

Report of Chief Officer Statutory Housing, Chief Officer Revenues and Benefits

Report to Scrutiny Board (Resources and Council Services)

Date: 10th May 2013

Subject: Response to the Recommendations arising from Scrutiny Inquiry on Welfare Reform

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 checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" 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

1. This report sets out Environment and Neighbourhoods and Revenues and Benefits responses to the recommendations arising from the Scrutiny Board Inquiry on Welfare Reform Benefit Changes.
2. The purpose of the review was to consider the implications of under-occupation and council tax changes on tenants.

Recommendations

1. To note the content of this report and the progress made to date.

1 Purpose of this report

- 1.1 This report sets out Environment and Neighbourhoods and Revenues and Benefits responses to the recommendations arising from the Scrutiny Board Inquiry on Welfare Reform Benefit Changes.

2 Background information

- 2.1 In April 2013 the Social Sector Size Criteria (SSSC) rules came into force which reduce Housing Benefit (HB) entitlement for working age tenants deemed to have more bedrooms than they need. Pension age tenants are not affected by this

change. Tenants under-occupying by 1-bedroom will have their HB worked out using a rent that is reduced by 14% for HB purposes only. Tenants under-occupying by 2-bedrooms or more will have their HB worked out using a rent that is reduced by 25% for HB purposes only. The Scrutiny Board Inquiry final report on Welfare Reform Benefit Changes was issued on 18 February 2013.

2.2 On 12 December 2012, Executive Board approved a local Council Tax Support Scheme to replace Council Tax Benefit. Under the scheme, working age recipients will see a 19% reduction in support.

2.3 In its review, Scrutiny Board considered the implications of under-occupation and council tax changes on tenants.

3 Main issues

3.1 The scope of the review included making recommendations on the following areas:

- How the Council responds to tenants who fall into financial arrears due to the changes;
- The consequences of the Council's approach to the management of financial arrears on other Council policies, for example Lettings Policy and Tenancy Strategy;
- The consequences of the Council's approach to the management of financial arrears on the potential rise in homelessness and the reduction on accommodation available for the most vulnerable;
- The consequences of the Council's approach to the management of financial arrears on the finances of the Council and the Housing Revenue Account; and
- Local measures to deal with the potential consequences of the reforms, such as the encouragement of sound financial management through information, advice and education.

3.2 Following its review of the Welfare Reform Benefit Changes, the Resources and Council Services Scrutiny Board published its final report and recommendations on 18 February 2013.

3.3 This report sets out Environment and Neighbourhoods and Resources responses to the recommendations arising from the Scrutiny Board Inquiry on Welfare Reform Benefit Changes.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 Where consultation processes have been undertaken with regard to responding to the Scrutiny Board's recommendations, details are referenced against the relevant recommendation within the table at Appendix 1.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Where consideration has been given to the impact on Equality, Diversity, Cohesion and Integration, this will be referenced against the relevant recommendation within the table at Appendix 1.

4.3 Council policies and City Priorities

- 4.3.1 There are no implications within this report for existing Council policies or City Priorities.

4.4 Resources and value for money

- 4.4.1 Details of any significant resource and financial implications linked to the Scrutiny Board Inquiry recommendations will be referenced against the relevant recommendation within the table at Appendix 1.

4.5 Legal Implications, Access to Information and Call In

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

4.6 Risk Management

- 4.6.1 There are no implications within this report for risk management.

5 Conclusions

- 5.1 Appendix 1 sets out Environment and Neighbourhoods and Revenues and Benefits responses to the recommendations arising from the Scrutiny Board Inquiry on Welfare Reform Benefit Changes.

6 Recommendations

- 6.1 To note the content of this report and the progress made to date.

7 Background documents¹

- 7.1 Scrutiny Inquiry Final Report – Welfare Reform. 18 February 2013.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

Appendix 1 – Environment and Neighbourhoods and Resources responses to the recommendations arising from the Scrutiny Board Enquiry on Welfare Reform Benefit Changes.

No	Recommendation of Scrutiny Board	Environment and Neighbourhoods Comments	
1	ALMOs/BITMO to ensure that the current debt of customers is at the lowest possible position as from April 2013	The citywide target for rent collection for the financial year 2012-2013 was 97.88%. The ALMOs/BITMO have exceeded this target and achieved a rent collection rate of 98.06%. During quarter 4 of 2012-13, the ALMOs/BITMO had a high profile year end campaign to maximise rent collection to ensure the debt for rent arrears was at its lowest possible position.	
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	Under the existing arrangements, Environment + Neighbourhoods (E+N) recover housing benefit overpayments on behalf of Leeds Revenues and Benefits (LRB) via on-going recovery (OGR) on the rent account. Officers in LRB and E+N are currently analysing the impact of this and will report on progress/make further recommendations.	
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.	Environment and Neighbourhoods have recently reviewed the rent arrears recovery procedures. A report is due to be presented to the Executive Board on 24 April 2013 outlining the measures developed to ensure that tenants affected by the welfare changes are appropriately informed of how the changes will affect them and are made aware of the options open to them. The changes do not impede the Council's ability to take decisive recovery action where tenants will not engage and fail to make any payments towards the arrears. The report seeks to strike an appropriate balance between helping people who are struggling to pay additional sums of money to the Council from a very low income and ensuring that rent is recovered to be used for the benefit of all tenants.	

4	That the Council promotes and facilitates Mutual Exchanges for tenants including those with arrears if this is the most suitable outcome.	The Council will seek to maximise moves through the mutual exchange process whereby properties are swapped by a tenant who is overcrowded and another who is under-occupying. Mutual exchanges offer a quick and simple way to resolve overcrowding and under-occupation and allow for moves to take place between Council and housing association tenants. The ALMOs and BITMO are currently promoting mutual exchange with all tenants affected by under-occupation as well as households known to be overcrowded. Swap shop events are planned for spring 2013 to provide a forum for tenants to meet up and find accommodation that meets their needs.	
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.	See comments under recommendation 3 for details of the review of the rent arrears recovery procedures. Prior to applying for a warrant, a senior officer within E+N reviews the case and carries out a risk assessment. This review could result in an intervention from Leeds Housing Options prior to processing the warrant. Officers in E+N, the ALMOs and BITMO have been developing important links and relationships with colleagues in Adult Social Care and Children's Services - if other directorates or agencies are involved with the household, the review might include a case conference with all relevant parties to discuss the way forward. This approach might result in signposting for additional support or a planned move to alternative accommodation.	
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.	Revenues have identified those chargepayers who would previously have received 100% benefit but have now received council tax demands to pay 19%. The recovery timetable and process is currently being amended to arrange for a further reminder to be issued to these cases, which will be in addition to the statutory requirements, and will encourage the chargepayer to contact to make an arrangement and avoid the issue of a summons and further costs being incurred.	
7	Additional flexibility to be given to frontline staff at Westgate and One Stop Centres to allow payment	Revenues have agreed additional guidelines to Westgate and One Stop Centres when making payment arrangements. The	

	arrangements to be spread over a 12 month period irrespective of when the individual contacts.	added flexibility will allow payment arrangements to be made beyond the end of the financial year and potentially to cover a 12 month period from the date the arrangement is made. These arrangements are not restricted just to tenants affected by the under-occupancy changes.	
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.	Currently officers already exercise discretion with regard to the collection of costs and it is expected this discretion will be applied more frequently regarding collection of these additional accounts. These arrangements are not restricted just to tenants affected by the under-occupancy changes	
	That EDRA's are normally used instead of bailiffs where there are no other realistic recovery options for people reliant on Council Tax Support	Revenues are currently reviewing the recovery process for collection of these debts post liability order. Part of this review will ensure that the default option where it is not possible to agree a payment arrangement or set up a deduction from DWP benefit will be a referral to an EDRA rather than involvement of bailiffs.	
10	That sufficient resource is 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.	In recognition of the significant impact of the welfare benefit changes, the ALMOs and BITMO have been granted additional resources for the financial year 2013-14. An additional 19 posts have been funded across the four organisations to provide targeted support for customers affected by the changes. The main purpose of these additional posts is to ensure tenants have access to information, understand how the changes will affect them and receive sound advice and on-going support to make decisions about their future. On-going training and regular staff briefings are planned to make sure frontline staff are providing consistent, correct and up to date information. A Welfare Reform advice guide has recently been developed and distributed to staff and politicians providing essential information on the full range of welfare changes. It also includes information on local organisations to help with signposting customers.	
11	That a contingency budget is provided to respond to	The Customer Access and Performance Directorate has	

	<p>any 'spike' of activity at the Contact Centre.</p>	<p>developed an action plan for the Contact and One Stop Centres to ensure there is sufficient staff resource at peak periods. It has been agreed that calls from LCC tenants relating to under-occupation will be transferred through to the ALMO/BITMO to deal with. This will allow the ALMOs/BITMO to ensure that tenants affected by under-occupation have all the information they need about how the changes affect them and what their options are. This will include:</p> <ul style="list-style-type: none"> • Ensuring all eligible benefits are being claimed; • Ascertaining income details and prioritising expenditure; • Identifying eligibility for DHP and supporting referral; • Supporting tenants to register a housing application; • Promoting mutual exchange; • Supporting tenants to set up a bank account or direct debit; • Budgeting and debt advice; and • Referring vulnerable tenants for specialist support through the Independent Living Teams, Adult Social Care or Children's Services <p>In addition to this, ALMO housing officers will be providing additional resources at One Stop Centres during anticipated peak periods during April and May 2013 to deal with enquiries.</p>	
12	<p>That the Council further investigates the possibility of reclassifying properties where appropriate</p>	<p>The Council is currently investigating the possibility and financial impact of reclassifying properties. In particular, the Council is looking at properties that are most likely to be under-occupied at the point of letting or where the layout suggests reclassification would be appropriate:</p> <ul style="list-style-type: none"> • 398 three bedroom low rise flats to two bedroom; • 341 five bedroom houses with a downstairs bedroom to four bedroom houses; and • 126 two bedroom multi story flats to one bedroom where the second bedroom is accessed through the living room. <p>Before making a decision, the Council needs to fully analyse and understand the short, medium and long term financial implications</p>	

		of reclassifying some properties.	
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	The ALMOs and BITMO receive regular data on the identity of tenants affected by under-occupation. They are continuing to contact all affected tenants including those that are newly affected to explain how the changes will affect them and what options are available to them. Furthermore, at tenancy sign up, all tenants are made aware of the welfare changes and how they could affect them in the future should their circumstances change.	
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.	<p>The Council recognises the significant impact of the welfare reform benefit changes on the tenants and residents of Leeds. Over the past year, officers from E+N and the ALMOs/BITMO have actively participated in a number of groups set up to respond to welfare reform benefit changes, to ensure that those affected are aware of the changes and that the most vulnerable customers are supported.</p> <p>The ALMOs/BITMO are continuing to contact and visit all tenants affected by under-occupation and monitor the impact. Through the existing Performance and Assurance Framework between E+N and the ALMOs/BITMO, the effects of the changes will be regularly monitored and reported through a suite of Key Performance Indicators (KPIs). Existing KPIs cover rent collection, arrears levels and number of evictions. Officers have introduced a number of new KPIs for 2013-14 to monitor the impact of under-occupation including the following:</p> <ul style="list-style-type: none"> • Number of DHP applications and awards • Value of DHP awards • Number of mutual exchanges • Number of transfers through CBL • Number of referrals to Independent Living Teams • Number of households on Leeds Homes Register • Housing demand – number of bids by property • Average time to rehouse by bedroom size • Monitor termination reason including ‘can’t afford’ <p>These will be monitored on a regular basis (some monthly and</p>	

		<p>some quarterly) to help manage and mitigate the impact on tenants and residents as well as the sustainability of the Housing Revenue Account.</p> <p>Revenues and Benefits will provide monthly statistics on the number of cases affected by under-occupancy, and the number of new cases each month.</p>	
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