

Tenant Services Management Board

Welfare Reform 2015-16 end of year report

Report of – Michaela Mullen Welfare Reform Project Officer

Summary

This report covers the third year since the introduction of the Welfare Reform Act 2012 and its effects on Taunton Deane Borough Council Housing Service tenants.

The main points of the report are as follows:

- Summary of the Welfare Reform 2012 legislation
- Work of the Welfare Reform Project Officer
- Universal Credit Update

1.0 Introduction

On the 1st April 2013 the Welfare Reform Act 2012 became law, it brought in the following main points:

- Under Occupancy Penalty (Bedroom Tax)
- Benefit Cap
- Non Dependant Deductions
- Universal Credit

The welfare reforms have reduced the level of benefit that applicants can get if they have a spare bedroom in their council home. The changes only apply to housing benefit claimants of working age, and are referred to as the 'Under Occupancy Penalty' or more commonly the 'bedroom tax'.

The reduction is a fixed percentage of the eligible rent. The reduction is 14% for one spare bedroom and 25% for two or more spare bedrooms.

Another element of the Welfare Reform Legislation was the introduction of the Benefit cap which limited the amount of benefits that people could claim:

- Single people £350 a week
- Couples or lone parents £500 a week

The criteria for non-dependent deductions have also been adjusted for social housing tenants to bring this in line with the private rented sector. Tenants who have family members over 18 years living at home who are not in education or work. But are claiming benefit will lose approx. £13.00 per week

Disability Living Allowance has been replaced by the Personal Independence Payment which uses more robust medical assessment criteria, in an attempt to get more people into work.

Council Tax Benefit is now called Council Tax Support and all working age residents now have to contribute to their council tax payments. This is a direct result of the government localising council tax schemes.

Universal Credit the new single monthly payment for people who are looking for work or on a low income. (See para 3.0)

2.0 Information

2.1 Welfare Reform Project Officer

The welfare reform project officer continues to offer support and assistance to tenants affected by the Welfare Reform Act 2012. They include the following:

- Providing tenants with the appropriate advice and support
- Ensure tenants are claiming all benefits they are entitled to
- Helping tenants to improve their money management skills with Citizens Advice
- Help tenants resolve any debt problems they may have working with partner agencies
- Promote the use of bank accounts in preparation of the introduction of Universal Credit
- Promote paying of bills by direct debit
- Help improve tenant access to low cost credit and opportunities for saving
- Working with the Digital Inclusion Project officer to enable tenant access to the internet
- Assist tenants in moving to more affordable accommodation which better meets their household needs
- Review the rent recovery protocol and procedures
- Provide and support staff with training about the Welfare Reform Act

- Continue to promote close working relationships with partner agencies i.e. DWP, Citizens Advice
- Continue to visit tenants to complete DHP applications.

The visits the WRPO make which can take up to one hour to complete can include the following:

- Explains about the changes which have affected the tenants
- Completes financial statements to support applications for DHP's
- Sign posts tenants to support agencies in relation to any debt issues
- Explains about the Transfer Removal Grant process
- Explains about the Mutual Exchange process
- Offers help and support to tenants

2.2 Tenants Affected by Under Occupancy Penalty

In April 2015 there were 346 tenants affected by the Under Occupancy Penalty (Bedroom Tax) compared to 385 in April 2014. (see chart 1 in Appendix A) At the start of April 2015 there were 192 affected tenants in rent arrears compared to 187 in April 2014 (see chart 2 in Appendix A).

The average number of tenants affected in 2015/16 was 332 per month against 428 in 2014/15.

2.3 Overall rent arrears

In April 2016 total rent arrears were £392,342.79 compared to £382,583.18 in April 2015. Of this in April 2015, £44,874.09 pertained to tenants affected by the Under Occupancy Penalty, whereas in April 2016 this had reduced to £36,784.46.

In April 2015 the rent arrears for tenants affected by the Under Occupancy Penalty was £231.75, the amount has varied between £231.75 and £204.05 over the twelve month period with an average monthly figure of £222, compared to an average monthly figure of £219.36 in 2014/15. (For month on month comparison, see chart 3 in Appendix A)

2.4 Discretionary Housing payments (DHP)

The DHP budget in 2015/16 was £117,000 during the year 107 TDBC tenants were awarded £44,322. The difference can be attributed to other housing providers taking a more proactive approach when applying for DHP's and tenants moving to more suitable accommodation that meets their housing need.

The DHP budget for 2016/17 is £150,894

The positive impact that the DHP's awarded to TDBC tenants should not be underestimated. Many more households would have fallen into rent arrears had the DHP not been available which could have resulted in a greater number of households having their tenancy at risk than was the case. Additionally arrears recovery performance would have been negatively affected with the possible result that year end recovery targets may not have been achieved with the resulting negative impact on the HRA business plan.

3.0 Universal Credit

Universal Credit (UC) is the new single monthly payment for people who are looking for work or on a low income and will replace:

- Income-based Jobseeker's Allowance.
- Income-related Employment and Support Allowance.
- Income Support.
- Child Tax Credits.
- Working Tax Credits.
- Housing Benefit.

Universal Credit should not be seen as a re-working of the current welfare system, it is an entirely new benefit:

- Most people will apply online and manage their claim through an online account.
- Universal Credit will be responsive – as people on low incomes move in and out of work, they'll get ongoing support, giving people more incentive to work for any period of time that is available.
- Most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours.
- Claimants will receive just 1 monthly payment, paid into a bank account in the same way as a monthly salary.
- Support with housing costs will go direct to the claimant as part of their monthly payment.

Universal credit will only affect working age people (18-60yrs and 6 mths); they will be paid a monthly payment direct into a bank account this amount will include their housing element.

There is a provision for housing providers to apply for the housing element of UC to be paid to them direct at the start of the claim, if it can be proved the tenant falls into one or more of a number of vulnerability categories (set by the DWP). Also if a tenant has rent arrears of 8 weeks or more the housing provider can apply to the DWP to have the housing element of the universal credit payment paid direct to them.

Taunton Deane Borough Council Housing Services

The DWP predicted in 2015/16 that there could be up to 1108 UC claims made from residents in Taunton Deane. In fact there have been 448 UC claims up to the end of February 2016, 37 of which are TDBC tenants

Universal Credit was introduced across Taunton Deane on the 20th April 2015. It will initially only affected single people aged between 18 and 60 years and 6 months who are making a new claim as these would have traditionally gone onto Job Seekers Allowance.

TDBC have set up a UC project team with staff from Revenue and Benefits and Housing Services led by Mark Antonelli the Principal Benefits Officer. They are working closely with the DWP and local partner agencies to ensure that claimants are supported throughout the Universal Credit application process.

In October 2016 Universal Credit in Taunton Deane will change from just single working age people to include all working age residents making new claims or having a change in their circumstances.

4.0 Conclusion

It is clear that the greatest impacts have so far been felt by the tenants who are directly affected by the Under Occupancy Penalty. Housing services has coped well with the challenges by re-allocating staff and working more closely with partners both in the public and voluntary sector. It would seem that the significant investment made in supporting tenants has helped to mitigate the worst of the impacts of the changes.

Results from the direct payment pilot sites across the country endorse this approach in helping tenants maintain their tenancies.

The housing service has been working with tenants and partner agencies to counter the impact of welfare reform changes including Universal Credit on its rental income and will continue to monitor and review it throughout the year.

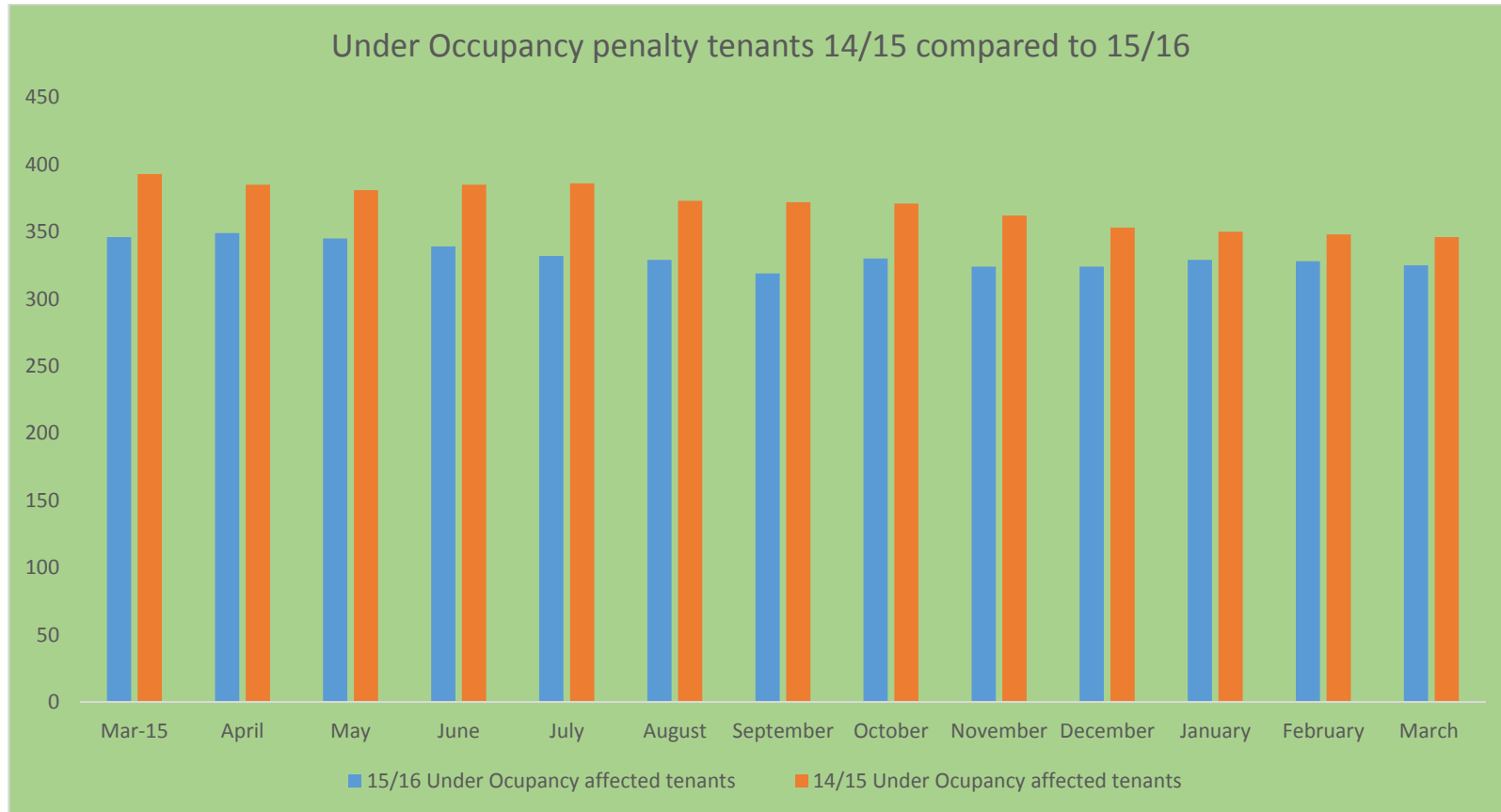


Chart 1

Taunton Deane Borough Council Housing Services

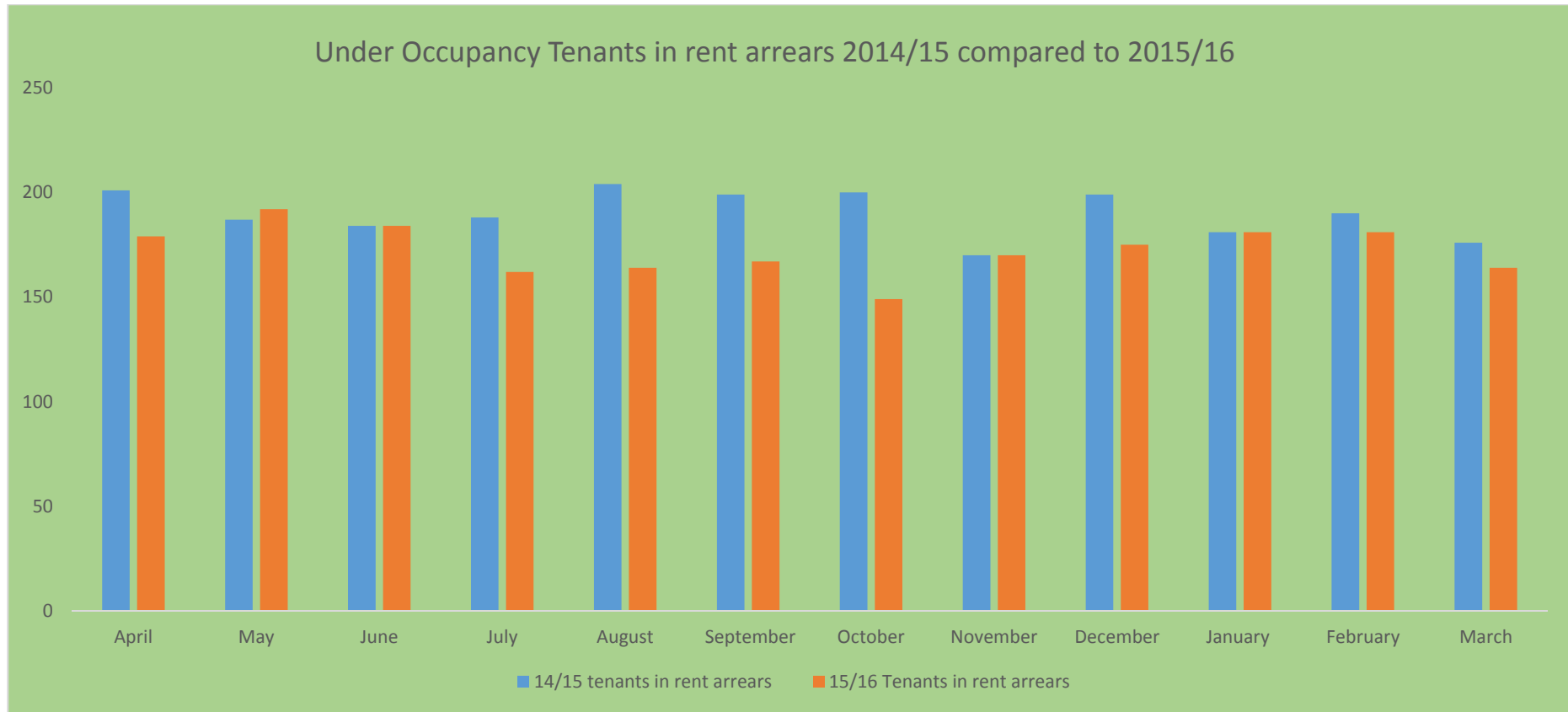


Chart 2

Taunton Deane Borough Council Housing Services

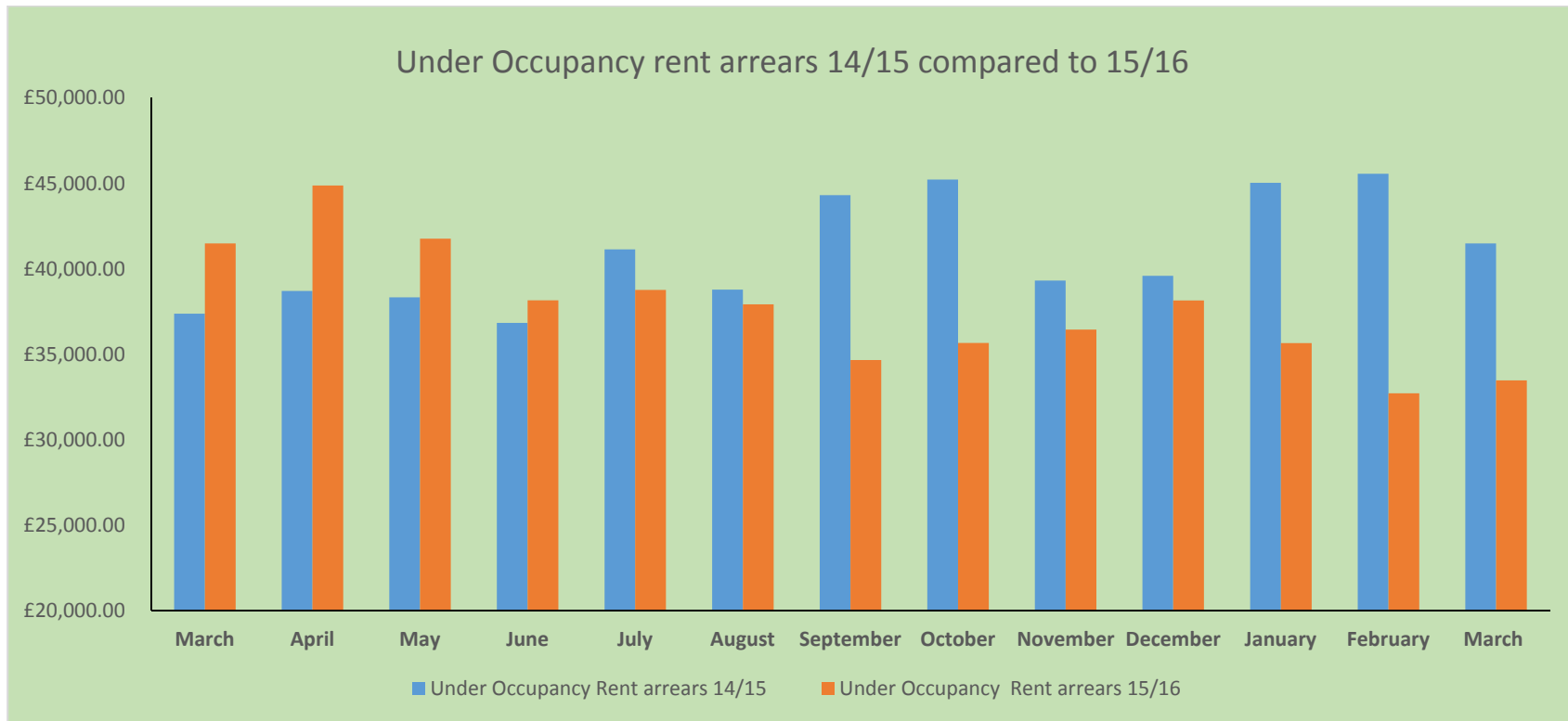


Chart 3