



Report of Liz Cook Chief Officer Housing Management

Report to Director of Environments & Housing

Date: 19th June 2015

Subject: Delivery of Enhanced Income Management Service Offer to support tenants who are affected by Welfare Change.

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

- This report sets out a proposal to deliver an enhanced income management service offer to manage ongoing welfare change and the introduction of Universal Credit in Leeds.
- The changes will have a direct impact on tenants and their ability to pay their rent which is a significant risk to rent collection levels which could then impact resources available to management, maintain and invest in council housing.
- The main changes proposed are:
 - Maintain the freeze in working-age benefit for two years
 - Lower the Benefit Cap from £26,000 to £23,000 a year
 - Potential increases in rates for under occupation
- The automatic right to Housing Benefit for 18 to 21 year olds will be reviewed
- Universal Credit will be introduced in Leeds between December 2015 and April 2016, and it is estimated that approximately 24000 tenants will be affected and Housing will have to collect an additional £73.5M in rent which is currently paid direct through Housing Benefit.
- Housing has invested additional resources to tackle and minimise the impacts of welfare change since its introduction and working in partnership across the Council and with Voluntary and Community organisations to minimise the impact on tenants and ensure rent collection rates are maintained.

- Housing employed an additional 19 Housing Officers up to March 2015 this intensive support helped minimise the impact of under Occupation, manage the potential increase in rent arrears and reduced the need for evictions for non-payment of rent.
- Significant work has been undertaken with Citizens@ Leeds to deliver an effective project to offer support and challenge to tenants living in Multi Storey Flats affected by under-occupation. 540 tenants benefited from DHP who live Multi Storey Flats (MSF)
- Overall Discretionary Housing Payment (DHP) has been used to support approximately 2,500 council tenants affected by Under Occupation.
- Housing has sought external challenge to ensure improvement to rent collection achieve a 98% collection rate. KPMG were commissioned to undertake a review of Housing Leeds collection procedures, policies and strategies. An action plan is being implemented.
- The proposed Enhanced Income Service Offer is over and above the Income Management Core Service Offer and will enable Housing Management to provide additional support and challenge.
- The proposal is to create a team of 16 Housing Officers which will be phased and reviewed annually as Universal Credit is rolled out and the impacts of current and future welfare changes are crystalized.
- The scope of the challenge warrants the additional resource allocation.
- There are approximately 5,300 tenancies currently affected by Under Occupation and typically 300 new under occupancy cases each month. (82% are under occupying by one bedroom and 18% are under occupying by two bedrooms or more).
- The current caseload of tenancies affected by the Benefit Cap is 89 this has risen gradually from 73 in April 2013.
- The Housing Officers will manage the new monthly caseload to ensure a consistent level of advice and support is provided when Universal Credit is introduced in Leeds early in 2016. Initially this is anticipated to be 150 claimants per month.

Recommendations

The report recommends that the Director of Environment and Housing approves funding for the value of £1.5M to recruit 16 x C3 Housing Officers phased & recruitment will be undertaken in line with service demand over the 3 year period subject to annual review to provide the Enhanced Income Service Offer.

1 Purpose of this report

- 1.1 The purpose of the report is to gain approval for resources to implement an Enhanced Income Service Officer to tenants to provide additional support and ensure rent collection targets are achieved and recruit 16 x C3 Housing Officers phased subject to demand over the 3 year period subject to annual review.

2 Background information

- 2.1 Housing has been engaging with tenants affected by Welfare Change since August 2012, to increase awareness of the changes introduced in April 2013, and to allow tenants to prepare financially and make informed decisions.

- 2.2 A fundamental aspect of this work has been the face to face support for tenants who needed practical assistance to improve their situation and lessen the impact, including support to affect a mutual exchange, assistance with downsizing, fuel switch support, engage with money & budgeting providers as well as referring to partners to improve their employment prospects.
- 2.3 The Discretionary Housing Payment (DHP) Multi Storey Flats (MSF) project was initiated in May 2014 to work with tenants affected by Under Occupation. The project had a social contract approach, with (DHP) made in turn for an enhanced support offer, including employment and income advice. The project has proved extremely successful in helping tenants to deal with the impacts of under occupancy.
- 2.4 Universal Credit (UC) will be introduced in Leeds between December 2015 and April 2016 for single Job Seekers making new claims. It is anticipated that UC will be then rolled out in stages and be fully operational in Leeds late 2017. No definitive dates have been provided to date.
- 2.5 Universal Credit fundamentally changes the way the main income-based benefits are delivered, and applies to around 100,000 Leeds residents and requires online applications and much greater budget responsibilities from customers
- 2.6 Housing Leeds must ensure that it makes adequate provision to prepare itself and our tenants for this change. The significant change and threat for the Council is that tenants will receive their Housing Allowance (currently Housing Benefit) themselves and have to pay this to the council. Currently Housing Benefit is paid direct to the tenants rent account.
- 2.7 Welfare Change is a high risk to the Council's Housing Revenue Account (HRA). The risk is regularly monitored and reviewed in the Corporate Risk Register. The recommendations within this report will help to minimise this risk. Failure to maintain a 98% rent collection rate will have impacts on the HRA financial position and ultimately impact on the ability to manage , maintain and invest in council housing in Leeds.

3 Main issues

- 3.1 It is critical that the council adequately prepares for welfare changes & Universal Credit and tenants are effectively supported and advised.
- 3.2 Delivery to date has demonstrated that specific programmes and initiatives have delivered excellent results and long term solutions.
- 3.3 The DHP MSF project delivered a number of key outcomes:
- 129 tenants have moved into work
 - 91 tenants have carried out voluntary work contributing to the local economy and gaining individual work experience.
 - The level of rent arrears of tenants reduced on average by £5.08, in comparison, those that are under occupying that do not live in a MSF, increased by £48.52 on average.
 - The number of tenancy terminations in MSFs reduced by 274 on the previous year generating savings in rent loss of approx. £109,500 as well as an estimated £392,916 in void repair costs.
 - At the outset of the project 57% of tenants were worried about getting into more debt and 67% of tenants were worried that their financial position would affect their health. From the final surveys completed 97% of participants have said that the project has made an improvement in their quality of life with 53% saying it made a big improvement.

- Tenants who engaged with the DHP MSF project reduced their rent arrears. A detailed sample of 35 tenants reduced the average amount of debt they owe to others from £805 to £705. They increased their disposable income from a deficit to an £11.00 per week surplus. This put those tenants in a better financial position which increases their ability to pay their rent.

- 3.4 Universal Credit is expected to roll out in Leeds in February in 2016. Initial indications are this will be approximately 150 cases per month, which the team will be able to work with.
- 3.5 Initial assessments undertaken on the potential impact of UC identified that approximately 24000 tenants will be affected resulting in an additional £73.5M of rent to be collected which is currently paid direct in Housing Benefit.
- 3.6 The proposal is to develop an Enhanced Income Service Offer to a wider group of tenants affected by Welfare Change and Universal Credit. This enhanced offer will provide 16 Housing Officers to work across the City, and provide face to face services to tenants. The service offer is essential to the delivery of the High Rise project to deliver step change high rise blocks in the City
- 3.7 The team will tackle the monthly list of 300 tenants affected by Under Occupation, 100 Benefit Cap Cases and 941 tenants affected by Under Occupation with arrears of over £250.
- 3.8 The project will support other key initiatives for Housing including action against illegal money lending, supporting local debt forums and participate in a number of campaigns to promote the services of the Credit Union, Illegal Money Lending Team, Money Information Centre, StepChange, Money Buddies, Food Aid Networks, and Employment & Skills.
- 3.9 The project will focus on delivering a number of outcomes including:
- Improve tenants budgeting skills
 - Reduce levels of personal debt and increase disposable income.
 - Achieve the 98% rent collection target in 2015/16.
 - Assist customers in accessing affordable credit and thereby avoiding high cost and illegal money lenders.
 - Increase activity by tenants to improve their employment prospects.
 - Reduce the number of tenancy terminations by tenants affected by Welfare Change.
 - Engage with tenants affected by Universal Credit to increase awareness and prepare
- 3.10 Housing is developing a 5 year strategy to work through the implementation of UC to evaluate and track the impacts.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.2 Housing is actively participating and engaged in the Welfare Reform Board for the City and the proposal is fully supported by the Welfare Reform Board and the Citizens@ Leeds Programme Board.
- 4.3 Partner agencies have been engaged throughout the delivery of the MSF DHP project and regular engagement has taken place to review the project including Welfare Reform Board, Citizens@ Leeds Programme Board, Employment and Skills Board and Local Debt Forums.

- 4.4 Closing surveys from 83% of the participants from the DHP MSF project have stated that they would have engaged with the project and undertaken activities even if the DHP was not awarded. Demonstrating there is a significant need and demand for this type of support activity for tenants.

5 Equality and Diversity / Cohesion and Integration

- 5.1 Delivery of responses to welfare change has provided personal support to tenants to meet individual needs
- 5.2 An EIA screening document has been completed to support this report.

6 Council Policies and City Priorities

- 6.1 The Enhanced Income Service Offer will contribute to the Council's strategic objectives of supporting communities and tackling poverty.
- 6.2 The Enhanced Income Service Offer will support delivery of Housing Priority Strategic Indicator Rent and Benefits by maximising tenants' income and increasing rent collection.
- 6.3 The Enhanced Income Service Offer will support the Council and its tenants in preparing for the introduction of Universal Credit which is the most significant change in Welfare Reform to date.
- 6.4 The project will continue to foster excellent relationships that have been developed with Leeds City Councils Welfare and Benefits, Employment and Skills, Public Health and external partners such as Ebor Gardens Advice Centre, GIPSIL, Voluntary Advice Leeds, Pinnacle People, Money Buddies, Leeds City Credit Union and StepChange.

7 Resources and Value for Money

- 7.5 The funding of £1.5M for 3 years will enable Housing to provide an Enhanced Income Management Service to tenants, recruitment will take place in line with demand, and will include the new monthly caseload of approx. 300 cases, 100 affected by the Benefit cap and initially 513 tenants under occupying owing over £500. This is a critical group whose arrears are increasing and will be approaching possession proceedings over the next 12 months.
- 7.6 The number of cases taken to court for rent arrears should reduce, avoiding the court costs associated with each claim which is currently £250 and a reinvestment of staff time and associated resources. Any evictions the team can prevent will result in approx. savings to the council of £6.5K per eviction.
- 7.7 During the DHP MSF project the number of tenancy terminations of those who live in Multi Storey Flats significantly reduced. For the period of April 2013 to December 2013, and the same time frame in 2014 when the project was live, terminations have reduced by 274.
- 7.8 The average relet time is 32 days. At a rent of £80 per week this has made savings in rent loss of approx. £109,500 as well as an estimated £392,916 in void repair costs which would have been incurred. If this type of approach is rolled out to other tenants with the same levels of support it is envisaged that similar results will be shown across different dwelling types.

- 7.9 The DHP MSF project showed that many tenants out of work do want to get involved in activities that improve their lifestyle, increase chances of employment, improve their feeling of isolation, and contribute to the wider community.

- 7.10 The table below details the anticipated cost savings

Projected Savings	£'s
Void Rent Loss	£109,500
Voids Repair Cost	£392,300
Evictions*	£65,000
Total	£566,800

- 7.11 * Based on intervention in 10 cases.

- 7.1 Due to the significant amount of additional rent to be collected it is vital that adequate resources are put in place to support tenants with the transition to Universal Credit.

8 Legal Implications, Access to Information and Call In

- 8.1 This report does not contain any exempt or confidential information.

- 8.2 This report is eligible for call in.

9 Risk Management

- 9.1 Welfare change has an adverse impact on the Council's financial position and creates financial hardship. As such it has been deemed a High Risk to the council and this risk is regularly monitored and reviewed in the Corporate Risk Register.

- 9.2 The recommendations within this report will help to minimise the risk by supporting tenants to move to a better financial position and therefore more able to pay their rental charge.

10 Conclusions

- 10.1 Housing Management has been working successfully in partnership with other directorates, third sector organisations.

- 10.2 The proposed Enhanced Income Service Offer would continue to utilise those effective partnerships to support tenants and maximise rent collection.
- 10.3 This proposal supports Housing Management deliver its key priorities and 98% rent collection target.
- 10.4 The proposal aims to be self-financing through savings in voids costs, rent loss and legal costs.

11 Recommendations

- 6.1 The report recommends that the Director of Environment and Housing agrees the contents of this report and approves the funding for the value of £1.5M to recruit 16 Housing Officers, to be recruited in line with service demand in the 3 year period expiring on the 31st March 2018.

12 Background documents

- 12.1 None