



CAERPHILLY HOMES TASK GROUP – 6TH DECEMBER 2012

SUBJECT: WELFARE REFORM ACT – UPDATE

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 To provide an update on the impact of the welfare reform changes and actions taken to date to support tenants/residents within Caerphilly borough.

2. LINKS TO STRATEGY

- 2.1 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 to stay in their homes and to help them to make best use of their income.

Links to the Living Environment and Health, Social Care & Well Being themes of the Community Strategy.

Aim 6 of *'People, Property & Places: A Housing Strategy for Caerphilly County Borough'* (2008-13) –

- 2.2 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.

3. THE REPORT

3.1 Introduction

In March 2012 the Welfare Reform Act 2012 received Royal Assent. The Act legislates for the biggest change to the welfare system for over 60 years. The Government's objective is for a simpler benefit and tax credit system by:

- Creating incentives to move more people into paid employment by ensuring that work always pays;
- Combining housing support, various income related benefits and tax credits into a single payment to create a single Universal Credit;
- Reforms to other benefits to reduce the overall cost of welfare benefits.

This report highlights the key changes that will affect Council tenants from April 2013 and what action the Council is currently taking.

3.2 Social Sector Size Criteria

The UK Government is reducing the amount of housing benefit some people can claim based on the size of the rented property and the people who live there. These new rules apply to tenants of working age. From April 2013 housing benefit will be reduced for tenants of working age to allow just one bedroom for each of the following:

- A couple
- A person who is over 16
- Two children (under 16) of the same sex
- Two children under 10
- Any other child (other than a foster child whose main home is elsewhere)
- A carer (or group of carers) providing overnight care

3.3 Information has been extracted from our revenues data base and early indications show that as at 12/11/2012 22% (2397) Council tenants at Caerphilly will be affected by the under occupation benefit changes.

** Please note the occupant details are currently being validated with tenants by the Benefits Section**

3.4 Of the 22% 564 tenants are under occupying by 2 rooms or more and 1833 under occupying by 1 room. Of the 564 tenants under occupying by 2 rooms 98% are single/couple with no children. Based on our average rent levels at Caerphilly tenants under occupying by 1 room would have to pay an additional £10.00 per week and those by two rooms £20.00 per week (based on 48 week collection year). These tenants in total would have to contribute an additional 1.4 million each year.

3.5 We may not have a sufficient supply of 1 and 2 bedroom properties to cope with the expected demand. For example, in one ward we have 70% of tenants under occupying (as a percentage of working age tenants in receipt of HB) but we only have 2 two-bedroom properties in that ward. If tenants wish to consider downsizing it may not be possible for them to move to a smaller property in the same area. This may result in children having to move schools and communities becoming more unsettled

3.6 A project team/board has been set up at Caerphilly consisting of key staff from all services that could potentially be affected, e.g. Social Services/Education/Housing.

3.7 The Benefits Cap

From April 2013 the government will cap the amount of benefit that working age residents receive. This will mean households where no one is in work should not get more in benefits than the average wage paid to people in work (after tax and national insurance has been taken off), increasing working incentives for those on benefits. A household means you, your partner if you have one and any children you are responsible for and who live with you

The actual amount of the cap will not be set until later this year, but is currently expected to be set as follows:

A maximum of £350.00 per week if you are a single person and either:

- You have no children
- The children you have responsibility for do not live with you

A maximum of £500.00 per week if you are either:

- A couple with or without dependent children
- A lone parent with children

3.8 Council Tax Benefit replaced by Council Tax Support

Council tax benefit is one of the benefits that will be affected by the changes and from next year, the responsibility for helping people with their Council tax bills is being transferred to the Welsh Government.

We are working with the Welsh Government to develop a new scheme to replace Council tax benefit in Wales and correspondence will be sent to tenants with more information before the new scheme is introduced.

3.9 Key Communication and Support Activities undertaken to date

- Our website has been updated with detailed information in relation to the changes and an advice leaflet made available together with an article in the November issue of Newslines due to be distributed from 19th November. We want to ensure we raise the awareness of our tenants about the changes and give significant time for them to prepare and for us to provide the appropriate support
- We have made direct contact with tenants who are over-occupying and assisted them to sign on to Homeswapper which is a national mutual exchange scheme.
- Liaising closely with Housing Associations in the area.
- Benefits Section have sent letters during November to housing benefits claimants renting from social sector who appear to be under-occupying, to communicate reduction in benefits and verify household composition information currently on their system.
- Caerphilly CAB act on our referrals to provide basic financial/budgeting skills to tenants.
- Two tenancy support staff have been appointed to offer face to face support to tenants in their own homes and are currently contacting tenants and arranging home visits.
- An initial presentation and question and answer session has taken place with the Tenants Information Exchange.
- Rents staff have been briefed on offering the correct support, information and signposting when contacted by tenants over the phone (suggested both in the leaflet and on our website relevant pages).
- A series of events have been organised throughout the county borough for social housing tenants in a number of venues, e.g. Schools, Community Centres, etc., where we can address tenants' concerns.
- Front-line staff (about 700) have attended awareness events in relation to the benefit changes and a specific awareness plan is being carried out with all Social Services Teams.
- Bespoke training will be provided to key front-line staff to enable them to support social housing tenants or signpost them to the most appropriate service.
- Applicants receiving offers of tenancies are advised of the under occupation implications.
- A Common Housing Allocation Policy and Common Register is being considered.

4. EQUALITIES IMPLICATIONS

- 4.1 This report is for information purposes, so the Council's Eqla process does not need to be applied. The DWP have completed a full Equality Impact Assessment.

5. FINANCIAL IMPLICATIONS

- 5.1 Whilst it is unclear as to the full impact the Welfare Reform changes could have for our tenants/residents at this time, the implementation of the social sector size criteria could result in tenants having to contribute in total an additional £1.4million each year.
- 5.2 In relation to the benefits cap indications from the DWP show that 90 households in Caerphilly are likely to be affected with each household receiving an average weekly loss of benefit of £77.00.
- 5.3 Council Tax Support – current indications are that funds allocated to this Authority could result in a shortfall next year of circa 1.3 million. This could affect 20,600 Council Benefit claimants of which 16,500 currently pay nothing towards their council tax. All of those tenants affected by the under occupation changes will also be affected by this change.

6. PERSONNEL IMPLICATIONS

- 6.1 Budget provision has been found for two additional staff (one year temporary contracts) that will provide face-to-face support to tenants.

7. CONSULTATIONS

- 7.1 Consultees' comments have been incorporated within the report.

8. RECOMMENDATIONS

- 8.1 The contents of the report be noted, further updates will be provided periodically.

9. STATUTORY POWER

- 9.1 Local Government and Housing Acts. This is a Cabinet Sub-Committee function.

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Cllr Gerald Jones, Deputy Leader & Cabinet Member for Housing.

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