

 <b>Council</b> <b>21<sup>st</sup> August 2013</b>		<b>Agenda Item No. 5</b>
<b>Title</b>	<b>Welfare Reforms</b>	
<b>For further information about this report please contact</b>	Andrea Wyatt Benefits and Fraud Manager 01926 456831 e mail: andrea.wyatt@warwickdc.gov.uk	
<b>Wards of the District directly affected</b>	N/A	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Council March 2013	
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	9/8/2013	Chris Elliott/Andrew Jones/Bill Hunt
Head of Service	9/8/2013	Mike Snow / Jameel Malik
CMT		As above
Section 151 Officer	9/8/2013	Mike Snow
Monitoring Officer	9/8/2013	Andrew Jones
Finance	9/8/2013	Mike Snow
Portfolio Holder(s)	9/8/2013	Councillors Andrew Mobbs and Norman Vincett
<b>Consultation &amp; Community Engagement</b>		
<b>Final Decision?</b>		Yes

## 1. **SUMMARY**

- 1.1 At their meeting in March 2013, Executive requested a status report be presented to Council so that consideration could be given as to whether representation should be made to the Government in respect of the impact of the welfare reforms on the District's residents.
- 1.2 In April 2013, the spare room subsidy was introduced which effectively reduced the maximum amount of benefit that a person of working age living in the social rented sector can receive where they have one or more spare bedrooms.
- 1.3 The benefit cap sets a maximum limit to the amount of out of work benefits a claimant can receive at £500.00 for families and £350.00 for couples or single people. The cap is currently only applied to housing benefit, other benefits remain in payment in full, the cap will be applied fully when claims are transferred to Universal Credit. The cap was introduced on the 15<sup>th</sup> July 2013 and a phased approach has been taken.

## 2. **RECOMMENDATION**

- 2.1 To note the report.

## 3. **REASONS FOR THE RECOMMENDATION**

- 3.1 N/A

## 4. **POLICY FRAMEWORK**

- 4.1 The Discretionary Housing Payments Policy was updated in March 2013 so as to ensure that it continued to support the sustainable community strategy and the cross cutting themes and in particular narrowing the gaps.

## 5. **BUDGETARY FRAMEWORK**

- 5.1 In terms of the Housing Revenue Account, the additional rent that is now due from tenants affected by the spare room subsidy amounts to approximately £450,000. Whilst many tenants are making payment towards their rent in this respect, some tenants affected are now further in arrears. Whilst recovery action is being taken, there is the possibility of increased write-offs in due course which will present a cost to the HRA.
- 5.2 The HRA Business Plan assumed an increased bad debt provision for 2013/14 of 2.87%. This has been increased from 0.84% budgeted in the business Plan for 2012/13 in anticipation of increased collection issues relating to the various welfare reforms. However early indications show bad debt is better than predicted and stands at -0.01% at the end of July compared to 1.5% around the same time last year.
- 5.3 A discretionary housing payment fund of £168,556.00 has been established, this funding is provided by Government and is ring fenced specifically for use to support benefit claimants affected by the welfare reforms. The Council could opt to contribute to this fund, however it is not anticipated that this will be necessary and therefore there should be no affect on the General fund.

## 6. **ALTERNATIVE OPTION(S) CONSIDERED**

6.1 As no recommendations are proposed from this report, no alternative options are considered.

## 7. **BACKGROUND**

### 7.1 **Removal of Spare Room Subsidy**

7.2 Analysis work was undertaken in 2012 to identify those who would be affected by the spare room subsidy, so that both the landlords and the tenants could be notified of the reduction in their housing benefit. There were 1,043 households in the District originally affected and they were all offered advice and support by both the Benefit department and their respective landlords. Latest figures show that the number affected has reduced to 957, however in the main, this reduction is as a result of changes in household circumstances, rather than people moving to more suitable accommodation.

7.3 The funding for discretionary housing payments was increased from £81,707 in 2012/13 to £168,556 in 2013/14 to help those most affected by the welfare reforms. This funding can only be used to assist claimants in receipt of housing benefit who are experiencing difficulties in meeting their rental liability.

7.4 From the 1<sup>st</sup> April 2013 to the 31<sup>st</sup> July 2013, 291 applications for discretionary payments have been considered, 175 awards have been made totalling £57,468.04. Of the total applications, 237 are due to the removal of the spare room subsidy and 146 of those have been successful, 99 awards have been made to tenants in Council properties with the remaining 47 paid to tenants living in other social rented housing. When considering a request for discretionary payments, details of both the actual income and expenditure of the claimant are considered together with the individual circumstances applicable in each case. Awards have only been refused where a claimant has been unable to demonstrate that they cannot afford to pay the shortfall either because they have sufficient income or capital. The length of each award varies depending on the particular circumstances of each case. When an award ends, re-applications are not discouraged, however we would expect some evidence of what a claimant is doing in order to help themselves.

7.5 Prior to the introduction of the spare room subsidy there were 928 tenants under 65 in receipt of either full or part housing benefit, and of these 638 were under-occupying their properties. 502 of those under-occupying were already in arrears, however latest figures show that this has reduced to 415. Housing benefit is credited to rent accounts on a weekly basis, the total loss in housing benefit payments due to under-occupancy is around £8,400 per week, however 77% of this shortfall is currently either being paid by tenants or discretionary payments. As at 31<sup>st</sup> July 2013, the total increase in arrears to date directly attributable to under occupancy stands at £33,509.00, if no-one had paid this figure would currently be around £150,000.

- 7.6 The impact on the HRA has not been as adverse as originally projected and we believe this may be attributed to the following:-
- the redesign of the rental income system which is now a holistic joined up approach and which has led to more customers paying their rent in advance
  - an increase focus on financial inclusion support and the provision of quality money advice
  - customers may be affording to pay the shortfall in the short term
  - payments of discretionary housing payments.
- 7.7 The biggest problem for the District is the availability of the right size properties, on average we advertise 2 one bed properties, 3 two bed properties and 1 three bed property each week. In terms of people affected, based on their circumstances, 556 people require one bed properties but are currently in two beds or more, and there 355 people who require two bed properties but live in three beds or more. In addition to this there are currently 1957 people on the waiting list. Overcrowding also presents difficulties in the District, with 82 council tenants and 44 housing association tenants currently considered to be in that category.

## **7.8 Benefit Cap**

- 7.9 It is impossible to analyse the effects of the benefit cap, whilst 33 claimants were identified as possibly being affected within the District, the Government decided on a phased approach and so far 14 caps have been applied. All of the claimants affected by the cap have been contacted in person and been offered support, they have all been made aware of the availability of DHP. To date we have received 6 applications from benefit cap claimants, 1 award has been agreed, 2 have been asked to provide further information and 3 applications are from claimants who are expected to be capped shortly.

## **7.10 Support for Welfare reforms**

- 7.11 A number of initiatives have been undertaken in order to try and assist those who are struggling. In March, Housing Strategy arranged an upsize / downsize event in partnership with other social housing providers to encourage tenants to "house-swap". The feedback was extremely positive and over 102 tenants attended, further analysis needs to be collated from providers to determine the success of the event, but requests have been received from tenants to host other events in Warwick and Kenilworth. 408 Council tenants are registered on home-swapper and of those registered, 81 are under-occupied and 49 in overcrowded properties. 19 under-occupied households registered with home-swapper have moved.
- 7.12 Support with budgeting advice is available to council tenants by dedicated financial inclusion officers working within the housing department and tenants of other providers can be referred to the Coventry and Warwickshire Development Agency. In addition tenants are encouraged to join home swapper where they can register to swap houses and increased priority is given to those who are under occupied and who register on home choice which is the Council's choice based lettings system.

- 7.13 Housing & Property Services offer one to one support to those tenants who are in financial difficulty and this includes help with applying for DHP's, applying for additional benefits, along with Debt Management Advice.
- 7.14 Targeted events are being held in those areas identified as having a greater number of tenants who are not paying the charge and who are falling into rent arrears. There are also regular articles in the tenants' newsletter.
- 7.15 All Council tenants affected by the benefit cap have been visited by a Financial Inclusion Officer and offered one to one support to assess how we can support them into work.
- 7.16 A Welfare Reforms Group has been created comprising of officers and Finance/Housing & Property Services Portfolio Holders. The purpose of this group is:-
- To plan and prepare for the introduction of universal credit, benefit cap, council tax reduction and the existing under occupancy to ensure all aspects of the Council are ready in terms of policy and activities to an agreed timescale.
  - To raise awareness to both the Council and residents
  - To plan and implement any support activities and function to assist residents in dealing with these changes and in aiding residents in improving their individual circumstances.
  - To be aware of, and implement any changes following in national welfare policy.
- 7.17 A joint event was recently organised by Warwick District Council to bring together local DWP representatives with Warwickshire local authority benefits and economic development officers. This highlighted the good work that is ongoing, and the uncertainties over Universal Credit.
- 7.18 Part of the council's overall strategy is to help local people into jobs. Initiatives here include local job clubs, some of these having been financed from S106 agreements from local developments. Clubs are available at Brunswick Healthy Living centre and in North Leamington, customers are provided with access to computers and can receive help and support to write their curriculum vitae and get assistance with job searches. Of the 287 registered with the clubs during the last financial year, 32 are known to have secured employment.
- 7.19 The Government have recently announced that they are making available a further £15,000 of funding to WDC to help those affected by the welfare reforms. We could opt to add this to our DHP "pot" or use this for more proactive work. We are considering using this money to provide some resource to enable us to be more proactive around the home swap scheme, tenants who register for this scheme are expected to arrange their own house swaps, but maybe lack confidence or motivation to do so, if we had the resource available, we believe we could provide more assistance and give people the "push" they need. This would hopefully help in ensuring people are housed in "the right size" accommodation and could include working with tenants not affected by the changes such as pensioners, to try and encourage movement within the sector so that we can make available more suitable properties for those who are affected.