

**Scrutiny Inquiry Final report
Welfare Reform
18th February 2013**



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Introduction and Scope

Introduction and Scope

1 From April 2013 the amount of Housing Benefit paid to working age tenants in Council or RSL properties will be reduced where they have more bedrooms than the family needs. Also Council Tax Benefit is abolished from April 2013 to be replaced by local schemes of Council Tax Support.

2 The purpose of this review was to consider the likely effects of these benefit changes and, where appropriate, make recommendations on the following areas:

How, as a local authority, we are going to deal with those people who do not pay their Council Tax and the subsequent consequences the council's recovery policy has on;

- Collection rates and the ability to fund services through Council Tax

- The individuals concerned

How, as a local authority, we are going to deal with those people who do not pay their rent and the subsequent consequences the council's recovery policy has on;

- The impact on the Housing Revenue Account of reduced rent collection or increased voids

- The impact on the Councils Letting Policy

- The individuals concerned

- Money Advice – Are we providing/commissioning/ grant aiding the right advice, using the right delivery model.

Anticipated Service Impact

3 The local Council Tax Support scheme approved by the council will see around 35,000 customers with additional Council Tax to pay in 13/14. Around 28,000 of these would have had no Council Tax to pay in 12/13 and will face an increase of around £130 a year.

4 It is expected that a significant number of these customers will fall into arrears with their Council Tax payments and that this will require additional recovery action to address. This action is expected to lead to more reminders, summonses, liability orders and, ultimately, requests for attachment to earnings (for those in work) or attachment to benefits for those on benefits.

5 In order to ensure that the additional recovery action required for these customers does not detract from the successful recovery action for other non-payers, additional resources are being brought into the Revenues and Benefits service.

6 The Social Sector Size Criteria changes and the actions required to deal with the issues arising will have implications for the recovery policy



Introduction and Scope

and local lettings policies as well as wider housing policy.

- 7 The reforms coming in with effect from April 2013 will have a significant impact on the volumes of contacts at the Contact Centre and at One Stop Centres. Although efforts are being made to provide sufficient information about why the changes are taking place and what affected customers should do, it is inevitable that many more people will contact the council at what is the one of the busiest times of the year for contacts.



Conclusions and Recommendations

Context

Council Tax Benefit

- 8 Council Tax Benefit is being replaced by localised schemes of Council Tax Support based on reduced Government funding. In Leeds the funding provided for 13/14 (including funding for major precepting authorities) is £49.2m against a Council Tax Benefit projected spend of £54.4m for 12/13. Councils are required to adopt local schemes by 31st January 2013 and on 16th January 2013, Council agreed a scheme that:
- a) Protects lone carers with children under 5 and customers in receipt of severe or enhanced disability premium.
 - b) Protects carers
 - c) Protects people in receipt of War Widows Pension or War Pensions.
 - d) Requires the cost of protecting vulnerable groups to be met by the council and preceptors
 - e) Continues to support people moving into work
 - f) Reduces support for the remaining working age customers by 19% for the remaining working age customers with the intention of containing overall scheme spend so that it does not exceed Government funding plus the additional funding for protected groups.

Social Sector Size Criteria

- 9 The Social Sector Sized Criteria has a significant impact in Leeds. Initial analysis carried out in June 2012 showed that over 7,200 ALMO tenancies would be affected by the changes and around 1,300 Housing Association tenants. The reduction in Housing Benefit for the ALMO tenants alone was expected to be around £4m per annum.
- 10 A more recent analysis has now been carried out and this has identified that around 1,300 tenants are no longer affected by the change; however, a further 800 tenants now fall to be affected by the size criteria rules. This means that the latest estimates for the number of ALMO tenants affected is 6,700 with an overall shortfall in Housing Benefit of £3.8m.
- 11 Those customers under occupying by one bedroom will have a shortfall in their housing Benefit equivalent to 14% of their eligible rent, rising to 25% for under occupying by two or more bedrooms.

Universal Credit

- 12 From October 2013 Income Support, Income based Jobseekers Allowance, Housing Benefit, Employment and Support Allowance and tax credits will start to be replaced with a single benefit called *Universal Credit*.
- 13 This will see the majority of customers moving to a single monthly payment of benefits



Conclusions and Recommendations

(including the rent element) with tenants being required to take responsibility for paying their rent directly. It is expected that switching to monthly single payments to households is a significant challenge for some families in terms of managing budgets.

£120 - £140 per year with the possible scenario of the Council pursuing non-payers through the courts to recover bills that may be a little as £2 per week

Social Sector Size Criteria issues

The Challenges Facing the Council

Council tax collection issues

- 14 The adoption of a scheme that reduces financial support for working age customers increases the risk of non-payment of Council tax. It was noted that since 1993 Council Tax collection rates have stood at 99.2%. It was acknowledged that this rate could be under threat with the new changes and the consequences this would have on the Councils and Precepting authorities.
- 15 A discussion took place on the current recover process. It was noted that to progress real recovery a liability order costing £90 is required. This is added to the amount owed, thus inflating the debt problem. A liability order is not required to chase rent debt. This anomaly has been raised with DCLG who will discuss this with DWP. The Scrutiny Board has also written to DWP on this issue. (Appendix 1)
- 16 It was noted that the changes to Council Tax raises the prospect of customers paying for the first time

- 17 An extract from a briefing note provided by the Director of Housing, East North East Homes *on behalf of* Leeds ALMOS/BITMO (See Appendix 2) details the issues that need to be considered/resolved by the Council as part of the implementation of the Social Sector Size Criteria in order to prevent financial hardship affecting tenants, the need to maximise rental income and also to make the best use of existing stock.
- 18 It was noted that a number of actions / issues are currently being considered with LCC and ALMOs / BITMO that need to be in place prior to the introduction of these reforms. For example, the redesignation of certain property types across the city i.e. 2 bedroom multi-storey blocks, 4 and 5 bedroom houses, to consider a review of Local Lettings Policies .
- 19 It was also noted that there would be a number of issues to be considered as part of the Lettings Policy Review

Preparing For the Changes

- 20 The attached briefing note provided by the Director of Housing, East North East Homes *on behalf of* Leeds ALMOS/BITMO (Appendix 3) details the progress made to date of undertaking a programme of



Conclusions and Recommendations

visits, contacting all those affected by the Social Size Criteria.

payments received during the two Christmas rent free weeks and the direct debit payment cycle.

- 21 A key area of discussion was the management of current rent arrears. There was real concern expressed by Members that those entering the new system with existing arrears would see their financial position worsen
- 22 The ALMO/BITMO representatives present detailed the work undertaken in the past 12 months dealing with current debt of those customers in order that they/we are starting at the lowest possible rent arrears position as from April 2013. This was seen as a high priority by the Working Group.
- 23 The table below shows the rent arrears position in Leeds at the end of November and December 2012.

Recommendation 1 – That the ALMO/BITMO continue to ensure that the current debt of customers is at the lowest possible position as from April 2013

The HMA1 indicator measures the arrears as a percentage of the total rent due. At the end of December this has reduced to 2.01% for the City.

The city wide arrears figures reduced by £1.7m. This performance has improved due a number of factors including the rent arrears Christmas campaigns undertaken,

HMA1	END OF NOVEMBER 2012		END OF DECEMBER 2012		CHANGE IN £ AND %	
HOUSING DEPARTMENT	5,698,206.05	2.91%	3,940,863.46	2.01%	-1,757,342.59	-0.90%
AIRE VALLEY HOMES LEEDS	1,800,606.94	3.46%	1,287,330.34	2.47%	-513,276.60	-0.99%
BITMO	204,279.62	3.06%	157,419.25	2.36%	-46,860.37	-0.70%
EAST NORTH EAST HOMES LEEDS	1,508,463.00	2.34%	967,799.42	1.50%	-540,663.58	-0.84%
WEST NORTH WEST HOMES LEEDS	2,184,856.49	3.01%	1,528,314.45	2.10%	-656,542.04	-0.91%



Conclusions and Recommendations

A Protocol for Managing Arrears

24 It is accepted that in relation to the management of arrears either for rent or Council Tax, the Council should strive for 100% collection rates.

25 Having said that, we recognise that people find themselves in a variety of circumstances which require different approaches. The ALMOs/BITMO work with 3 distinct categories of arrears cases;

Those who *can't pay* their rent;
Those who *won't pay* their rent; and
Those who *pay when pushed*.

26 For those customers who *won't pay* they will be taken through the rent arrears procedure. Prompt action will be taken which could lead to Court action being taken and ultimately possession of the property.

27 The arrears procedure is currently being reviewed by the Council, ALMO's/BITMO in light of the Under Occupation changes.

28 The new proposed process will ensure customers affected by under occupation are identified at the outset of any action.

29 At the first point of contact those who *can't pay* will be offered this support and assistance. This will involve a referral to the appropriate officers in each ALMO/BITMO who will contact the customer and provide advice and support based on their individual circumstances.

30 Where possible, the Council aims to support tenants to remain in their property. Specifically, advice and support will include:

- ensuring tenants are claiming all eligible benefits;
- reviewing and prioritising expenditure
- setting up payments by direct debit, budgeting and debt advice, referral to specialist debt support agencies;
- assistance and advice with establishing bank accounts for those who don't currently have bank accounts;
- supporting tenants into employment;
- identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
- referring vulnerable tenants for specialist support through Independent Living Teams; and
- advice on taking a lodger where appropriate

Recovery action will be suspended for a minimum 14 days so all options can be considered with the customer.

31 For those who *pay when pushed* it is essential to have early contact. This process of early intervention has contributed to the improvement in ALMO/BITMO performance since the procedures were revised during 2010-11.

32 Tenants on Housing Benefit run the risk of incurring Housing Benefit overpayments where there is a delay



Conclusions and Recommendations

or omission in reporting changes. Where Housing Benefit remains in payment following a change, it is common for any overpayment to be recovered by reducing future payments until the overpayment has been cleared. This means that the tenant needs to pay extra rent to make up the shortfall in Housing Benefit

- 33 A number of tenants affected by the under-occupancy changes will also have Housing Benefit overpayments that are being recovered by deductions from ongoing Housing Benefit entitlement. This is likely to increase the chances of tenants falling into rent arrears and being unable to cope. However, a change to the policy would make it more difficult to recover HB overpayments and this would have implications for the General Fund. It is proposed therefore that a review of the policy to recover HB overpayments in this way is undertaken.

Recommendation 2 – That Revenues and Benefits and Environments and Neighbourhoods review the impact of the current policy on recovering HB overpayments by deductions from ongoing Housing Benefit and make further recommendations

- 34 Currently tenants with rent arrears can be restricted from doing a transfer through Choice Based Lettings or a Mutual Exchange.
- 35 However consideration should now be given to enable such customers to move if this is the most viable

option for both the customer and the council.

- 36 If a tenant is unable to afford their rent due to Under Occupation and is seeking to downsize to a smaller property, the ALMO's/BITMO will discuss the options available with the tenant.
- 37 If the best option is to transfer to a smaller property, Mutual Exchanges will be promoted. Mutual exchanges can be quicker and simpler than bidding for a property. Financially, it is a better option for the council and ALMO because there is no void turnaround time where rent is lost, and there are no void costs associated with a Mutual Exchange.

Recommendation 3 – That the council completes the review of the arrears process to ensure customers are offered support when needed but will allow decisive swift action to be taken where customers who won't pay their rent.

Recommendation 4 – That the Council promotes and facilitates Mutual Exchanges for tenants including those with arrears if this is the most suitable outcome.

Possession Orders and evictions

- 38 We support the policy that collection of rent should always be the Councils priority. Ultimately some



Conclusions and Recommendations

customers affected by the Housing Benefit changes relating to Under Occupation may be evicted for non payment of rent.

39 Prior to applying for a warrant of possession, all warrant applications are subject to a risk assessment. This involves intervention from Leeds Housing Options before the warrant application is processed.

40 For arrears cases relating to under occupation, it is suggested that prior to a possession warrant being processed that the case is referred to a designated officer within the council for consideration and final approval. The Board also heard a suggestion from Councillor Atha that a Lead Member acts as an 'ombudsman' in cases where an execution of warrants is recommended. The Board has real reservations about involving elected Members in the enforcement/eviction process. In the main it would raise issues in terms of data protection and sharing personal information. We do not believe elected Members should get involved in such operational detail.

Recommendation 5 – That the council completes the review of the arrears process including enforcement action and evictions and considers whether additional measures/safeguards are warranted prior to executing a warrant.

41 The process for recovering Council Tax is set down in statute. Broadly this requires that a reminder is issued followed by a summons to

obtain a liability order. Failure to pay instalments on time means that the full year Council Tax becomes payable and the summons and liability order is for the full years Council Tax that remains unpaid. Once a liability order has been obtained a number of actions can be undertaken. These include:

- attachment to earnings;
- attachment to benefits;
- referral to bailiff services.

42 It should be noted that officers continue to try to reach agreement over an acceptable payment plan right up to the point that the case is due to be heard in court.

43 Software enhancements expected shortly with regard to the authority's council tax system are expected to enable separate identification of the majority of the 28,000 who will not have had any council tax to pay previously because they were getting 100% council tax benefit. This development should enable a further non statutory reminder to be sent to these cases, possibly leading to contact and an arrangement rather than the council needing to resort to the issue of a summons.

Recommendation 6 – That an additional non-statutory reminder is added to the recovery process to allow customers a further opportunity to make contact to make a payment arrangement and avoid the need for court action and the additional costs that go with this.



Conclusions and Recommendations

- 44 A mail shot is being included with the council tax bills to give more information about the change, how to pay and what to do if struggling to pay. The key outcome is to encourage customers to make affordable arrangements even if this means allowing longer than normal to clear the arrears or meaning that payment arrangements stretch into the next financial year. Flexibility with regard to frequency of payments will result in customer service staff being able to accept weekly payments of less than £3.00 per week, which would then prevent the need for a summons to be issued.

Recommendation 7 – Additional flexibility to be given to frontline staff at Westgate and One Stop Centres to allow payment arrangements to be spread over a 12 month period irrespective of when the individual contacts.

- 45 In order to enable council tax to be collected by weekly deductions from DWP benefits, legislation requires the council to issue a summons and obtain the necessary liability order at magistrates' court. This process adds costs to the arrears owed. The Board has written to the Minister to asking that he looks again at this issue with a view to removing the requirement to obtain a liability order before initiating an attachment to benefits.
- 46 Until such time as this requirement is removed, the council will have no choice but to issue summonses and apply for liability orders.

Recommendation 8 – That Officers exercise discretion when considering pursuing recovery of costs from customers affected by the Council Tax Support changes and that it is accepted that collection rates for costs will reduce as a result.

- 47 One of the options for recovering unpaid Council Tax following a liability order is to refer the case to bailiffs for distraint of goods. This would normally only happen if other options such as attachment to earnings or attachment to benefits cannot be secured. However, the use of bailiffs adds further costs to the debt owed and it is felt unlikely that this would be an effective option for recovering Council Tax from people reliant on Council Tax Support.
- 48 In these instances, where there are no other realistic options, it is proposed that external debt recovery agents are used instead of bailiffs. External Debt Recovery Agents (EDRAs) do not add costs to the debt owed by the customers. Instead the council pays a commission based on the value of debt collected.

Recommendation 9 – That EDRAs are normally used instead of bailiffs where there are no other realistic recovery options for people reliant on Council Tax Support



Conclusions and Recommendations

The role of the Contact Centre and providing information to the customer

49 In February 2012 we recommended to the Executive that the 2012/13 budget provides funding for additional welfare/benefit advice throughout the City in anticipation of increased activity as a result of welfare changes. We argued that a lot of support will be needed to manage these changes for customers which could mean an increased staff resource is required and training required to re-skill staff regarding new legislation and processes.

50 It is extremely important that those frontline staff who find themselves advising customers on welfare matters are consistent in their advice and interpretation of the changes. We have received anecdotal evidence that this is not happening.

Recommendation 10 – That sufficient resources are provided to ensure the adequate training of those staff likely to be providing welfare advice in order for consistent and correct information to be given.

51 We also recommended in 2012 that a contingency budget is provided to respond to any 'spike' of activity at the Contact Centre. We anticipate that such a spike will occur in April 2013 and we note that additional resources are included in the budget proposals to be put before Council

Recommendation 11 – That a contingency budget is provided to respond to any 'spike' of activity at the Contact Centre.

Reclassifying Bedrooms

52 A consequence of the under occupancy charge is that some property types could suffer from higher vacancy rates and lower demand. We have identified those property types that we think face a high risk of falling into this category. The Board is aware that Officers are now considering the possibility of reclassifying some of them by reducing their bedroom number by one where there is a good reason by virtue of the layout or size of the property.

53 An example of a property type that is being looked at under this scheme is the five bedroom house where a room downstairs is designated as a bedroom. It can reasonably be argued that they are four bedroom houses with an additional room downstairs. 36% of this property type is currently under-occupied across the city and it has a 50% rate of under-occupation at the point of letting.

Recommendation 12 – That the Council further investigates the possibility of reclassifying properties where appropriate.



Conclusions and Recommendations

Future Tenancies

- 54 The Board is of the view that all future tenancy agreements should be clear in explaining to the tenancy holder the consequences of any change of circumstance may have on their rental obligations.
- 55 The lettings policy bedroom entitlement closely mirrors the calculation used by DWP, but the council does allow an additional room where there is a welfare need, for example, where there is medical evidence that a child is not able to share a bedroom. The council will continue to operate this policy, and support a claim for Discretionary Housing Payment to make up the shortfall in the rent.
- 56 We are advised that all new tenants will be advised that they are responsible for paying their rent, and could be affected by the Housing Benefit under occupation measure, regardless of whether they are currently under occupying or in receipt of housing benefit. Tenants who are not under occupying when they take up their tenancy may be affected at a later date, for example, when children grow up and leave home.
- 57 The ALMOs and BITMO have been advising new tenants of the housing benefit changes since summer 2012, when the final DWP regulations were published.

Recommendation 13 – That the Council and ALMOs and BITMO continue to inform and advise all tenants of the welfare reforms that might affect them in the future.

Recommendation 14 – That changes in the number of tenants affected by the under-occupancy is monitored and examined to provide assurance that the approach to managing under-occupancy is working. That monitoring reports are brought back to Scrutiny on a 6 monthly basis.



Desired Outcomes and Recommendation Summary

Desired Outcome – That the impact on people affected by under-occupancy rules is managed by taking steps to reduce existing levels of arrears

Recommendation 1 – That the ALMO/BITMO continue to ensure that the current debt of customers is at the lowest possible position as from April 2013

Desired Outcome – That the review of the policy of recovering HB overpayments by deduction from ongoing entitlement, delivers a revised policy that recognises the impact of under-occupancy and protects the general fund.

Recommendation 2 – That Revenues and Benefits and Environments and Neighbourhoods review the impact of the current policy on recovering HB overpayments by deductions from ongoing Housing Benefit and make further recommendations

Desired Outcome – That there is an arrears policy that properly reflects the situation caused by the under-occupancy rules and distinguishes between tenants who can't pay and tenants who won't pay.

Recommendation 3 – That the council completes the review of the arrears process to ensure customers are offered support when needed but will allow decisive swift action to be taken where there are customers who won't pay their rent

Desired Outcome – A more cost effective method of supporting tenants who need to move into smaller accommodation-occupancy rules

Recommendation 4 – That the Council promotes and facilitates Mutual Exchanges for tenants including those with arrears if this is the most suitable outcome

Desired Outcome – The change is intended to ensure that evictions happen only where there is agreement at a senior level within the council that it is the appropriate action to take

Recommendation 5 – That the council completes the review of the arrears process including enforcement action and evictions and considers whether additional measures/safeguards are warranted prior to executing a warrant.

Desired Outcome – Customers struggling to pay their Council Tax because their Council Tax Support has been reduced are given extra time to make an arrangement to pay before incurring recovery costs

Recommendation 6 – That an additional non-statutory reminder is added to the recovery process to allow customers a further opportunity to make contact to make a payment arrangement and avoid the need for court action and the additional costs that go with this



Desired Outcomes and Recommendation Summary

Desired Outcome – Reduces the number of customers with liability orders and ensures that full or partial payments of Council Tax are being made

Recommendation 7 – Additional flexibility to be given to frontline staff at Westgate and One Stop Centres to allow payment arrangements to be spread over a 12 month period irrespective of when the individual contacts

Desired Outcome – Recognises that costs can form a significant proportion of the debt owed by the customer and provides officers with the scope to be able to reduce or remove costs where appropriate

Recommendation 8 – Officers exercise discretion when considering pursuing recovery of costs from customers affected by the Council Tax Support changes and that it is accepted that collection rates for costs will reduce as a result

Desired Outcome – Recognises that bailiff action is unlikely to be effective and instead seeks approval to use External Debt Recovery Agents (EDRAs) with costs being picked up by the Council

Recommendation 9 – That EDRAs are normally used instead of bailiffs where there are no other realistic recovery options for people reliant on Council Tax Support

Desired Outcome – Customers receive good consistent advice no matter where they go within the council and key partners for advice

Recommendation 10 – That sufficient resources are provided to ensure the adequate training of those staff likely to be providing welfare advice in order for consistent and correct information to be given

Desired Outcome – That the contact centre is able to manage any unexpected increases in demand as a result of the welfare reforms

Recommendation 11 – That a contingency budget is provided to respond to any 'spike' of activity at the Contact Centre

Desired Outcome – That in certain circumstances it would be appropriate to reclassify properties to avoid tenants being affected by the under-occupancy rules

Recommendation 12 – That the Council further investigates the possibility of reclassifying properties where appropriate



Desired Outcomes and Recommendation Summary

Desired Outcome – That tenants are housed in appropriately sized properties and understand the changes that may result in them being affected by the under-occupancy rules.

Recommendation 13 – That the Council and ALMOs and BITMO continue to inform and advise all tenants of the welfare reforms that might affect them in the future

Desired Outcome – the monitoring is intended to provide assurance that the numbers of tenants affected by under-occupancy is being effectively managed

Recommendation 14 – That changes in the number of tenants affected by the under-occupancy is monitored and examined to provide assurance that the approach to managing under-occupancy is working. That monitoring reports are brought back to Scrutiny on a 6 monthly basis.



Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

- Report of Director of Resources to Scrutiny Board (Resources and Council Services) 19th November 2012 – Welfare Reform Preparations
- Report of Director of Resources and Deputy Chief Executive to Executive Board, 12th December 2012, Consultation outcomes on Local Council Tax Support Scheme
- Report of Director, Environment and Neighbourhoods to Executive Board 12th December 2012, Letting Policy Review 2012/13 – approval to commence consultation
- Report of Director, Environment and Neighbourhoods to Executive Board 12th December 2012, Tenancy Strategy for Leeds 2013 - 15
- Report of East North East Homes Leeds – Under occupation – ALMO initiatives and support provided to minimise the impact on our customers – January 2013
- Report of Director of Housing Services, East North East Homes Leeds on behalf of Leeds ALMOs/BITM – Social Sector Size Criteria Update on contacts/visits undertaken.
- Welfare reform Case Studies: Under Occupation & Council Tax Benefit – Area Manager East North East Homes Leeds – 10th January 2013
- Correspondence from 'Hands off our Homes' – Under- occupancy – Welfare Reform Act and Housing



Witnesses Heard

- **Councillor B Atha, Executive Lead for Welfare Reform**
- **Steven Carey, Chief Revenues and Benefits Officer**
- **Jill Wildman, Director of Housing Services**
- **Paul Broughton, Chief Customer Access Officer**
- **Dave Levitt, Corporate Debt Manager**
- **Simon Swift, Area Manager, East North East Homes**
- **Sarah Mortimer, Rent Account Manager**
- **Sue Fallowfield, Head of Finance and Accounts**
- **Pamela Parker, Area Housing Development Manager, Aire Valley Homes**
- **David Rickus, Income Operations Manager, Aire Valley Homes**
- **Mick Parker, Neighbourhood Performance Manager, West North West Homes**
- **David Tooley, Customer Accounts Team Leader, West North West Homes**
- **Wendy Allinson, Lead Officer Welfare Reforms**
- **Richard Ellis, Head of Finance – Environment and Neighbourhoods**

Dates of Scrutiny

Full Scrutiny Board 19th November 2012
Working Group – 13th December 2012
Working Group – 10th January 2013
Full Board – 18th February 2013



Appendix 1



Leeds
CITY COUNCIL

Councillor Pauleen Grahame
Chair, Scrutiny Board
(Resources and Council Services)
3rd Floor (East)
Civic Hall
LEEDS LS1 1UR

Rt. Hon. Iain Duncan-Smith
Secretary of State
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Your ref	
Our ref	PG/PM/KW
Date	21 February 2013

Dear Mr Duncan-Smith

Deductions from national benefits

You will be aware that Government funding for local Council Tax Support schemes that come into operation from April 2013 is less than the funding currently provided for the national Council tax Benefit scheme. The funding reduction in Leeds equates to £5.2m when compared to projected spend on Council Tax Benefit in 2012/13. This has left Councils with very difficult decisions to make at a time when funding for local services generally is reducing significantly.

Leeds has decided to put additional funding into the local Council Tax Support scheme to help protect vulnerable households. However, this will still mean that many households will have to contribute more than in previous years.

Many are likely to struggle to meet these extra costs and will fall into arrears with their Council tax. This is especially so where they are also affected by other welfare reforms such as the Social Sector Size Criteria changes and the Benefit Cap. As a result, Councils like Leeds will have little choice but to use the existing facility to apply to your Department for deductions to be made from national benefits to meet these arrears of Council Tax.

The current process for applying for deductions from national benefits requires Councils to secure a Liability Order from the Magistrates Court. This process is costly with the costs being passed onto the individual Council Tax payer, thereby increasing the amount they owe. There is likely to be a significant increase in the numbers of people on benefit where Councils will need to apply for Liability Orders to secure deductions from national benefits. The impact on the public purse and the individuals affected will be significant and there is the potential that the increased volume of cases could impact on the smooth running of the courts.

Much of the costs and inconvenience could be avoided if a different process was put in place for securing deductions from national benefits. I would be pleased, therefore, if you could





Appendix 1

consider amending the process required for Council Tax arrears so that it more closely reflects the current process in place for securing deductions from benefits because of rent arrears. In effect this would mean adopting a process that would see applications for deductions being made where the tax payer has arrears equivalent to 2 months' worth of missed Council Tax payments. Under this arrangement there would be no requirement to obtain a Liability Order from the courts. The advantages of amending the process in this way are:

- a) There would be less pressure on Magistrates Courts to accommodate large numbers of hearings for liability orders;
- b) The impact on individuals of non-payment would be less severe and more manageable with no additional costs to pay;
- c) Deductions from benefit would run for a shorter time if there were no costs added to the liability;
- d) The value of the weekly deductions would be more likely to clear the outstanding debt where there are no costs to recover and place the individual on a more even footing for the future;
- e) The approach would provide a more efficient, cost effective and sensitive way of dealing with people on low incomes who are struggling to meet their commitments for whatever reason; and
- f) An approach which reduced the level of debt owed by an individual and led to arrears being cleared would also help with the transition into work and support the Government's intention that people should always be better off in work.

I hope you are able to look favourably on this suggestion and I am more than happy for this council to work with your Department to provide further information and to help develop the approach further.

Yours sincerely

Councillor Pauleen Grahame
Chair, Scrutiny Board
(Resources and Council Services)



Appendix 2



BRIEFING NOTE TO: WELFARE REFORM STRATEGY BOARD

REPORT FROM: JILL WILDMAN, DIRECTOR OF HOUSING SERVICES, EAST NORTH EAST HOMES LEEDS ON BEHALF OF LEEDS ALMOS/BITMO

SUBJECT: SOCIAL SECTOR SIZE CRITERIA – UPDATE ON CONTACTS / VISITS UNDERTAKEN TO DATE AND PREPARATION

PRESENTED BY: JILL WILDMAN, DIRECTOR OF HOUSING SERVICES, EAST NORTH EAST HOMES LEEDS

DATE: 6 DECEMBER 2012

This Briefing Note is to update Members of the Welfare Reform Strategic Board as to the progress made to date by ALMOs/BITMO of undertaking a programme of visiting / contacting all those affected customers by Social Sector Size Criteria (SSSC) along with other work in progress in order to prepare for the changes ahead.

As from April 2013 the SSSC will potentially have a significant impact within Leeds for those customers on Housing Benefit that are of working age and that are living in a property that is too large for their needs. Those customers under occupying by one bedroom will have a shortfall in their Housing Benefit equivalent to 14% of their eligible rent, rising to 25% for under occupying by 2 or more bedrooms. An estimated 7000 Council tenants will be affected by the changes along with a further 1,300 Housing Association tenants.

Appendix A (Phase 1) outlines progress made until 30 November 2012 by the ALMOs / BITMO. The initial target date for ALMOs / BITMO to complete all the visits / contacts (based on the original extract of data July 2012) is December 2012. It should be noted that the amount of resources required / additional workload to achieve this deadline has been challenging. To summarise the outcomes from Appendix A as at 30 November 2012 are as follows:

- **Completed Contacts** - Almost 90% of all affected tenants have been contacted or attempted contact.
- **No response** - Tenants who have not responded to contacts have had a minimum of 3 different types of attempted contact by telephone, home visit and letter. This figure also includes tenants who have recently contacted us and arranged home visits over the coming weeks.



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- **Family Size Disputes** - Some of the tenants who disputed family size have been removed following the revised list supplied by LBS in October. The remaining tenants will be contacted to ensure they have supplied revised information or to confirm their under occupation.
- **Property Size Disputes** -There are still a significant number of cases identified as having a dispute over the number of bedrooms in the property, Some of these have already been agreed and arrangements made to formally change the recorded size. Work on the remainder will take place over the coming weeks to resolve these disputes or confirm under occupation.
- **Downsizing** - 815 tenants (18%) contacted so far wish to move to smaller properties of which 492 (60%) require 1bedroom properties. Further contact will be made with these tenants to ensure they are bidding correctly and promoting Mutual Exchanges.
- **Stay and Pay** - There are significant differences between ALMOs/BITMO on the number of tenants saying they will stay and pay with the vast majority being in ENEHL area. Some analysis will be required to understand these differences.
- **Seek Employment** - 25% of tenants have the desire to obtain employment and work will start with our partners to provide guidance on training and employment opportunities that are available.
- **Change Tenure** -Only a small number are looking to leave council housing for other tenures although the vast majority of these are in WNWHL area who may want to look into specific advice for these tenants.
- **Take in a Lodger** - Only a small number of tenants are seeking a lodger as a way of funding the additional charge however clear advice needs to be developed as some of these tenants may be financially better off paying the under occupation charge.
- **Foster Carers** Just over 1% of tenants have advised us they are foster carers and this will need to be evidenced for DHP purposes.
- **Access to Children** –Just under 3% of affected tenants have been identified as having access to children. This should be regarding as under reported as this question was not asked specifically in the early visits.
- **High Risk cases** -Tenants classified as High Risk refers to tenants who are unwilling to consider a move to downsize and have insufficient income to pay the rental charge based on current income and expenditure information provided. This figure also includes tenants who have refused to provide any income and expenditure information and currently have outstanding rent arrears. There are significant numbers in ENEHL who will be contacted again between January and April to provide further support to establish how they will be able to sustain their tenancies. Again there are large differences between ALMOs/BITMO and therefore some areas may be under reporting in this area.

During November a further extract of data has been taken (Phase 2) and this has highlighted approximately 1,300 of those tenants that were initially affected are no longer affected due to various reasons i.e. property disputes, resolved family disputes, change of circumstances etc and a further approximately 900 'new' tenants are now affected. Therefore, these cases will be included in further data and those customers will be contacted / visited by ALMO / BITMO teams between January and March 2013. A further extract of data (Phase 3) will again be



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taken by Revenues and Benefits during February 2013. Further discussions are on-going with colleagues from Revenues and Benefits as to the systems / processes that will need to be in place post April in order for the ALMOs / BITMO to be able to access the data (of those newly affected customers / those that have a change of circumstances therefore no longer affected by SSSC) on a weekly / monthly basis.

The implementation of the Social Sector Size Criteria presents the Council with a number of issues to consider / resolve in order to prevent financial hardship affecting tenants, the need to maximise rental income and also to make the best use of existing stock, a number of actions / issues are currently being considered with LCC and ALMOs / BITMO that need to be in place prior to the introduction of these reforms. For example, the redesignation of certain property types across the city i.e. 2 bedroom multi-storey blocks, 4 and 5 bedroom houses, to consider a review of Local Lettings Policies and rehousing children at height etc.

There are also a number of issues that have been highlighted that will be considered as part of the Lettings Policy Review. The Lettings Policy Review is to be presented at Executive Board on 12 December 2012 and consultation will commence in mid-December through to February 2013 and will then be implemented as from April 2013. The full report is available on the council's website.

The relevant issues outlined within the Lettings Policy Review that affect tenants by the Housing Benefit changes are:

- The majority of tenants therefore expressed a preference to, if possible, stay in their existing homes. An option for some tenants will be a Discretionary Housing Payment (DHP) to 'top-up' the rent shortfall. The budget for DHP is a fraction of the total rent shortfall resulting from the benefit changes. Specific groups of tenants will be prioritised for DHP including disabled tenants living in significantly adapted properties and approved foster carers. Other groups that may receive DHP include parents who have part time access to children, tenants approaching the state pension age, families expecting their first child and cases where vulnerable tenants with social care needs require an additional bedroom.
- Whilst the Council will endeavour to maximise the number of affected tenants who can stay in their existing home and can cover the rental charge, it is clear that finding alternative housing will be the most viable option for many tenants. The Council is committed to facilitating such moves in a sensitive, supportive and effective way.
- The biggest challenge the Council faces in this respect is the shortage of available homes for affected tenants to move to. 4,865 of the tenants affected by Welfare Reform have a 1 bedroom housing need. In comparison, the Council has let 1,501 non-sheltered 1 bedroom properties in the last three years. In theory, based on this information, it would therefore take over three years to re-house all tenants affected by SSSC with a one bedroom housing need; notwithstanding the need to re-house other applicants and issues such need/preference to be re-housed in specific areas.



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- The Council will seek to maximise transfers through the mutual exchange process whereby properties are swapped by a tenant who is overcrowded and the other who is under-occupying. Mutual exchange offers a quick and easy way to resolve overcrowding and under occupation, and allows moves to take place between Council and housing association tenants.
- The Council can also facilitate moves through appropriate priority awards for re-housing based on housing need under the current lettings policy, including downsizing moves which make best use of stock.
- The Council is also seeking to consult on ways to assist tenants affected by the changes, including ring fencing a proportion of smaller properties to give preference to under occupying tenants, and increasing the level of priority given to overcrowded tenants who are living in smaller Council and housing association properties. This would help free up smaller properties for under occupying tenants to downsize to.
- Given the number of tenants affected by SSSC, there is likely to be an increase in the number of households applying for rehousing and being awarded a priority on the housing register. An increase in the number of tenant transfers will result in increased void costs and lost rent during the void period.
- Where tenants need to move to a smaller property, the Council will ensure those with additional needs are supported with their move to ensure suitable alternative accommodation is identified.

As part of the visits / contacts ALMOs / BITMO have been providing on-going support for customers that are to be affected by discussing options that may be available, undertaking income and expenditure assessments, providing advice on re-housing options should those customers wish to move to smaller accommodating and providing more intensive support to those customers that will be affected and are already in rent arrears with varying degrees of rent arrears owing. (Based on approximately 7,000 tenants affected there is currently 26% of those customers in rent arrears at this present time).

As outlined previously for those customers within Phase 1 further visits / contacts will be undertaken and more intensive support offered during January – April 2013. These will include visits / contacts to those “high risk” customers (these customers have already advised ALMO / BITMO Officers that they do not want to move from their current home but will also not have the available income to pay their rental charge). Also Officers will be contacting those customers deemed as ‘vulnerable’ who may have support needs for various reasons. These further visits / contacts will include:

- 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 ,



Appendix 2

- 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 and other relevant support providers.
- Tenants who have stated they wish to move will be contacted to ensure they fully understand Choice Based Letting system and any Letting Policy issues that may affect them to ensure they are bidding most effectively to maximise their chances of being offered an alternative 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 bring interested tenants together to help identify other tenants they may consider swapping with. Options of how to access Housing Association properties will also be provided.
- Further general advice and information will be provided via newsletter articles and planned letters running up to April 2013.
- We will be working with other partners and voluntary groups to ensure they are fully prepared for direct approaches made to their organisations.

Based on the latest data extract (Appendix A) of those customers affected wishing to transfer (downsize) "mapping" of this data has commenced in order to establish future stock requirements – property types, preferred areas of choice etc. Once this data has been collected by each ALMO / BITMO this will be collated in order to outline a citywide position.

Work is on-going to harmonise rent arrears protocols between all ALMOs / BITMO along with work with colleagues in Council Tax to ensure we will be prepared to deal with the corporate debt jointly and effectively. Alongside this ALMOs / BITMO continue to promote direct debits as the preferred method of payment, however for those customers who do not want to pay by Direct Debit, rent payment cards will be required to be ordered.

ALMOs / BITMO are also involved with other various initiatives and campaigns currently being undertaken until the financial year end and then into 2013 i.e. Winter Warmth Campaign / Fuel Poverty Campaign (publicised in ALMO Newsletters in December 2012). Work continues in partnership with LCCU promoting affordable banking services and their other financial services. Each of the ALMOs / BITMO continue to develop partnership working with Jobs and Skills to encourage customers on benefits to undertake training to lead into work / education opportunities. Work is taking place on Digital Inclusion and joint initiatives are currently in progress with Area Management to develop financial capability skills for customers. Also a series of training seminars have been delivered / planned across the city by Officers from Area Management (LCC), ALMOs /BITMO and Revenues and Benefits to front line staff and supervisors from various local organisations and partners on the future Welfare Reform changes and what work is being done to prepare for these. Feedback from these sessions has been very positive with attendees feeling that the information was relevant and useful to them in their various roles and being better informed to advise and support customers.



Appendix 2

As well as attendance at the Welfare Reform Strategic Board and other associated sub groups and meetings, much work is in progress with Housing Partnerships, Revenues and Benefits, Customer Services, Registered Social Landlords, the Families First Team and many other partners along with officers attending other authorities / ALMOs and conferences / seminars sharing ideas and considering good practice. Appendix B is the revised cross ALMO / BITMO action plan (version 9) for further information.



Appendix 3

Welfare Reform Strategy Board - 6th December 2012

Briefing Note – Jill Wildman ENEHL – On behalf of Leeds ALMOS/BITMO

Social Sector Size Criteria - Update on Contacts/Visits Undertake to Date

	ENEHL	%	WNWHL	%	AVHL	%	BITMO	%	CITY	%
Original Number of tenants Affected	2775		2503		1665		238		7181	
Completed Visits	2333	84%			889	43%	163	68.5%		
Tenants no longer Affected per LBS list 26/10/12	477	17%	433	17%	350	21%	47	20%	1307	
Number already visited from LBS list of 26/10/12	267		121		141		11		540	
Revised Total	2298		2070		1315		191		5874	
Completed Visits / Contacts	2066	90%	1455	70%	889	67%	152	79.6%	4562	78%
No response to contacts	232	10%	2	0	426	32%	13	6.8%	673	11.5%
Family Size Dispute	183	9%	201	14%	73	8%	30	19.7%	487	10.7%
Property Size Dispute	96	4.6%	51	3.5%	56	6%	15	9.9%	218	5%
Transfer Requested * see below	318	15.4%	278	19%	178	20%	41	27%	815	18%
Cover Shortfall from Income / Benefits	1355	66%	368	25.3%	27	3%	121	79.6%	1871	41%
Seek Employment	576	28%	465	32%	79	8%	32	21.1%	1152	25%
Plan to move to other tenure	13	0.6%	150	10.3%	27	3%	3	2%	193	4%
Seek Lodger	93	4.5%	63	4.3%	35	4%	9	5.9%	200	4%
Foster Carers	12	0.6%	19	1.3%	27	3%	2	1.3%	60	1.3%
In adapted Properties	69	3%	117	8%	92	10%	26	17.1%.	304	6.7%
Access to Children or Applying	70	3%	20	1.4%	28	3%	3	2%	121	2.7%
Tenants considered High Risk	918	44%	55	3.8%	240	27%	NA		1213	27%
* Bedroom Requirements of those requesting a transfer										
1 Bedroom	171	53.7%	185	66.5%	118	68%	18	43.9%	492	60%
2 Bedrooms	113	35.5%	81	29%	52	30%	17	41.46%	263	32%
3 Bedrooms	28	8.8%	11	4%	2	1%	4	12.5%	45	5%
4 Bedrooms	6	2%	1	0.5%	6	0%	2	9.8%	15	2%
5 Bedrooms	0	0	0	0	0	0%	0	0	0	0

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



Appendix 4



New Case Study 1

Family details

Single person with two children aged 7 and 3 (male and female) in 3 bed house in Gipton. The weekly rent is £74.14.

Due to the property being under occupied by one bedroom the household will lose £10.38 per week in Housing Benefit.

Affect due to Council Tax Support Scheme

CTAX liability	Current CTB	To pay now	Award with 19% reduction	To pay under 19% reduction from April
£12.53	£12.53	-	£10.15	£2.38

The total loss to the household income will be £2.38 plus £10.38 = **£12.76**.

Income and Expenditure

Income Support	£30.75	Rent	£5.00
Tax Credits	£109.00	Gas	£20.00
Child Benefit	£33.00	Electricity	£20.00
		Housekeeping	£80.00
		TV rental/licence	£5.00
		Car insurance	£21.25
		Car tax	£4.16
		Other fuel	£30.00
		Clothing	£10.00
		Other (cigarettes)	£11.07
Total income	£172.75	Total Expenditure	£206.48
Net Income	-£33.73		

Case Summary

Due to being under occupied by one bedroom the household will lose £10.38 per week in Housing Benefit and £2.38 a week in Council Tax, totalling £12.76 per week.

The children will be entitled to a room each when the eldest reaches her 10th birthday as they are of the opposite sex. However this will not be until July 2015.



Appendix 4

The customer states she will not be able to pay the under occupancy charge and is looking to downsize to a two bed house, she is actively bidding for properties in Seacroft. The customer is also considering the cost of running a car as this would save £55.41 per week.

The average waiting time for re-housing into a two bedroom house in her area of choice is 35 weeks with band A priority.

If no payments are made, debt would be around £363.30 by time customer has obtained rehousing (35 weeks rent @ £10.38).

If we take through arrears process the customer may be potentially be evicted before being re-housed.

If the customer moved to the private sector the customer would get £122.75/week in Housing Benefit.

Direct Payments could be applied for at 4 weeks gross rent arrears i.e. £296.56. The customer would be 29 weeks in arrears. Direct Payment takes approx 6 weeks to come through and would be at £3.55 per week so arrears would continue to increase.

Options

Tenants affected by the Housing Benefit under occupation measure should be supported to remain in their property where it is sensible / possible. Advice and support should include:

- ensuring tenants are claiming all eligible benefits;
- reviewing and prioritising expenditure
- setting up payments by direct debit, budgeting and debt advice, referral to specialist debt support agencies;
- assistance and advice with establishing bank accounts for those who don't currently have bank accounts;
- supporting tenants into employment;
- identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
- referring vulnerable tenants for specialist support through Independent Living Teams; and
- advice on taking a lodger where appropriate
- Mutual exchange
- Band A priority and Direct Let can be awarded to downsize under the councils current lettings policy if the property can be easily re-let to another applicant who requires this sized property.

If the customer is unable to pay and is unwilling to consider a move they will be taken through the arrears process.



Appendix 4



New Case Study 2

Family details

Single person aged 59 in 3 bed house in Gipton. The weekly rent is £78.02.

Due to the property being under occupied by two bedrooms the household will lose £19.51 per week in Housing Benefit.

Affect due to Council Tax Support Scheme

CTAX liability	Current CTB	To pay now	Award with 19% reduction	To pay under 19% reduction from April
£12.53	£12.53	-	£10.15	£2.38

The total loss to the household income will be £2.38 plus £19.51 = **£21.89**.

Income and Expenditure

Job Seekers Allowance (contribution based)	£71.00	Water charges	£12.25
		Gas	£15.00
		Electricity	£15.00
		Housekeeping	£10.00
		TV rental/licence	£3.00
		Telephone	£9.75
		Other (cigarettes)	£7.00
Total income	£71.00	Total Expenditure	£72.00
Net Income	- £1.00		

Case Summary

The Customer does not want to move. Due to being under occupied by two bedrooms the household will lose £19.51 per week in Housing Benefit and £2.38 a week in Council Tax, totalling £21.89 per week.



Appendix 4

The tenant will be classed as under occupying until 6th May 2019 when he qualifies for pension credits.

The tenant has been recommended to switch to a water meter and cut back on BT services and cigarettes.

If the customer remains in the property and is unable to meet the weekly charge this case will be taken through the arrears process.

The average waiting time for re-housing into a one bedroom flat in the area is 31 weeks.

If moved to private sector customer would get £99.00/week in Housing Benefit.

Direct Payments could be applied for at 4 weeks gross rent arrears i.e. £312.08. The customer would be 16 weeks in arrears. DP takes approx 6 weeks to come through and would be at £3.55 per week so arrears would continue to increase.

Options

Tenants affected by the Housing Benefit under occupation measure should be supported to remain in their property where it is sensible / possible. Advice and support should include:

- ensuring tenants are claiming all eligible benefits;
- reviewing and prioritising expenditure
- setting up payments by direct debit, budgeting and debt advice, referral to specialist debt support agencies;
- assistance and advice with establishing bank accounts for those who don't currently have bank accounts;
- supporting tenants into employment;
- identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
- referring vulnerable tenants for specialist support through Independent Living Teams; and
- advice on taking a lodger where appropriate
- Mutual exchange
- Band A priority and Direct Let can be awarded to downsize under the councils current lettings policy if the property can be easily re-let to another applicant who requires this sized property.

If the customer is unable to pay and is unwilling to consider a move they will be taken through the arrears process.



Appendix 4

New Case Study 3

Family details

Single person aged 50 in a 4 bed house in Halton. The weekly rent is £76.97.

Due to the property being under occupied by three bedrooms the household will lose £19.24 per week in Housing Benefit.

Affect due to Council Tax Support Scheme

CTAX liability	Current CTB	To pay now	Award with 19% reduction	To pay under 19% reduction from April
£12.53	£12.53	-	£10.15	£2.38

The total loss to the household income will be £2.38 plus £19.24 = **£21.62**.

Income and Expenditure

Job Seekers Allowance (contribution based)	£71.00	Water charges	£7.00
		Gas	£6.50
		Electricity	£4.50
		Housekeeping	£30.00
		TV rental/licence	£3.50
		Other (cigarettes)	£10.00
Total income	£71.00	Total Expenditure	£61.50
Net Income	£9.50		

Case Summary

Due to being under occupied by three bedrooms the customer will lose £19.24 per week in Housing Benefit and £2.38 a week in Council Tax, totalling £21.62 per week.

The customer wants to move to a smaller property in the Halton Moor area. Customer suffers from Reynard's Disease and Emphysema.

An Additional Needs Investigation form has been completed as the tenant is unable to afford the property or heat it adequately. The tenant has also been referred to Leeds City Credit Union and the Independent Living Team to see if they are able to help as customer does not have any cooking facilities.

Tenant did try to move under the Under Occupiers Incentive Scheme in 2011 but was refused as there was insufficient demand for her type of property in the area where she lives.



Appendix 4

Average waiting time for re-housing into a one bedroom flat in the area is 31 weeks for band A priority.

If no payments are made, debt would be around £596.44 by time customer obtained rehousing (31 weeks rent @ £19.24).

If we take through arrears process the customer may be potentially be evicted before being re-housed.

If moved to private sector customer would get £99.00/week in Housing Benefit.

Direct Payments could be applied for at 4 weeks gross rent arrears i.e. £307.88. The customer would be 16 weeks in arrears. DP takes approx 6 weeks to come through and would be at £3.55 per week so arrears would continue to increase.

Options

Tenants affected by the Housing Benefit under occupation measure should be supported to remain in their property where it is sensible / possible. Advice and support should include:

- ensuring tenants are claiming all eligible benefits;
- reviewing and prioritising expenditure
- setting up payments by direct debit, budgeting and debt advice, referral to specialist debt support agencies;
- assistance and advice with establishing bank accounts for those who don't currently have bank accounts;
- supporting tenants into employment;
- identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
- referring vulnerable tenants for specialist support through Independent Living Teams; and
- advice on taking a lodger where appropriate
- Mutual exchange
- Band A priority and Direct Let can be awarded to downsize under the councils current lettings policy if the property can be easily re-let to another applicant who requires this sized property.

The customer will be provided with support via the Independent Living Team and an application will be made for a discretionary housing payment due to the customer's vulnerability.

If the customer is unable to pay and is unwilling to consider a move they will be taken through the arrears process.



Appendix 4

New Case Study 4

Family details

Couple with two children, 1 male and 1 female (twins) aged 9 in 3 bed house in Gipton. The weekly rent is £77.73. The children receive free school meals and school clothing vouchers.

Due to the family being under occupied by 1 bedroom the household will lose £10.88 per week in Housing Benefit.

Affect due to Council Tax Support Scheme

CTAX liability	Current CTB	To pay now	Award with 19% reduction	To pay under 19% reduction from April
£16.70	£16.70	-	£13.53	£3.17

The total loss to the household income will be £3.17 plus £10.88 = **£14.05**.

Income and Expenditure

Income IS	£112.55	Housekeeping	£130.00
Child Tax Credit	£115.09	Gas and Electricity	£40.00
Child Benefit	£33.70	Water	£10.00
		Phone	£7.00
		TV licence	£3.70
		Clothing	£15.00
		fuel	£20.00
		Car insurance & tax	£30.00
Total Income	£261.34	Total Expenditure	£255.70
Net Income	£5.64		

Case Summary

The children will be entitled to a room each when they reach their 10th birthday in December as they are of the opposite sex. Therefore the household will only be under occupied for 8 months. The family do not want to move as they are currently utilising all three bedrooms.

The family do not have enough disposable income to cover the rent and council tax charge. However they will need to consider selling their vehicle to meet the additional charge.

As the household will be under occupying for a limited period i.e. 8 months we will make a smaller arrangement and allow the arrears to build up for this period to enable the family to remain in the property.



Appendix 4

If no payments are made by December 2013 the debt would be around £402.56 (37 weeks rent @ £10.88) when the under occupation charge ends.

Direct Payment takes approx 6 weeks to come through and would be at £3.55 per week so arrears would continue to increase until December 2013 and would then reduce at the rate of £3.55 per week. The debt of over £400 would take just over two years to clear at £3.55 per week.

Direct Payments could be applied for at 4 weeks gross rent arrears i.e. £310.92. The customer would be 29 weeks in arrears.

If we take through arrears process the customer may be potentially evicted before their period of under occupancy ends.

If the family moved to the private sector the household would get £109.62/week in Housing Benefit.

Options

Tenants affected by the Housing Benefit under occupation measure should be supported to remain in their property where it is sensible / possible. Advice and support should include:

- ensuring tenants are claiming all eligible benefits;
- reviewing and prioritising expenditure
- setting up payments by direct debit, budgeting and debt advice, referral to specialist debt support agencies;
- assistance and advice with establishing bank accounts for those who don't currently have bank accounts;
- supporting tenants into employment;
- identifying tenants eligible for Discretionary Housing Payments and assisting in completing application forms;
- referring vulnerable tenants for specialist support through Independent Living Teams; and
- advice on taking a lodger where appropriate
- Mutual exchange
- Band A priority and Direct Let can be awarded to downsize under the councils current lettings policy if the property can be easily re-let to another applicant who requires this sized property.

As the household will be under occupying for a limited period i.e. 8 months we will make a smaller arrangement and allow a level of arrears to build up for this period to enable the family to remain in the property.

If the customer is unable to pay or unwilling to consider a move they will be taken through the arrears process.

Scrutiny Board (Resources and Council Services)
Inquiry into Welfare Reform
18th February 2013
Report author: Peter Marrington

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