Promotion of DHP will continue for tenants of temporary accommodation where appropriate.
- 5.3 Officers are presently reviewing all costs in relation to temporary accommodation and a revised charging policy will be presented to the Communities Committee in September 2014. No financial risks relating to welfare reform changes have been identified for 2014/15 within temporary accommodation but this position is likely to change from 2015/16 onwards.

6. PREPARATION FOR UNIVERSAL CREDIT

- 6.1 Universal Credit was introduced in the Inverness Job Centre in November 2013 as one of 10 centres across the United Kingdom. This has focussed initially on new claims for single applicants with no current housing responsibilities. It is anticipated that this will later be followed by new claims for couples and later families.
- 6.2 As yet, no firm timetable has been set for the roll-out of Universal Credit in Moray. The Department of Work and Pensions (DWP) staff advise that much of the planned roll- out is dependant upon critical ICT systems which are not yet in place within the DWP to facilitate this. Recent information from the DWP suggests it will be the summer of 2016 at the earliest.
- 6.3 To prepare for this, the Council and DWP staff have been working together to develop a Local Support Services Framework to establish a support network for staff and members of the public to help them manage the changes introduced by welfare reforms.
- 6.4 The Housing and Property Service has been working closely with Officers on the Corporate Welfare Reform Group to develop various scenarios, aimed at anticipating and responding appropriately to approaches from clients for help. The type of support needs anticipated by the Housing and Property Service ranges from providing information and advice to providing more intensive support to particularly vulnerable tenants.
- 6.5 Housing staff have also been considering the potential of various systems to gather and record tenants' circumstances to enable profiling and later targeting of support to vulnerable tenants. A key factor in this work is to

agree a start date for gathering the data when a roll out date for Universal Credit in Moray is known.

- 6.6 To help housing and other operational staff to deal with potential gaps in services, two Welfare Reform Awareness raising sessions were held on 11 and 12 March 2014 and attended by speakers from Revenues, Housing, Money Advice, Welfare Benefits and the DWP. From this a number of positive ideas were identified by staff to help shape future services through the Local Support Services Framework (LSSF). These included a joint customer profiling exercise to identify customers who are likely to be most vulnerable, investment in preventative work, increased joint working such as co-ordinating which services are best placed to respond to individual customers' needs, joint visits between staff from different departments, and development of an information sharing protocol between Council departments and the DWP.
- 6.7 In addition, the Council's capacity to respond to requests for support in relation to budgeting and claiming welfare benefits has recently been augmented following the appointment of two advisers funded by the Scottish Legal Aid Board (SLAB). One of these advisers will provide budgeting advice and support with online benefit claims, and the other will provide support with claims for disability benefits. Tenants affected by welfare reforms are being referred by housing staff to these advisers as appropriate and the outcomes of these referrals are being closely monitored.
- 6.8 Housing and Revenues staff have also been attending a number of events facilitated by the Scottish Housing Best Value Network in Inverness to share good practice and hear of the experiences of other social landlords in the Highlands of the early impacts of Universal Credit. Attendance at these events has proved valuable in anticipating potential problems with Universal Credit roll out and make useful contacts for sources of further information.
- 6.9 In addition, it is proposed to arrange a follow up meeting in late spring with local Registered Social Landlords (RSLs) to continue to share information and good practice on their experiences on the impact of welfare reform. This will build on the positive experience gained from a meeting held on 27 August 2013 which representatives from 6 RSLs attended.
- 6.10 Prior to the implementation of Universal Credit the DWP has advised that new arrangements have been introduced to encourage Job Seeker Applicants to actively seek work termed 'Job Seekers' Commitment'. Where applicants fail to meet the commitment expected of them and do not co-operate a series of tiered sanctions apply. These range from applicants experiencing benefit loss initially of 13 weeks up to 3 years. The Council's Benefits staff report that following the implementation of these sanctions on October 2013 there has been an increase in applications from people seeking help through the Scottish Welfare Fund. Housing staff are alert and are closely monitoring the impact on rent arrears of this new regime.
- 6.11 Officers from Housing and Revenues will continue to work together to mitigate the impact of welfare reform as set out above. Further work will be undertaken to profile tenants' circumstances to identify tenants who may be vulnerable

and require more intensive support, in co-operation with other Council departments as outlined in paragraph 6.6 above. Housing and Property staff will continue to identify specific issues through the Housing and Property Welfare Working Group and contribute ideas to wider developing LSSF through the Council's corporate officers working group.

7. SUMMARY OF IMPLICATIONS

(a) Moray 2023 A Plan for the Future/Service Plan

The Service Plan (Priority 4) identifies the need to continue to monitor the impact of welfare reform changes on tenants, other customers and housing services. Moray 2023 promotes healthier citizens and adults living healthier, sustainable independent lives safeguarded from harm. Welfare Reform has the potential to impact on these core objectives. It is therefore important that the Council continues to closely monitor this area of activity.

(b) Policy and Legal

The Housing and Property Service has reviewed the relevant policies and procedures which may be affected by these changes.

(c) Financial implications

The financial implications of the UOC and the impact on arrears are set out in Section 4 above, with a current estimate of £4,000. The financial implication of the UOC on homelessness accommodation is set out in section 5 above, which is being contained within existing budgets.

(d) Risk Implications

There are obvious risks to the Council if arrears levels increase as a result of welfare reform, as income from rents accounts for over 90% of income to the Housing Revenue Account. The review of the Housing Business Plan has specifically considered and addressed these risks. This was reported to Committee on 22 October 2013 (paragraph 16 of the Minute refers)

(e) Staffing Implications

There are no staffing implications arising directly from this report. It is possible that future staffing implications may be identified as Universal Credit is introduced.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities

There are no equalities implications arising directly from this report for the Council. The Department of Work and Pensions has developed an equality framework in respect of welfare reform.

(h) Consultations

Consultation on this report has been carried out with the Corporate Director (Corporate Services) as Chair of the corporate working group, the Acting Corporate Director (Environmental Services), the Acting Head of Housing and Property, the Council's Benefits Manager, the Housing Needs Manager, the Principal Accountant(Deborah O'Shea), the Committee Clerk (Lissa Rowan)

and the Senior Solicitor (Kathryn Macpherson) who agree with the sections of the report relating to their areas of responsibility.

8. CONCLUSION

- 8.1 This report asks Committee to consider and note the impact of the under occupancy charge for council tenants. The report also identifies work to be carried out in preparing for the introduction of Universal Credit.**

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Background Papers: Held by authors
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