

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS

1.	Meeting	Cabinet Member for Safe and Attractive Neighbourhoods
2.	Date	20th May 2013
3.	Title	Welfare Reform
4.	Directorate	Neighbourhoods and Adult Services

5. Summary

The Welfare Reform Act 2012 introduced a range of changes that will have a significant impact on people's lives, on rental income to RMBC, and on Rotherham's wider economy. Extensive work has been carried out by teams across the Council to prepare for the changes, and detailed reports have been provided to Rotherham Partnership and Cabinet. The purpose of this report is to summarise the key areas of work being undertaken by the Housing and Neighbourhoods Service, and seek Cabinet Member feedback on a number of additional proposals. The ideas and measures, which will require further work, are focused on supporting council tenants who are affected by the Social Housing size criteria ('bedroom tax') and Universal Credit.

The report seeks authorisation to approve £200K of HRA resources to support Council tenants who are affected by the change and protect rental income to the HRA.

6. Recommendations

- **Note the actions being taken to tackle the effects of Welfare Reform**
- **Agree to allocate £150K Housing Revenue Account funding for additional advice and support**
- **Agree Draft Downsizing Policy**
- **Agree to allocate £50K Housing Revenue Account funding to help people to downsize**
- **Agree that Discretionary Housing Payments should be monitored closely to identify whether further Housing Revenue Account support is necessary**
- **Agree to receive a further report regarding joint working with Children and Young People Services to deliver early intervention to families affected by Welfare Reform**

7. Proposals and details

7.1 Introduction

The Welfare Reform Act 2012 introduced a range of changes that will have a significant impact on people's lives, on rental income to RMBC, and on Rotherham's wider economy. Extensive work has been carried out by teams across the Council to prepare for the changes, and detailed reports have been provided to Rotherham Partnership and Cabinet. The purpose of this report is to summarise the key areas of work being undertaken by the Housing and Neighbourhoods Service, and seek DLT / Cabinet Member feedback on a number of additional proposals. The measures are focused on tackling the two main changes that affect council tenants:

Social housing size criteria or 'bedroom tax' (implemented April 2013): Tenants who under-occupy their home by one bedroom face a 14% reduction in housing benefit, whilst those under-occupying by two bedrooms or more face a 25% reduction. This will affect 4,384 households in Rotherham, of whom approximately 3,600 are council tenants.

Universal Credit: This will replace housing benefit for new out of work claimants from October 2013 and will be fully phased in for all housing benefit claimants by 2017/8. The new welfare payment combines a number of key means tested benefits (Income Support, income based JSA, ESA, Child Tax Credit and Working Tax Credit and housing benefit), and will be paid to households in a single monthly payment, which will be accessed online ('digital by default'). Elderly and some vulnerable people, however, will continue to have their housing benefit paid direct to their landlord, although longer term it is expected that vulnerable people will have the necessary means to receive benefits directly.

(The maximum total out of work benefits will be capped at £500 per week for couples and £350 for single adults. This will affect 136 households in Rotherham, of whom 92 are Council tenants (27 will lose all of their housing benefit), and it is recommended that this group should be supported via Discretionary Housing Payments).

7.2 Communication of changes

Every opportunity has been taken to communicate the changes to council tenants, including: Rotherham Show, 'It's Your Move' pack for new tenants, talking to schools and parent groups, Tenant Conference, training for front line housing staff, Member development sessions and briefings for Members, Area Assemblies, Area Housing Panels, RotherFed, benefits roadshow etc. A high quality set of leaflets was produced by the Partnership team and extensive information is available on the Council's website.

7.3 Advice and support

We have built on our existing work via the Deprived Communities and Troubled Families agendas, and engaged in a range of new activities with other teams, to

provide advice and support to tenants who will be affected by welfare reform. Key areas are summarised below.

Money advice: Reducing expenditure e.g. energy bills, water meters, loan consolidation; increasing income e.g. benefits maximisation, ensuring savings are gaining the best interest, consideration of taking in lodgers to assist with rent etc. We are able to provide comprehensive support via the website, telephone and referrals to partner agencies, but ideally we should be carrying out more face to face interactions. Please see 7.4.

Ensuring rent payments are made: All new tenants will be required to set up a direct debit (see separate report on changes to the Allocations Policy), and existing tenants will be encouraged to set up direct debits or a rent direct account with the Credit Union. This will help to prevent tenants from falling into arrears

Supporting people into employment: It is important that in addition to short and medium term support, we try to identify sustainable solutions to help people into training and employment. We will link with other services more effectively, and would like to reinstate Employment Solutions Officers or a similar alternative.

7.4 Additional HRA resources required to provide advice and support

(a) £70K to provide a comprehensive money advice service for one year for Council tenants. The preferred option is to fund two Money Advice Officers (band G - £56K total) plus a budget of £14K for publicity and various activities. If the posts are retained in-house as part of Housing Services, the Money Advice Service would be more responsive and be reactive to supporting Council tenants in financial difficulties which would ultimately reduce the potential for rent arrears and prevent evictions. The two Money Advice Officers would be equipped with mobile scanners (£100 each), and be trained Housing Benefit verifiers which enables them to verify and scan proof of income details in tenants homes. This will expedite the Council tenant's Housing Benefit claims. Alternatively we could outsource the service to existing specialist debt advice provision, however the risks are that these advice services are already stretched, which could create delays for tenants seeking an appointment for debt advice. If approved, a more detailed discussion will be required regarding which groups of tenants will be targeted and how they will be reached. There may be potential to obtain some Community First match-funding for this service.

(b) £35K to undertake targeted support via surgeries for Council tenants, to cover key ICT skills such as online transactions and claiming benefits (which is important as Universal Credit will be digital by default), and provide more general basic IT skills that may help people to access employment. This amount could be match-funded by Adult Services Commissioning Team and we could potentially train 800 tenants in year one. A detailed proposal and brief is being developed separately, and it is envisaged that this will initially be delivered as a pilot, targeting deprived communities, to be rolled out boroughwide if clear outcomes are being achieved.

(c) £28K to provide employment / training advice from the Property Shop and to undertake home visits for one year. The preferred option is to employ an Employment Solutions Officer (band G). This will help to prevent homelessness and support tenants back into employment or training, and we know it can be successful as we have previously employed two officers, who achieved the following outcomes in a 12 month period:

- 469 customers were supported
- 85 were supported back into employment, 22 to education/training, 6 volunteering
- 180 customers were assisted with job searches
- 232 CVs were completed
- 5 Mortgage Rescue cases

Alternatively to arrange for Prospects (National Career Service) to provide a dedicated officer to be based at the Property Shop. We could also explore options for organisations such as Wiseability and Action for Employment to hold regular surgeries, to allow all key services to be accessible and joined up with housing and homelessness advice.

(d) £17K to encourage and incentivise tenants set up bank or Credit Union accounts. Based on figures provided by Laser Credit Union, the cost per tenant to set up a rent direct account would be approximately £20, which would include setting up the account (£2), the minimum deposit to open the account (£1), a debit card (£5) and one year's worth of transaction fees (£12). This would encourage 850 council tenants to set up accounts which would enhance rent collection rates. Due to the volume of transactions the cost of the fees could be negotiated. However, other providers may offer similar products and a procurement exercise would possibly be required to enable a full analysis.

7.5 Downsizing Policy

Moving house is a daunting experience for most tenants, particularly those who are vulnerable. We have operated a successful downsizing scheme for some time but the emphasis has been upon supporting older people to move from family size houses to smaller flats or bungalows. A Downsizing Officer is in post to oversee the process and support is made available with respect to advice, packing, and actual physical help with removals where required, at an approximate cost to RMBC of £200 per move.

With the introduction of bedroom tax we anticipate a much larger volume of people needing to move to smaller accommodation.

Through this report we are seeking approval of the following:

- Draft downsizing policy - please see appendix A (some elements will need to be explored in more detail)
- Budget of £50K to provide practical support to people who need to move to a home with fewer bedrooms, where we have evidence that people are unable to afford the move otherwise

Space saving equipment

The social sector size rules require children under the age of 16 to share a bedroom. This could lead to problems for some families i.e. lack of privacy / quiet space to complete homework, tensions between siblings that could run over potentially leading to complaints from neighbours about noise. This will be an additional pressure for families, at an already stressful time i.e. having just moved house. The Council may be able to help by providing practical advice re. maximising the use of space (bedroom layout, bunk beds, good storage solutions, de-cluttering). We may also be able to provide financial support to a small number of households facing particularly difficult circumstances, e.g. where the age gap is extreme. This could include paying for space saving equipment / storage furniture, or partition walls / screens where appropriate. It is envisaged that there may be high take up of these products which will be resourced from the £50K downsizing support budget outlined above. We will explore opportunities to link up with the Supporting People funded handyperson scheme provided by Yorkshire Housing.

7.6 Discretionary Housing Payments and HRA support

The Council has a budget of £437K to make Discretionary Housing Payments (DHP) to provide short-term assistance to people in financial hardship as a result of welfare reform. The Department of Works and Pensions (DWP) has issued guidance which sets out a wide range of ways in which the budget can be used, and Cabinet received a report on 20th April that set out how we should follow the DWP guidance. The budget is intended to support private rented sector tenants (affected by changes to the Local Housing Allowance) as well as housing association and Council tenants, and may not be sufficient.

The Council is permitted to spend more than £437K if the difference is met from its own funds, but no more than two and a half times the budget, i.e. the upper limit is £1.09m. Normally councils would be expected to pay for additional DHP from the General Fund, but some have opted to use the HRA.

This report proposes that the DHP budget is monitored closely, to enable us to allocate, if necessary, additional HRA resources. Should this be required, a further report will be prepared for DLT and Cabinet Member.

The DWP guidance should of course be adhered to in determining whether or not DHP should be awarded, but the guidance is very broad and it would be useful to agree a list of circumstances in which we would want to consider payments. Accurate and transparent records will need to be kept as RMBC's provision of DHP is likely to be scrutinised. This will also assist us with forecasting expenditure and future budget requirements.

A list of circumstances has been drafted and is included as appendix B. It includes cases where the bedroom tax currently applies but will cease to apply within a relatively short period of time, for example people approaching pension credit age,

pregnant women and families with children who are almost 16 years old. The list is not exhaustive, but will help us to understand the scenarios in which we would want to help people through the DHP scheme, in cases where people do not have sufficient income to cover the shortfall in rent.

7.7 Joint work on early intervention with families

We are exploring options to establish a service to help families with multiple problems who cannot pay their rent, and who may be facing eviction. We would work with Children and Young Peoples Services to jointly tackle the underlying causes rather than just the culminating debt. This may require a HRA funding contribution, and once options have been fully explored a separate report will be provided to DLT.

7.8 Advice on taking in lodgers

Some tenants who are under-occupying their home may consider taking in a lodger to help meet the shortfall in rent. There are advantages and disadvantages of this option, for both the tenant and the Council, and we are producing guidance notes for staff and tenants.

7.9 Review

A thorough review will be required of progress against all of the new initiatives and ongoing activities summarised in this report. This will be produced in February / March 2014, and it will clearly set out outcomes and outputs, take account of further impacts of welfare reform, and make recommendations for further funding provision in 2014/15.

8. Finance

This report requests £200K HRA resources. Additional HRA support may be requested to fund the joint early intervention work with families, and this will be the subject of a further report to DLT.

DLT has already approved the appointment of two FTE rent recovery officers and a tenancy support officer. It should be noted that as collectable income increases, more Income Officers are likely to be required.

9. Risks and uncertainties

Risks associated with welfare reform and therefore with failure to provide an effective response:

- Increasing poverty
- Increasing gap between most and least deprived areas
- Loss of rental income to the HRA
- Drop in performance on certain indicators including income collection and void repair costs / relet times
- Increasing homelessness due to evictions

- Increasing personal debt as some tenants may resort to high interest and illegal lenders, possibly leading to increasing crime levels
- Increasing costs to the NHS as a result of stress and anxiety which can be caused by debt and threat of eviction and homelessness

We have implemented a number of measures to mitigate against these risks, and approval of the additional resources requested in this report will allow us to do more to tackle the effects of welfare reform.

Risks associated with approving proposals within this report:

(a) More people will want to downsize to a smaller home as a result of the bedroom tax, and we may not have sufficient one and two bedroom homes. We will address these changing needs via our local authority new housing programme, Section 106 contributions and through strategic acquisitions. We will also encourage people to consider moving into the private rented sector where this would offer them the best solution.

(b) It may be argued that we should not use HRA resources to support those affected by welfare reform (less than a quarter of tenants will be affected) and some tenants may be resistant. However we should clarify during consultation that the package of support we are offering is intended to protect income to the HRA as well as to support individuals facing financial hardship – if we do not provide the support required arrears will rise and the cost of collection, evictions, dealing with resultant homelessness etc will detract from other services to tenants. We should also explain that many of the measures we intend to support via the HRA will benefit a wider group of tenants than just those affected by the bedroom tax, for example money advice, employment solutions service etc.

(c) Risk of overspending on Discretionary Housing Payments. This will be closely monitored throughout the year and reported back to DLT and Cabinet Member.

10. Policy and performance agenda implications

Welfare reform has implications across a range of policy areas:

- Child poverty
- Prevention and early intervention
- Troubled Families initiative
- Deprived communities agenda
- Supporting vulnerable people

The relevant sections of Rotherham's Housing Strategy 2013-16 are:

- Commitment 1: We will deliver Council housing that meets people's needs (including the provision of more one and two bedroom homes)
- Commitment 6: We will help people to access the support they need (particularly those in financial hardship)

- Commitment 7: We will help people in Rotherham's most disadvantaged communities

Rotherham's Health and Wellbeing Strategy has a key strategic outcome on tackling poverty.

11. Background papers and consultation

Background papers

- "Making it fit: a guide for preparing for the social sector size criteria" (CIH, June 2012)
- Report on welfare reform to LSP Board 29th March 2012
- Report on welfare reform to Cabinet on 4th July 2012
- Rotherham Partnership welfare reform and benefit changes impact assessment
- NAS Welfare Reform Act Transition Plan
- DLT report on welfare reform and increasing rent collection resources, March 2013
- Report on Discretionary Housing Payments to Cabinet on 10th April 2013
- DWP guidance on Discretionary Housing Payments, April 2013

Appendices

- Appendix A: Draft Downsizing Policy
- Appendix B: Draft list of circumstances to be considered for DHP

Consultation

- As detailed in the report (see 7.2), extensive consultation and communication has been carried out with Rotherham residents, Elected Members, RMBC staff and partner agencies, and colleagues in various teams have been consulted on this report.

12. Contact name

Jane Davies-Haire, Housing Reform Co-ordinator
Jane.davies-haire@rotherham.gov.uk
01709 334970 / 07500102498

Appendix A – Draft Downsizing Policy

People may wish to downsize for the following reasons:

- (1) Because they are affected by the bedroom tax
- (2) Because they need to move from a house to a ground floor flat or bungalow

The Allocation Policy

We will continue to award the highest possible status (Priority Plus / Emergency) for reason 2 and this will extend to housing association secure tenants.

Council and RSL tenants who are affected by the bedroom tax (reason 1) will also be awarded Emergency status via our revised Allocations Policy to move to a property with fewer bedrooms. This is regardless of the type of property or how many bedrooms their current property has – the policy applies in all cases where the new home will have at least one less bedroom than the present home.

This policy will apply to existing secure council and housing association tenants who are under occupying their home.

Council tenants (only) who have rent arrears will not be prevented from moving, but a signed agreement will be made to transfer the arrears to their new property.

Where there have been other tenancy breaches that would usually prevent a transfer from taking place, every effort will be taken to address these as swiftly as possible.

It will be mandatory for Council tenants to sign a Direct Debit Form to pay their rent (where applicable) before and after the move.

Council Tax Support

Following the changes to Council Tax (CT) legislation within the Welfare Reform Bill the liability for Council tax payment has changed for tenants who are moving into a new home.

Regardless of whether a new tenant is on CT support, if they have not moved into the property they are liable for 75% of the charge for the property for every day that the property remains unoccupied.

To solve the problem of the increase in CT liability the tenancy start date will be forward dated to the following Monday after the viewing, or to the Monday when the next available gas uncap appointment is available.

The termination date for the property they are moving from will end on the same day. This means that no rent allowances will be issued.

The Downsizing Officer

The Job Title will change to the Under Occupying Officer and will continue to provide support to older Council Tenants who need to move for reason 2, in the form of assistance with packing, removal, reconnection of utilities etc.

The Under Occupancy Officer will also assist with applications from Council tenants to downsize, and appropriate referrals will be made to a range of money advice services. They will have an open and honest discussion with affected tenants which will involve explaining and discussing all the available options including:

- Making up the shortfall from benefit or other income
- Transferring to a smaller property within Council stock or with another social landlord
- Swapping homes via a HOMESWAPPER as a mutual exchange may provide a quicker route to a smaller home
- Moving to a smaller home in the private rented sector

Tenancy checks will be carried out on each transfer application as soon as possible so that issues can be identified and addressed as early as possible to prevent delays.

We will consider providing practical support (up to a monetary value of £250 per household) to help people to move (existing Council tenants only), where it is clear that they could otherwise not afford the costs.

We can consider making a Discretionary Housing Payment to cover rent deposits and rent in advance.

Furnished Homes

Tenants who have a furniture package who under-occupy their home will receive a reduction on the whole rental charge. For example; the weekly rent is £75 and the furniture charge £25, a two bedrooms reduction of 25% equates to £25 weekly charge. Council tenants living in Furnished Homes who are affected by bedroom tax and struggling to meet the shortfall will be offered the following options:

- Reduce the number of furniture items, this will reduce the charge to a lower band level, items will need to be removed from the property if this option is chosen to lower the charge.
- If a customer wants to leave the scheme altogether the service will arrange for an inventory to be carried out and for the furniture to be returned, this will deem the tenancy unfurnished and an amended tenancy form will need to be completed to change the tenancy status to “un-furnished”.
- If a customer still requires furniture then they may be able to purchase items from our second hand furniture service, so not to leave them without items they need.

Note: If the customer has had carpets for less than two years then the weekly charge for carpets will remain regardless of circumstances until the two years has passed, this is due to not being able to re-use carpets within the service.

Appendix B: Discretionary Housing Payments for Council Tenants who are Under- Occupying

As per the DWP guidance, we should allocate DHP in order to contribute to the following objectives:

- Alleviating poverty
- Encouraging and sustaining people in employment
- Tenancy sustainment and homelessness prevention
- Safeguarding residents in their own homes
- Helping those who are trying to help themselves
- Keeping families together
- Supporting domestic violence victims who are trying to move to a place of safety
- Supporting the vulnerable or the elderly in the local community
- Helping customers through personal and difficult events
- Supporting young people in the transition to adult life, or
- Promoting good educational outcomes for children and young people

Each application will be assessed on its own merits, and where people have sufficient disposable income to meet the shortfall in rent they will not receive DHP.

Discretionary Housing Payments to be considered to meet the shortfall in the Spare room subsidy in the following scenarios (not exhaustive)

- Foster carers with more than one spare bedroom
- People in highly adapted properties
- Disabled people who require an additional bedroom
- Disabled tenants using a smaller bedroom to store equipment relating to their disability
- People who have registered for downsizing and are making every reasonable effort to find a suitable smaller property but none is available
- People for whom the bedroom tax applies now, but will cease to apply within 12 months e.g. people approaching pensionable age, pregnant women, and households with a child who will soon reach 16 years of age and therefore qualify for an extra bedroom
- People who will approach pension credit age within three years, and are currently living in a two bedroom bungalow
- Care leavers who have been moved into a larger property than they require.
- People who are experiencing domestic violence and are unable to move into a smaller home
- People with a diagnosed terminal illness with spare bedrooms