



## POLICY AND RESOURCES SCRUTINY COMMITTEE – 4TH MARCH 2014

**SUBJECT: UPDATE - HOUSING BENEFITS UNDER-OCCUPATION RULES**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 To provide Members with an update on the impact of the introduction of the Housing Benefits under occupation rules.

### 2. SUMMARY

- 2.1 The Central Government has introduced a wide range of welfare reforms via the Welfare Reform Act 2012. One of the measures which took effect on April 1st 2013 is a reduction in Housing Benefits for social housing tenants of working age who are deemed to be under-occupying their home.
- 2.2 This change means tenants received less Housing Benefit if they live in a Housing Association or Council property that is deemed to have one or more spare bedrooms.
- 2.3 The changes in benefits have been seen as a priority by CCBC and a Programme Board was established in July 2012 to oversee projects that would prepare the authority and its residents for the changes. The under-occupation benefit change was a key project within the programme.
- 2.4 This report will provide members with an update on the impacts and provide information on the support provided to residents.

### 3. LINKS TO STRATEGY

- 3.1 The provision of advice and assistance to help tenants mitigate the impact of welfare reform, links to the following strategic objectives:
- Prosperous Caerphilly – P2: Improve standards of housing and communities, giving appropriate access to services across the county borough.
  - People, Property & Places: A Local Housing Strategy for Caerphilly County Borough (2008/2013) Strategic Aim 6 – *Our aim is to provide good quality, well managed homes in communities where people want to live, and offer people housing choices which meet their needs and aspirations, and*

- The National Housing Strategy - Improving Lives and Communities - Homes in Wales (WG 2010) priority – *Provide housing-related advice, guidance and support, including financial and debt management advice, to help people stay in their homes and to help them to make best use of their income.*

#### **4. THE REPORT**

##### **4.1 Impact of the introduction of the under-occupation rules**

4.1.1 As previously reported to Members in seminars, Welfare Reform particularly the under occupation rules present significant risks to the delivery of social housing and homelessness functions.

4.1.2 In April 2013 there were 2181 Council tenants affected by the under-occupation changes. The average loss in benefits for claimants were calculated as

- £10.00 per week for the 1696 tenants under occupying by 1 bedroom
- £20.00 per week for the 485 tenants under occupying by 2 bedrooms

In financial terms this equated to an increased annual rent liability of £1.3million.

4.1.3 At the end of December 2013 there were 2063 tenants affected.

- 1635 under occupying by 1 bedroom
- 428 under occupying by 2 bedrooms

4.1.4 An analysis of the above shows an overall net reduction of tenants affected by the under occupation rules of 118. (Base figure of 2181 tenants affected in April 2013 reducing to 2063 tenants affected at the end of December).

This net figure of 118 is broken down as:

An additional 214 new tenants since April 2013 affected by the under occupation rules.

A reduction of 332 pre April 2013 tenants that are no longer affected by the rules. This includes tenants who have transferred to smaller properties, mutually exchanged, gained employment, moved in with relatives and those whose circumstances have changed i.e. family size increased or reached pension credit age.

4.1.5 Caerphilly Homes continues to allocate properties in accordance with need and not in accordance to Welfare Reform under occupancy rules. i.e. tenants could be allocated a property that they would be under occupying by 1 bedroom. An example to illustrate this is a family of husband wife and 2 sons aged 3 and 14 could be allocated a 3 bedroom property policy but would be affected by a 1 bedroom under occupancy reduction. As stated above in 4.1.4, 214 new tenants who have been allocated properties since April 2013 are affected by the under occupation rules.

4.1.6 It has been noted that some housing providers who have adopted an allocations policy that mirrors the welfare reform rules have noticed a large increase in the number of hard to let properties, in the main larger 4 bedrooms and void loss has increased. The number of void properties within Caerphilly Homes has remained fairly static with only a slight increase.

4.1.7 New tenants since April 2013 are not considered eligible to apply for Discretionary Housing Payment as the tenants are considered as having made an informed choice that the property is affordable. A number of these tenants are experiencing financial hardship after moving into the property although their circumstances have not changed and a large percentage have accrued rent arrears. Support and advice is offered by the Tenancy Support staff during home visits however a key part of the support mechanism is Discretionary Housing Payments and this is not available to these tenants.

- 4.1.8 The welfare reform changes have impacted on rent arrears levels. The rent arrears as a percentage of the rent debit at the end of March 2013 was 1.76% this increased to 2.34% at the end of December 2013. However this increase is still within the projected levels included within the housing business plan.
- 4.1.9 The number of cases referred for court action has not increased since April compared with the same period the previous year. The number of evictions has also not materially increased, no evictions have been carried out due to non payment of the under occupation criteria.
- 4.1.10 Substantial additional support is provided to tenants to try to sustain tenancies it is recognised that the under occupation changes has placed additional financial burden onto our tenants however it remains an obligation of the tenants in accordance with their tenancy agreement to pay the rent due. Every effort will be made to support tenants in making whatever adjustments they can to mitigate the effects of the under occupation rules but it is recognised that such adjustments can take time. Where it is evident that the tenant has made no attempt to take mitigating action e.g. accepting support from tenancy support officer, or applying for Discretionary Housing Payment, then a notice of seeking possession may be served.
- 4.1.11 The Wales Audit Office are conducting an Improvement Study on the impact of Welfare reform specifically in Housing and Caerphilly Homes is part of the study.

## 4.2 **Additional support to mitigate the impact**

- 4.2.1 A number of recommendations were approved by Council on 19th November 2013 to mitigate the impact of the welfare reform changes.
- 4.2.2 Two support staff were appointed in September 2012 to develop action plans and to assist council tenants. Two further officers were appointed to the same role in April 2013. These officers were recruited from Benefits, Landlord Services and Rents and have an excellent skill mix.
- 4.2.3 The Tenancy Support Officers offer face to face support to Caerphilly Homes tenants in their own homes. A detailed contact form is completed with tenants and support and appropriate signposting is offered relevant to each tenants circumstances. This may include
- Opportunities for mutual exchanges
  - Assistance in the completion of transfer application/registering on Homeswapper (electronic mutual exchange system)
  - Assessment and help to maximise their income
  - Assessment and help for savings with utilities
  - Budgeting and basic financial advice referral to Caerphilly County CAB
  - Debt advice referral to Caerphilly County CAB
  - Employment signposting and specific referral to Jobcentre Plus (JCP)
  - Signposting to other internal service areas, programmes and initiatives (e.g. families first/team around the family, private sector housing, supporting people.
  - Providing assistance to tenants to apply for Discretionary Housing Payments
  - Assisting tenants to claim a payment from the Discretionary Assistance Fund
- 4.2.4 As well as appointing four new members of staff to the Rents team a number of activities have been undertaken to ensure that frontline staff are aware of the reforms and are able to offer advice to tenants. This included: briefings and training sessions/money and debt advice training facilitated by the Caerphilly County CAB so staff have information to hand about the most appropriate help and advice to provide or signpost tenants towards.

- 4.2.5 In response to the Welfare Reform Act, changes to the allocation policy were reported to Caerphilly Homes Task Group in February 2013. The allocations policy was amended to allow management discretion to overlook deduction of penalty points on grounds of tenancy breaches. This includes rent arrears and property conditions and would support transfers and mutual exchanges to enable tenants to move to more suitable accommodation.
- 4.2.6 Housing Services staff are also actively promoting mutual exchange opportunities for tenants. Events are to be held in March to encourage mutual exchanges between our residents. The event will give tenants the opportunity to meet other residents who want to move home.
- 4.2.7 Funding has also recently been identified which can be used to develop a scheme to assist tenants in financial hardship with removal costs. It is anticipated that the financial assessment will be linked to the Discretionary Housing Payment scheme to determine eligibility for this funding.
- 4.2.8 The Department for Work and Pensions has recently announced that if a tenant has been occupying their home since 1996, have not moved house in this time and have been in receipt of Housing Benefit continuously, except for short breaks of less than 4 weeks, they will not be affected by the spare room subsidy from 1 April 2013. Within days of receipt of the circular from the DWP notifying us, potential cases were identified and referred to the Council Benefits Section for checking. As at 14/02/14 270 cases were identified and £86k has been refunded to affected tenants.
- 4.2.9 We have recently been informed that revised regulations have been laid before parliament on 05/02/14 and the "loop hole" exempting tenants from the under occupation rules described in 4.2.7 will be closed. The regulation is expected to come into force from 03/03/14.

### 4.3 **Support outcomes**

- 4.3.1 As at the end of January 2014 1754 tenants have been visited in their homes and provided with relevant support. Considerable savings for Council tenants have been identified and other specific support and referral (e.g. debt advice) has been provided and evidenced.
- 4.3.2 In relation to savings for water costs
- 445 tenants were assisted to apply for a water meter with estimated saving in total of £44k (average saving of £100.00 per tenant)
  - 810 tenants were assisted to apply for water assist with potential savings of £250.00 per annum
- 4.3.3 Caerphilly Homes rents staff have a close working relationship with local food banks and 55 food parcels were delivered to tenants who were recognized as in need.
- 4.3.4 The tenancy support staff assisting 20 tenants with young children to claim a grant from Save the Children's Eat Sleep and Play scheme, the grants included payments for cots, beds, and prams.
- 4.3.5 The Tenancy Support staff arranged appointments for 294 tenants to receive money and debt advice with the Caerphilly County CAB.
- 4.3.6 495 tenants have received expert energy saving advice of which 263 tenants qualified for the Warm Homes Discount (£135 annual saving per tenant).
- 4.3.7 Caerphilly Homes work in partnership with the Caerphilly County CAB in delivering money and debt advice to tenants. A review was undertaken of the debt advice service for a three month period last year and headline figures indicated that of the 65 tenants that attended the appointments in the period they had a total debt value between them of £595k. This was broken down as £105k priority debt (e.g. rent arrears, court fines, council tax or utility arrears) and non priority debt of £490k (e.g. credit cards, pay day loans, door stop lenders, catalogues

and personal loans). The level of debt is very concerning and the majority cannot be attributed to the introduction of the under occupation rules.

- 4.3.8 Caerphilly County CAB provide case work support to these tenants which would range from negotiating on their behalf with creditors to a formal debt remedy e.g. a debt relief order or bankruptcy.
- 4.3.9 As part of the Tenancy Support visits, officers refer tenants to a “fast track” employment support process with the Job Centre Plus. At the end of December 240 tenants have been referred, outcomes of these referrals include 30 tenants have entered employment and 45 accessed additional training.
- 4.3.10 The tenancy support staff assisted 846 tenants to claim discretionary housing payment 84% (700 tenants) were successful and discretionary housing payments were paid to cover the shortfall of the under occupation reduction.
- 4.3.11 Tenancy Support Officers and Rents staff have received full training in relation to welfare benefit entitlements. 205 tenants were recognized as potentially not receiving their full benefit entitlement and referral was made to either the dedicated Rents Welfare Benefits Officer or partnership agencies e.g. CAB. For the period April 2013 to December 2013 additional benefits of £244k was identified for Council Tenants. This included additional DLA/PIP, attendance allowance, pensions credit, ESA etc.
- 4.3.12 Following the Tenancy Support Officer visit a selection of residents received a follow up telephone survey to obtain their views on the visit and whether they found the information, support and advice helpful:
- 93% of tenants surveyed found the information provided either helpful or very helpful  
75% felt the advice in relation to money management either helped a lot or a little
- 4.3.13 Welsh Government are actively encouraging local authorities to develop better partnerships with the private rented sector (PRS), a housing sector which has now become numerically equivalent to social housing across Wales.
- 4.3.14 It is vital that we have a robust private rented sector as part of our strategy in mitigating the impact of the under occupation rules. We are continuing to develop good working relationships with our private landlords through support and assistance for themselves and their tenants. Our weekly Housing Pathways meetings for homeless prevention are oversubscribed however, through this positive partnership working we have recently been ranked 3rd best all Wales performance for family homelessness prevention.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 An Equalities Impact Assessment is not needed because the issues covered are for information purposes only, therefore the Council’s full EIA process does not need to be applied.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 This report highlights the financial implications as a result of the Welfare Reform Act, namely rent arrears and void loss, as well as the additional resource required to support affected tenants.

## **7. PERSONNEL IMPLICATIONS**

- 7.1 There are no direct personnel implications.

## **8. CONSULTATIONS**

8.1 Consultation has taken place with Officers listed as consultees.

## **9. RECOMMENDATIONS**

9.1 That the report be noted.

## **10. REASONS FOR RECOMMENDATIONS**

10.1 The report contains information for the consideration of the Policy and Resources Committee.

## **11. STATUTORY POWER**

11.1 Housing Acts and Local Government Acts.

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Cllr Gerald Jones, Deputy Leader & Cabinet Member (Housing)  
Cllr Hefin David, Chairman of Policy & Resources Scrutiny Committee  
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Stuart Rosser, Interim Chief Executive  
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Lesley Allen, Principal Accountant  
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Suzanne Cousins, Principal Housing Officer  
Alessandra Veronese, Programme Manager/E-Government Team Leader.  
Dave Regan, Lead Officer (Benefits & Finance) WRA.  
Amanda Main, Acting Benefits Manager

Background Papers:  
Report to Council 19th November 2013 – Notice of Motion (Bedroom tax)