

**Report of** CHIEF EXECUTIVE EAST NORTH EAST HOMES LEEDS

**Report to** INNER NORTH EAST AREA COMMITTEE

**Date:** 28 JANUARY 2013

**Subject:** WELFARE REFORM IMPACT ON COUNCIL TENANTS

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<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"/> No

### **Summary of main issues**

Implementation of Welfare Reform changes that impact on Council Tenants are due to start in April 2013 with Social Sector Size Criteria (so called under-occupation charge or bedroom tax). Preparatory work is underway to identify and visit those Tenants who will be affected by this first change and this Report outlines the findings from those visits and the likely consequence of the change

### **Recommendations**

Inner North East Area Committee are asked to note the work done by ENEHL and the Council to identify and visit those Tenants affected by the Welfare Reform changes due to be introduced in April 2013.

## **1 Purpose of this report**

- 1.1 The purpose of this report is to update Inner North East Area Committee on Welfare Reform changes that impact on Council Tenants and are due to be implemented in April 2013. It also summarises work that is currently being undertaken to prepare Tenants for those changes and for future changes that will impact later in the year.

## **2 Background information**

- 2.1 The Welfare Reform Act 2012 continues to introduce a national programme of reforms and changes to the Welfare Benefit system. The focus for the reforms is on benefits for working age people whilst people of pensionable age remain largely unaffected by the reforms. The ideological driver is that people should be better off being in work rather than on benefits.
- 2.2 The main thrust of the reforms are the introduction of a “Universal Credit” which will replace a range of existing means tested benefits and tax credits for people of working age starting from October 2013. The Act follows the November 2010 White Paper “Universal Credit - Welfare Works” which outlines the Government’s proposals for reforming welfare to improve incentives to work, simplify the existing welfare benefits system and tackle administrative complexity.
- 2.3 Besides introducing Universal Credit and related measures, the Act makes the following significant changes to the current Benefit systems that are due to be implemented at different stages during 2013:-
- Personal Independence Payments replace the current Disability Living Allowance starting with new claims in June 2013;
  - Social Sector Size Criteria will result in housing benefit entitlement being reduced for working age tenants living in Council or Housing Association homes where the household is deemed to have more bedrooms than they require;
  - Local Council Tax Support replaces Council Tax Benefit which is to be abolished from April 2013, with new local schemes of Council Tax support decided by Councils and a national scheme for pensioners. Local schemes will apply to working age customers only with the Government prescribing a national scheme for those customers of pension age. The cost of both the local scheme for working age customers and the national scheme for pension age has to be met by Councils from reduced funding to be provided by Government;
  - Social Fund Changes mean Community Care Grants and Crisis Loans for Living Expenses elements of the Social Fund will be abolished from April 2013. The funding for these schemes will be devolved to local Councils with an expectation from the Government that *“the funding be concentrated on those facing greatest difficulty in managing their income and to enable a more flexible response to unavoidable needs, perhaps through a mix of cash or*

*goods and aligning with the wider range of local support local authorities / devolved administrations already offer”;*

- A Benefit Cap will result in the total benefit that a family can receive being limited to £500 per week for working age families and £350 per week for single claimants. There will be some exemptions for tenants working at least 24 hours a week, tenants getting disability benefits and households where a child is getting a disability benefit, all of whom will be exempt from the cap.

### **3 Main issues**

#### **3.1 Social Sector Size Criteria**

Collectively the ALMOs and the Council have been making preparations for the implementation of Social Sector Size Criteria (SSSC) as that is a change that only affects Council and Housing Association Tenants and progress is as follows:-

It is known that the SSSC will have a significant impact in Leeds with over 7000 households known to be affected in the City, of which over 3000 are in the East North East area. As from April 2013 this reform introduces changes to those claimants on Housing Benefit that are of working age and that are living in a property that is deemed to be too large for their needs - too many bedrooms for the number of occupiers. Those tenants that are affected will have a percentage reduction in housing benefit applied as follows:-

- 14% reduction for 1 bedroom more than required;
- 25% reduction for 2 or more bedrooms than required.

In July 2012 all the ALMOs/BITMO and Housing Associations undertook to contact tenants who data at that time indicated would be affected by SSSC changes and a programme of home visits is now almost complete.

Based on that initial extract of data there were approximately 6700 ALMO/BITMO managed tenancies potentially affected by the change with an estimated total reduction of housing benefit of around £3.8m housing benefit per annum. The initial target date for ALMOs / BITMO to complete all the visits/contacts based on the original July extract of data was December 2012. However during November a further extract of data highlighted that approximately 1,300 of those tenants initially identified would no longer be affected due to changes in their circumstances, but a further 880 new tenants were highlighted who had moved into SSSC since the initial data extract. These new cases are being contacted/visited between January and April this year and a further extract will be taken during February 2013 which will probably result in a revised list of households requiring visits.

- 3.2 A report is attached which details the outcomes from the visits/contacts and the potential implications such as customers saying they will be unable to continue to live at their properties due to affordability and requesting to downsize. The information is being used by the city wide Welfare Reform Strategy Board and other

associated Boards/Meetings to inform recommendations to the Council on future policy considerations.

3.3 The implementation of SSSC will present the Council with a number of complex and interlinked issues to resolve. Where possible we have to prevent financial hardship affecting tenants whilst maximising rental income so as not to have an adverse impact on the Housing Revenue Account Business Plan. Moving households to minimise financial hardship will increase void turn-over costs and not necessarily make best use of stock with such high demand for housing. A number of actions and issues have been highlighted that need to be considered and the Council asked to take decisions on prior to the introduction of the changes:-

- Consider the re-designation of certain properties across the city i.e. 2 bedroom multi-storey flats, 4 and 5 bedroom houses;
- Consider a review of Local Lettings Policies and the policy on re-housing children at height;
- Consider a reduction in the percentage of Date of Registration Quota properties to allow more properties to be let to customers in housing need;
- Consider awarding priority to affected tenants (those in receipt of Discretionary Housing Payment and subject to the released properties being re-lettable at full occupancy). Other options include mutual exchange;
- Consider allowing affected tenants who move to private rented sector to retain their priority after they move;
- Develop guidelines setting out when it will be appropriate for ALMOs to take possession action in relation to rent arrears arising from SSSC;
- Review of Lettings Policy bedroom requirements in relation to Under-occupation;
- Consider whether to award higher priority to those tenants overcrowded living in smaller properties that could be let to under-occupying Council and Housing Association tenants;
- Consider a 'ring fence' approach for a proportion of smaller properties to be advertised to give preference to tenants affected by SSSC;
- Consider changes to the rent payment frequency and required method in advance of Universal Credit.

Alongside the issues highlighted above the Lettings Policy review has commenced and a number of these issues highlighted will link into the future Lettings Policy and procedures. There is work in progress cross ALMO / BITMO / Housing Partnerships – other sections within LCC to consider each of the issues outlined in order that the necessary preparations can be made.

3.4 Within ENEHL and other ALMOs / BITMO the following work is also being undertaken for on-going support for our customers that will be affected by SSSC:-

- We hit our target to complete an initial visit and attempt to make contact with tenants affected by SSSC by the end of November to discuss the options available, undertake income and expenditure assessments to see if tenants are able to afford to pay the increased charge and give advice on rehousing options should tenants wish to move to smaller accommodation;

- From the end of November we have been making follow up visits to those tenants who did not respond to our initial attempt to contact them (no access cases);
- We have started to work through the latest revised list of tenants who have been identified as being affected by SSSC due to a change in their circumstances or because they are new Housing Benefit claimants;
- We are providing more intensive support and advice to tenants who have told us that they don't want to move from their current home but who tell us they will not have the available income to pay the increased rent. This includes:-
  - ensuring tenants are claiming all eligible benefits ,
  - budgeting advice and setting up payment by Direct Debit;
  - debt advice and referral to specialist debt support agencies;
  - referrals to Leeds City Credit Union to refinance high interest loans or set up bill payment accounts;
  - assistance and advice with establishing bank accounts and direct debits for those who don't currently have bank accounts;
  - identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
  - Outlining financial Implications for tenants considering taking in lodgers or boarders;
  - Further advice on moving home options;
  - Tenants identified with vulnerabilities and support needs will be referred for specialist support through Independent Living Teams.
- Tenants who have told us they wish to move are being contacted to ensure they fully understand the Choice Based Letting system and any Letting Policy issues that may affect them. This will ensure they are bidding most effectively to maximise their chances of being offered an alternative smaller property. Mutual Exchanges will be encouraged and we will look to actively link tenants together to facilitate exchanges. We are also planning local Mutual Exchange Swop Shop events to bring interested tenants together to help identify other tenants they may consider swapping with. Information on how to access Housing Association properties is also being provided.
- Further general advice and information will be provided via newsletter articles and targeted letters running up to April 2013.
- We are working with the following partners and voluntary groups to ensure they are fully prepared for direct approaches made to their organisations:-
  - § Leeds City Credit Union
  - § CAB
  - § Illegal Money Lending Team
  - § DWP Job Centre Plus
  - § LCC Employment and Skills
  - § West Yorkshire Police

- § Ebor Gardens Advice Centre
- § NHS Leeds
- § GIPSIL
- § Leeds Libraries
- § West Yorkshire Trading Standards
- § Richmond Hill Elderly Action
- § Burmantofts Senior Action
- § St Vincent Support Centre
- § St Mary's Church, Lincoln Green
- § Feel Good Factor

- Leeds City Council's Telephone Contact Centre and One Stop Centre staff will continue to be briefed and trained to ensure they are providing appropriate advice and can refer tenants to ALMOs for assistance.

### 3.5 **Benefit Cap**

Latest indications are that the Benefit Cap will be introduced 'in the Summer of 2013' and that it will be delivered by local Councils in the first instance. However the responsibility for identifying families affected by the Benefit Cap lies with the Department for Work and Pensions (DWP). Recent data from DWP suggest that over 500 families in Leeds will be affected by the Benefit Cap and DWP has written to all those families likely to be affected. A programme of home visits is being undertaken by ENEHL staff in respect of the 72 households likely to be affected (taken from the latest extract of data). The purpose of the visits is to ensure that families understand the implications, that we understand what tenants' intentions are and that we identify vulnerable tenants for support. All of these visits were completed by the end of November in order to determine what support / alternative options can be provided for those affected customers.

### 3.6 **Localised Council Tax Support**

The Government's Local Government Finance Act 2012 received Royal Assent on 1 November 2012 and requires that Councils put in place local schemes of Council Tax support by 31 January 2013 to replace Council Tax Benefit.

This means that in April 2013 as well as tenants facing a cut in their benefits due to the introduction of SSSC those same tenants will also possibly face a reduction in Council Tax Support which will potentially lead to an additional reduction in their weekly disposable income. Joint work is underway between ENEHL Income Managers and Revenues and Benefits staff on the process of collection and dealing with joint debt where there maybe arrears of Rent and Council Tax.

### 3.7 **Universal Credit**

Implementation is planned from October 2013 but there are indications that this timetable may slip. Draft guidance for Universal Credit has been received and joint work is being undertaken across the Council, the ALMOs/BITMO and with Registered Social Landlords and within the third sector organisations in order to prepare for the future changes.

DWP continues to work on the migration for Universal Credit:

- 'Pathfinders' will be put in place from April 2013;
- Phase 1 (new cases) from October 2013 likely to be limited with one district from each Jobcentre Plus area going live for new Jobseeker Allowance claims and number of districts and claims then increasing over the following months;
- Phase 2 (managed migration) from the end of April 2014 with those in work likely to migrate first – will include Housing Benefit cases where attached to Tax Credit or other claims;
- Phase 3 from January 2016 which will see remaining Local Authorities caseloads migrated to Universal Credit.

DWP are to review their assessment of numbers of Housing Benefit cases expected to migrate during this period. Some basic principles are emerging.

- No distinction will be made between different types of Local Authorities.
- Programme of migration will take place over an 8 month period.
- Maximum numbers of claims will be agreed to help maintain the Local Authority Benefit administrations during the migration period.
- Minimum and maximum numbers migrating each month will be established at a national level to ensure that migration completes within timescale.

Migration process for Universal Credit is expected to remain as previously reported i.e. everyone will be required to make a claim for Universal Credit with intention to commence contacts with customers around three months prior to migration.

3.8 In addition to the above, other work continues with the Council, ALMOs and BITMO and other partners attending various workshops on Discretionary Housing Payments, Local Welfare Assistance Provision (Social Fund), Corporate Debt Review, lettings Policy Review, Customer Contact Social Group, Leeds Credit Union, Area Management and various other groups. Also senior managers are attending various Welfare Reform seminars across the country and are visiting other Local Authorities and ALMOs looking at good practice and sharing of information / ideas.

3.9 The cross ALMO / BITMO action plan (now Version 8) has been updated ensuring that it links to the citywide Welfare Reform Communication Plan and Welfare Reform Strategy.

3.10 There are a number of joint Welfare Reform 'Roadshows' taking place throughout the city, with representatives from each of the ALMOs attending, as follows:-

22 October – Dewsbury Road One Stop 9-3  
16 November – Armley One Stop  
19 November – Great George Street  
03 December – St George's Centre  
07 December – Aireborough Centre  
10 December – Compton Centre  
07 January – Otley

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

4.1.1 Extensive consultation is taking place on Welfare Reform as detailed above.

### **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 There are a number of issues in relation to equality and diversity and, particularly, cohesion and integration that are being picked up as part of the city-wide Welfare Reform Strategy.

### **4.3 Council policies and City Priorities**

4.3.1 A number of policy change recommendations are being considered by the Council's Executive Board due to the introduction of the Welfare Reform changes.

### **4.4 Resources and value for money**

4.4.1 Additional staffing resources will be required both pre-introduction of Welfare Reform and as the changes are introduced to work with those tenants who are affected by the changes. Some provision has been made within HRA budget provision to mitigate the impact of the changes particularly in so far as debt provision is concerned.

### **4.5 Legal Implications, Access to Information and Call In**

4.5.1 There are no legal implications, access to information or call in implications in so far as this Report is concerned.

### **4.6 Risk Management**

4.6.1 The introduction of Welfare Reform is a major risk and is logged on the Council's corporate Risk Register.

## **5 Conclusions**

5.1 The introduction of Welfare Reform will have major implications for tenants living in the ENEHL area. Work is well underway to inform those affected of the changes and to develop personal strategies with them to minimise where possible the financial impact of those changes.

## **6 Recommendations**

6.1 Inner North East Area Committee are asked to note work done to date by ENEHL and the Council to prepare for the introduction of Welfare Reform changes affecting Council tenants.

## **7 Background documents**



## Update to Area Committees

### Social Sector Size Criteria - Update on Contacts/Visits and Option Outcomes to Date

End of December 2012

	ENEHL	%	Inner NE	%	Inner East	%	Outer NE	%	Outer East	Temple Newsam %
<b>Original Number of tenants Affected</b>	<b>2775</b>									
<b>Completed Visits</b>	<b>2425</b>	<b>87.4%</b>								
<b>Tenants no longer Affected per LBS list 26/10/12</b>	<b>477</b>	<b>17%</b>								
<b>Number already visited from LBS list of 26/10/12</b>	<b>267</b>									
<b>Revised Total</b>	<b>2298</b>		<b>436</b>	<b>19%</b>	<b>1456</b>	<b>63%</b>	<b>184</b>	<b>8%</b>	<b>222</b>	<b>10%</b>
<b>Completed Visits / Contacts</b>	<b>2107</b>	<b>91.7%</b>	<b>385</b>	<b>88%</b>	<b>1357</b>	<b>93%</b>	<b>161</b>	<b>88%</b>	<b>204</b>	<b>92%</b>
No response to contacts	191	8.3%	51	12%	101	7%	22	12%	17	8%
Family Size Dispute	197	9.3%	43	11%	120	9%	14	9%	16	8%
Property Size Dispute	106	5%	59	15%	34	3%	5	3%	8	4%
Transfer Requested * see below	351	16.8	55	14%	240	18%	20	12%	36	18%
Cover Shortfall from Income / Benefits	1480	70.2%	268	70%	939	69%	130	81%	135	66%
Seek Employment	648	30.8%	108	28%	420	31%	56	35%	60	44%
Plan to move to other tenure	13	0.6%	2	0.5%	6	0.4%	3	2%	2	1%
Seek Lodger	73	3.5%	11	3%	66	5%	5	3%	1	0.5%
Foster Carers	12	0.6%	2	0.5%	8	0.6%	0	0	2	1%
In adapted Properties	73	3.5%	12	3%	40	3%	6	4%	15	7%
Access to Children or Applying	94	4.5%	29	8%	47	3%	13	8%	5	2%
Tenants considered High Risk	995	47.2%	175	45%	656	48%	68	42%	96	47%
* Bedroom Requirements of those requesting a transfer										
1 Bedroom	196	56%	22	40%	142	59%	11	55%	21	58%
2 Bedrooms	119	34%	23	42%	76	32%	8	40%	12	33%
3 Bedrooms	30	9%	10	18%	18	8%	1	5%	1	3%
4 Bedrooms	6	1%	0	0	4	1%	0	0	2	6%
5 Bedrooms	0									

\*\* Please note some tenants are considering more than one option as a response to SSSC.

hmodescription	Inner East Area Office	Inner North East Area Office	Outer East Area Office	Outer North East Area Office	Total
New Ten or Former	9	8	12	10	39
Credit or Zero	464	496	404	375	1739
0-50	50	56	35	33	174
50-100	21	27	13	16	77
100-150	11	20	12	10	53
150-250	7	22	17	19	65
250-500	15	13	20	17	65
500-750	8	9	7	5	29
750-1000	5	6	6	6	23
1000-1500	4	9	4	6	23
1500+	2	3	3	3	11
Total	596	669	533	500	2298

Ward (by prop seq)	Former or Transfer	Credit or Zero	0-50	50-100	100-150	150-250	250-500	500-750	750-1000	1000-1500	1500+	Total
Alwoodley		96	10	5	1	8	4	1	3	3		131
Burmantofts & Rich H	6	432	47	23	15	18	9	8	6	8	1	573
Chapel Allerton	4	249	21	12	9	12	10	4	3	4	4	332
Gipton & Harehills	5	265	23	13	8	4	11	4	3	1	1	338
Harewood		12	1				1					14
Killingbeck&Seacroft	13	412	35	14	12	17	20	7	6	4	3	543
Moortown	2	27	2	2	1		1	1	1			37
Roundhay	3	41	4	1		2	2				1	54
Temple Newsam	3	164	28	6	4	3	5	4	1	2	1	221
Weetwood		11			1	1						13
Wetherby	3	30	3	1	2		2				1	42
Total	39	1739	174	77	53	65	65	29	23	23	11	2298

	Former or Transfer	Credit or Zero	0-50	50-100	100-150	150-250	250-500	500-750	750-1000	1000-1500	1500+	Total
Inner East	24	1109	105	50	35	39	40	19	15	13	5	1454
Inner North East	9	328	27	15	11	15	13	5	4	5	4	436
Outer East (Temple Newsam)	3	164	28	6	4	3	5	4	1	2	1	221
Outer North East	3	138	14	6	3	8	7	1	3	3	1	187
Total	39	1739	174	77	53	65	65	29	23	23	11	2298

