

Committee(s):	Date(s):
Housing Management & Almshouses Sub Committee	27 November 2013
Subject: Welfare Benefits Update	Public
Report of: Director of Community & Children's Services	For Information
Summary	
<p>This report presents an update on national changes to the welfare benefits system. It outlines the measures being taken to support our residents through these changes, and what the impact has been to date.</p> <p>Measures taken so far include identifying every household affected and allocating a specific officer to work on each case, as well as an extensive programme of information and advice work.</p> <p>The report shows that 80 households have been affected by the Bedroom Cap. Of these, 17 are no longer affected, partly as a result of support from the Housing Service.</p> <p>The report also advises Members on measures currently being taken to help tenants affected by the Bedroom Cap avoid eviction and under what circumstances we would be prepared to take steps to evict.</p> <p>Recommendation</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the report. 	

Main Report

Background

1. In 2010, the government announced a programme of changes to reform the welfare benefits system. Chief amongst these were:
 - Reductions in housing benefit to households considered to be occupying accommodation with more bedrooms than needed – known as the Bedroom Cap;
 - An overall cap on total benefits payable to a household, limiting these to £500 per week for couples and lone parents and £350 per week for single adults – known as the Benefits Cap;
 - The introduction of a new benefit, Universal Credit, designed to replace housing benefit, income support and other types of payment. This will not be introduced in the City of London until 2014 at the earliest.

2. The lead role in co-ordinating the City's response to these changes was taken by the Housing Service. A number of briefing sessions have been held for staff, a working group was set up, incorporating officers not only from the City but from the City Advice service run by Toynbee Hall, and an action plan developed.
3. We are now some months into the start of the changes, and are in a position to update Members on what actions have been taken to support residents and what the impacts have been so far.

Actions taken to date

4. An extensive communications campaign has taken place to make residents aware of the changes. Articles have been published in 'Your Homes', leaflets distributed to all households and a regular newsletter introduced. We have adopted the slogan "Pay your rent to keep your home" to make sure people understand how serious the impact of the changes can be. This is now being used on all publications.
5. Officers have identified all the households in the City and on our housing estates affected by the Bedroom Cap and Benefits Cap. Each household has been allocated to a named officer who is responsible for making contact with the household and engaging them in discussions about the changes and how they will deal with them. Contact is made by letter, telephone and visit, and strenuous attempts are made to establish a dialogue with the tenants.
6. We have increased staffing resources to help as many of our tenants as possible retain their homes. We have appointed an additional Income Recovery Officer to work on preventing rent arrears and are about to appoint an additional Tenancy Support Officer to work with our most vulnerable tenants.
7. Tenants wishing to move to a smaller property in order to avoid financial loss under the Bedroom Cap are prioritised under our Allocations policy. Where such a transfer is organised by us, a shift allowance is payable to the tenant to assist with the costs of the move.
8. Staff have been given briefing sessions on the benefit changes and provided with information to help them support residents. As Estate Officers have carried our routine home visits or met with residents on other matters, they are taking the opportunity to discuss the changes and raise awareness.
9. We have worked very closely with the City Advice service. City Advice staff and our own benefits Team have run surgeries and advice sessions on our estates. Take up has been high.
10. The City has been allocated a grant of £36,373 in 2013/14 to provide Discretionary Housing Payments (DHPs). These can be given to help people on Housing Benefit who have a shortfall between their Housing Benefit and their rent. We have put in place new procedures for assessing and allocating DHPs. Since April, we have had 57 requests for DHPs. 43 were successful, and the

others were turned down because they had sufficient income to meet the shortfall in their rent. So far, we have awarded £24,247 in DHPs.

11. We have also entered into a partnership with the London Borough of Lambeth, who are administering crisis payments on our behalf under the Emergency Support Scheme

Impact to date – Bedroom cap

12. The Bedroom Cap was introduced in April 2013. It is estimated that more than 600,000 social housing tenants are affected nationally by this change, which will require them to either move home or pay an average of £14 extra per week to pay for spare rooms in their homes. In a study by the professional journal 'Inside Housing', ten social landlords reported that 53% of their tenants affected by the Bedroom Cap are now in rent arrears, compared to 35% in March 2013. It is reported that many of these households have never been behind with their rent before. [Inside Housing, 21/06/13].
13. A total of 80 households in the City or on our housing estates have been affected by this cap.
14. So far, 17 households have been supported and are no longer affected:
 - 5 have been rehoused into smaller properties
 - 5 have taken in lodgers or had additional family members move in so are no longer under-occupying;
 - 2 have moved away to housing elsewhere in the country;
 - 1 has reached pension age and the cap no longer applies;
 - 1 has had a child reach the age where they qualify for an extra bedroom;
 - 1 has started work and is no longer claiming Housing Benefit
 - 1 now needs an overnight carer, so it permitted an extra bedroom;
 - 1 withdrew their Housing Benefit claim.
15. We continue to work with the remaining 63 households. Most of these are currently proposing to remain in their homes and cope with the reduced benefit. However, we are already seeing an increase in rent arrears amongst these households. A sample taken in week 17 of the financial year showed that arrears in the households affected had risen by an average of £54 per property. Clearly, this is a worrying trend, and one we are monitoring closely.
16. DHPs have been used so far to help 21 households affected by the Bedroom Cap. The support can help households on a temporary basis. This is particularly useful for a transition period, for example, until a smaller property can be found for them or where a child is close to the age where they are entitled to their own room and the family is no longer affected by the Bedroom Cap. Payments have been reviewed in October and further attempts made to help households find more permanent solutions like moving to a smaller property.

Impact to date – Benefits Cap

17. The Benefits Cap was introduced for City of London tenants and residents on 15 July 2013.
18. Only 8 households have been identified as being affected and we have offered support to these households to help them cope.

Universal Credit

19. The next challenge facing us will be the introduction of Universal Credit in October 2014. Universal Credit will be a single monthly payment to each household which will replace:
 - Jobseekers Allowance
 - Employment Support Allowance
 - Income Support
 - Child Tax Credit
 - Working Tax Credit
 - Housing Benefit
20. It will be personalised according to every household's circumstances and is designed to make sure that households are better off in work than unemployed. It will not affect people of pension age.
21. Unlike Housing Benefit, which is paid direct to the landlord to pay rent, Universal Credit will be paid direct to the claimant, who will be responsible for managing all their household costs, including rent, themselves.
22. Whilst many households will be capable of dealing with this, there will be others who struggle and, in the face of competing demands for their money, may prioritise the most immediate pressures and not their rent. Pilots running in six local authority areas have found a significant increase in rent arrears, and this will have a serious impact on the business plans of social landlords.
23. The government has now changed its policy so that if a tenant has the equivalent of one month's rent arrears, the decision to pay Universal Credit directly to them will be reviewed, and if the arrears reach the equivalent of two months' rent, the payment of housing related support will automatically revert to the landlord. This is welcome news, but direct payments will still pose many challenges for landlords.
24. To prepare for the introduction of Universal Credit, officers are planning a number of measures. These include:
 - organising debt counselling and money-management training for front-line staff so that they can assist tenants with advice and information;
 - reviewing arrangements for the collection of rent, making sure that as many people as possible pay by direct debit and considering other means of payment;

- promoting the changes to residents to help them prepare.
25. We are also exploring work with a number of partners, including Trading Standards, Toynbee Hall, RBS and the Big Issue to develop a package of financial inclusion measures to support residents. We will update Members on these plans as we move forward.

Evictions as a result of Bedroom Cap

26. A number of local authorities have announced that they will not evict tenants for rental arrears incurred as a result of the Bedroom Cap. The City does not currently have a specific policy on this matter.
27. Over the next few months, officers will be developing a Rents Policy and this will be brought to Members for agreement early in 2014, to be implemented from 1 April. This policy will cover a range of rent and tenancy related issues, including arrears and evictions.
28. In the meantime, we are working with residents and doing everything we can to engage with them and help them to either move home or find a way of making up the shortfall in benefits – perhaps through finding employment or taking in a lodger. We are also using Discretionary Housing Payments to support them whilst they find a solution to their problem. By working with tenants in this way, we seek to prevent them falling into serious arrears and therefore to avoid having to seek the permission of the courts to evict.
29. We would not at this time propose the adoption of a blanket ‘no eviction’ policy for people affected by the Bedroom Cap as it would allow some tenants to simply ignore the changes and to accrue major arrears without consequence. This would be extremely unfair on those tenants who have taken action and moved to smaller properties, taken in lodgers, increased their earnings or found another solution.
30. Should tenants fall into serious arrears before our new Rents Policy is in place, we would consider each case individually. However, generally, we would expect only to consider seeking permission to evict if the tenants have been offered alternative accommodation suitable for their needs and have refused it without reasonable grounds. If no suitable accommodation is available but they are willing to move, we would expect to offer Discretionary Housing Payments to cover the shortfall until we have a property available.
31. The Rents Policy will provide for a long-term protocol for dealing with households affected by benefit reform, and will also look at other households in adverse circumstances outside their control, but the current practice allows us to deal sensitively but fairly with households affected at present.
32. Because we are able to offer Discretionary Housing Payments at present, there is no financial risk to the City of this practice. In the longer term, a financial impact assessment will need to be carried out as part of the development of the Rents Policy.

Consultees

The Chamberlain, Comptroller and Town Clerk have been consulted in the development of this report.

Appendices

None

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