

Tenant Services Management Board – 23rd June 2015

Welfare Reform 2014/15 End of Year Report

Report of – Michaela Mullen Welfare Reform Project Officer & Steven Clarke Tenant Services Development Officer

(This matter is the responsibility of Executive Councillor Terry Beale)

Executive Summary

This report covers the second 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
- Digital Inclusion Project update
- 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 receive 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. £14.55 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Disability Living Allowance has been replaced by the Personal Independence Payment which uses more robust medical assessment criteria, in an attempt to get more people into work.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 2014 there were 385 tenants affected by the Under Occupancy (Bedroom Tax) compared to 477 in April 2013. At the introduction of the under occupancy penalty in April 2013 there were already 100 tenants in rent arrears for a number of reasons. i.e. non dependant deductions, shortfall in housing benefit, non-payment of rent.

At the start of April 2014 there were 201 affected tenants in rent arrears. (See Chart 1 & 2 in Appendix A) The average number of tenants affected in 2013/14 was 428 per month against 385 in 2014/15.

2.3 Overall rent arrears

In April 2015 total rent arrears were £344,242.82 compared to £382,583.18 in April 2014 (See Chart 3 in Appendix A). Of this in April 2014, £38,704.25 pertained to tenants affected by the under occupancy penalty, whereas in April 2015 this had risen to £44,874.09.

From an initial sharp increase over the first quarter in 2013 the trend has tended to level out over the twelve month period with an average monthly change in 2013/14 of £922.17 and in 2014/15 of £1,370.61. With an increase of £1597.15 on the total rent arrears figure in 14/15 compared to 13/14. (See Chart 4 in Appendix A)

2.4 Discretionary Housing payments (DHP)

In 2013/14 the Revenue & Benefits Department were allocated a DHP budget of £135,000 from central government. Due to the proactive approach of the housing staff in assisting with applications and supporting vulnerable households, 122 TDBC tenants were awarded a total of £52,896.52 in DHP payments.

The DHP budget in 2014/15 was £132,000 during the year 118 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 2015/16 is £117,000.

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.

2.5 Eviction

From information received from the Area Community Managers, In 2014/15 County Court action has been taken against 21 households who have been affected by the under occupancy penalty and 2 households who have been evicted.

2.6 Digital Inclusion

Following a survey of our tenants in 2013 it showed that 56% of tenants did not have access to the internet. To support and assist our tenants with both digital and financial inclusion. Housing Services have installed kiosks to enable tenants to get online in the following places:

- The Deane House
- Priorswood Resource Centre
- Wellington Community Office
- Newton Road Meeting Hall
- Moorland Place Meeting Hall
- Heathfield Drive Meeting hall
- Darby Way Meeting Hall
- Middleway Meeting Hall
- Creedwell Orchard Meeting Hall

Each kiosk will enable tenants to access the following Websites:

- TDBC
- SCC
- DWP
- NHS Direct
- Somerset Savings and Loan
- Somerset Advice Network
- CAB
- uSwitch
- Job Centre Plus
- Universal Jobsearch
- My worksearch
- Home finder
- Home Swapper
- The Money Advice Service
- Google

See chart 5 in Appendix A for usage of the kiosks

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 in 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 at the start of the tenants 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 falls into rent arrears after 8 weeks the housing provider can apply to the

DWP to have the housing element of the universal credit payment paid direct to them.

The DWP predict in 2015/16 that there could be up to 1108 UC claims made from residents in Taunton Deane. The Revenue and Benefits team have been allocated money for 2015/16 from the DWP to provide support and assistance to claimants of UC in relation to money management.

Universal Credit was introduced across Taunton Deane on the 20th April 2015. It will initially only affect 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.

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.

Information from the direct payment pilot sites across the country has shown there was an initial reduction in rent collection to on average 89%. But over the period of the pilots the rent collection has gone back up to on average 96%. As tenants and providers become used to the new way of how benefits are being paid and have adjust rent payments and collection accordingly.

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.

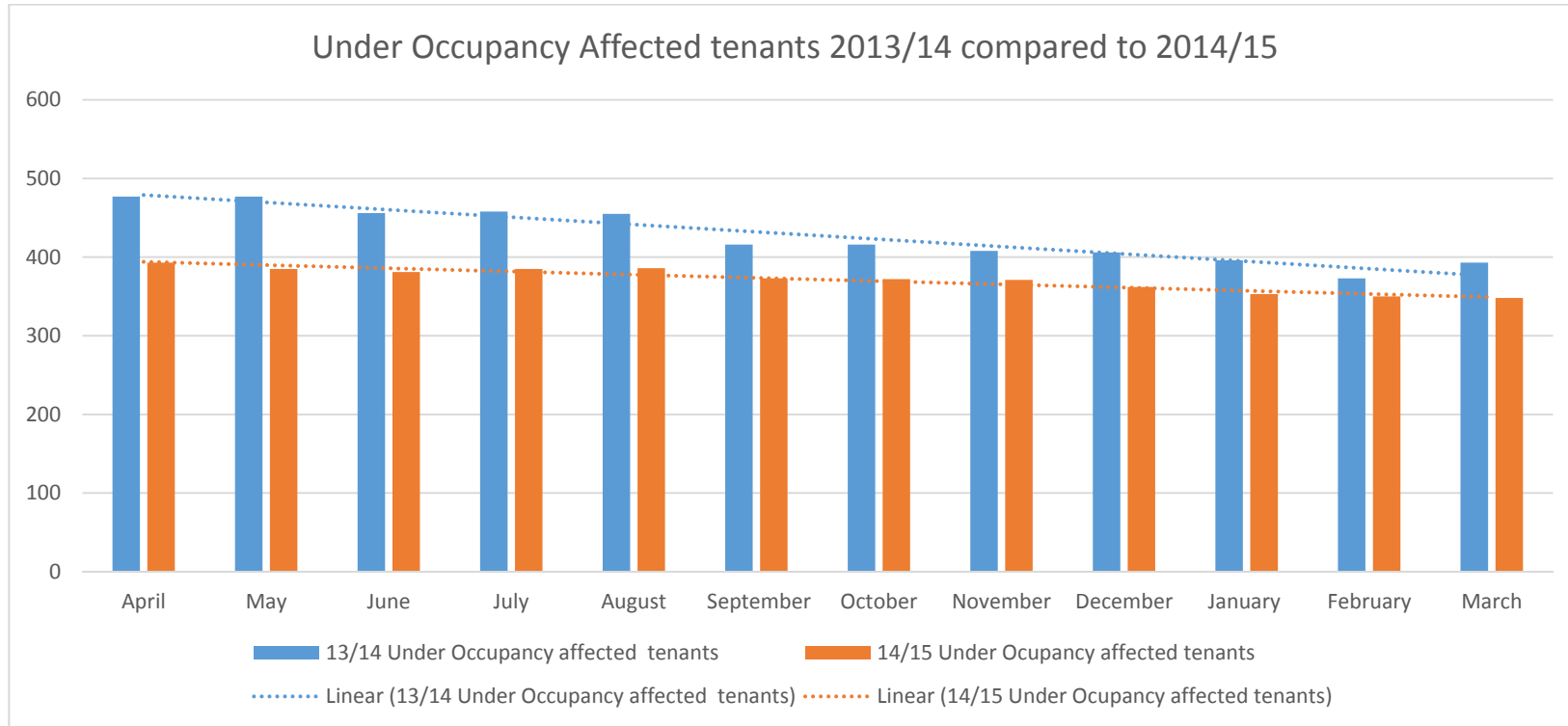


Chart 1

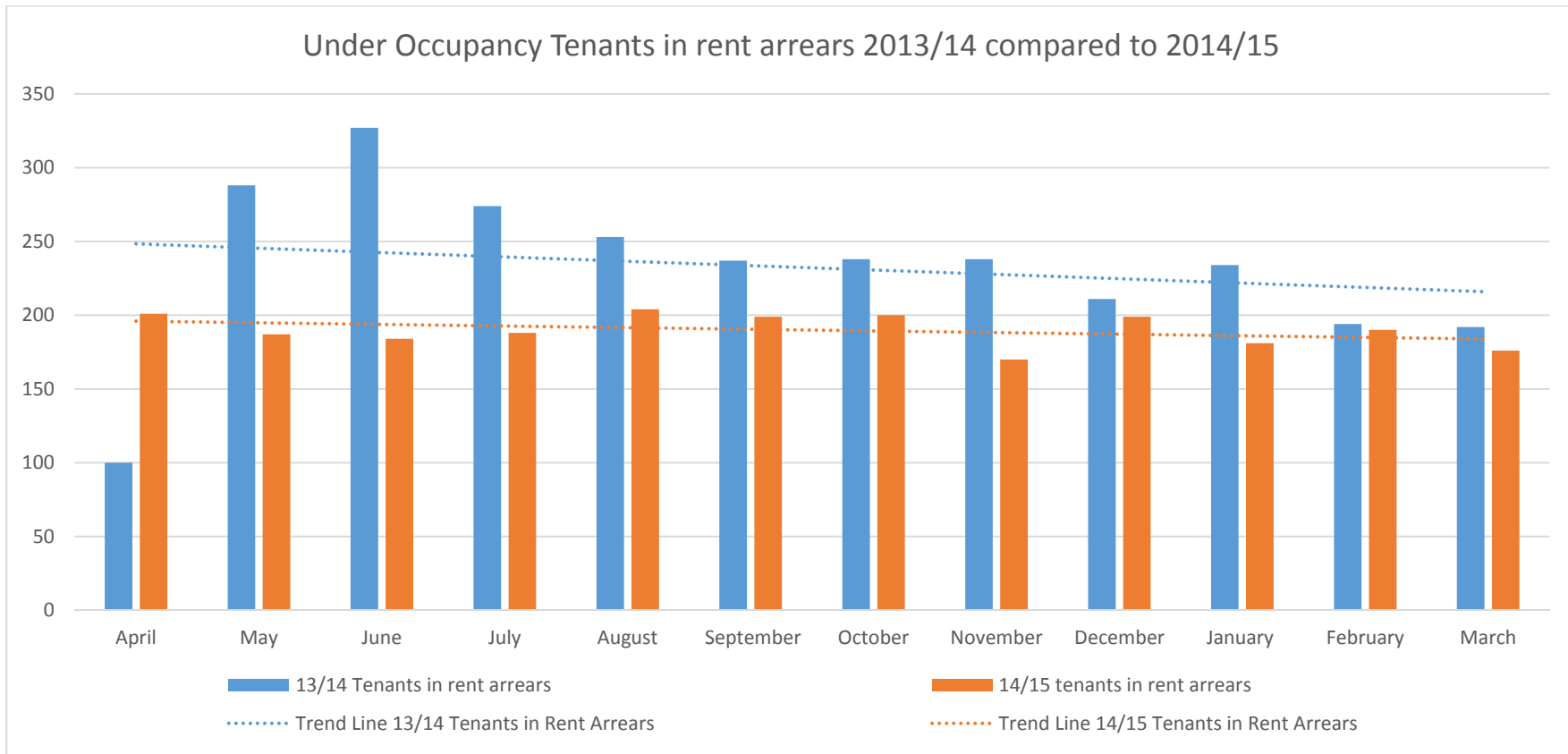


Chart 2

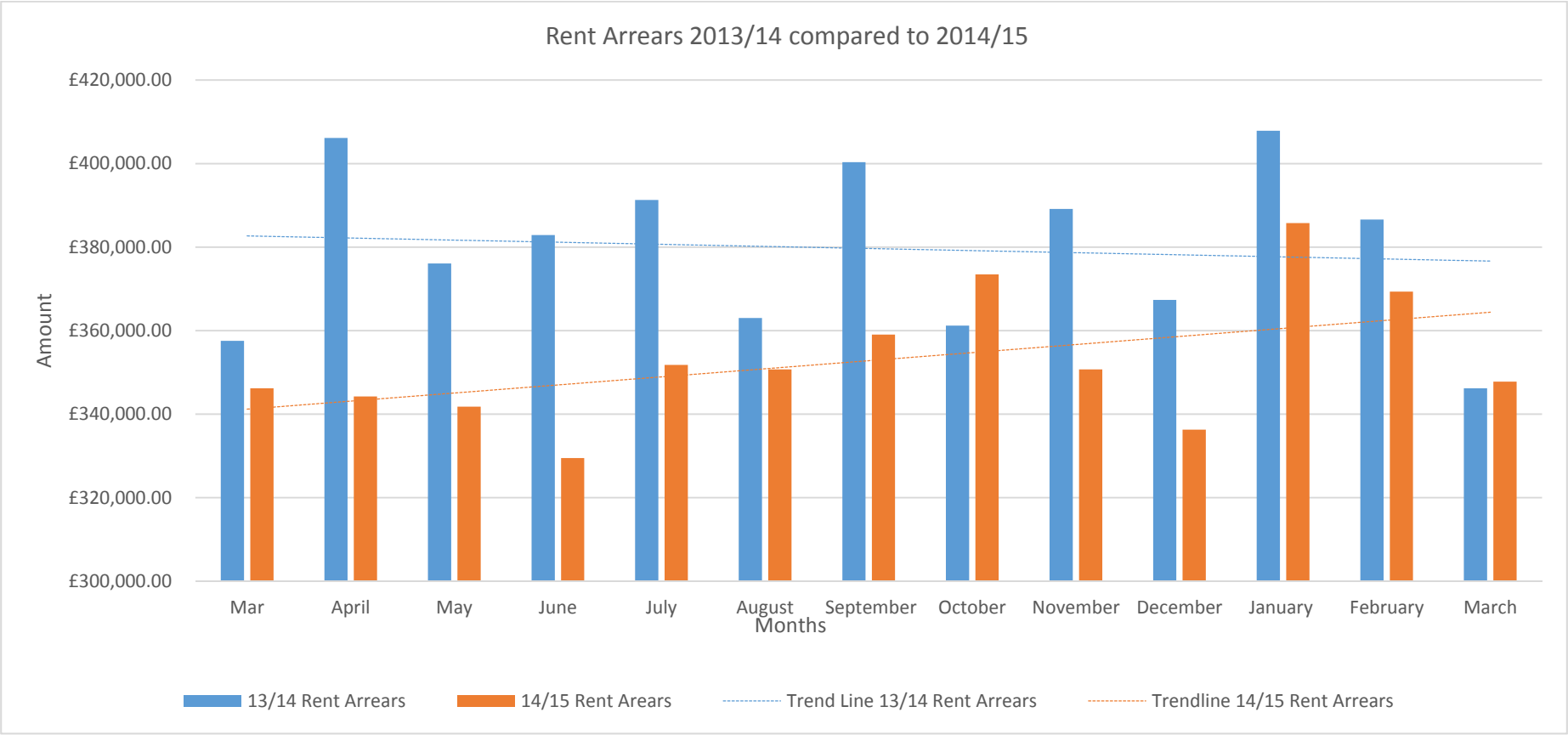


Chart 3

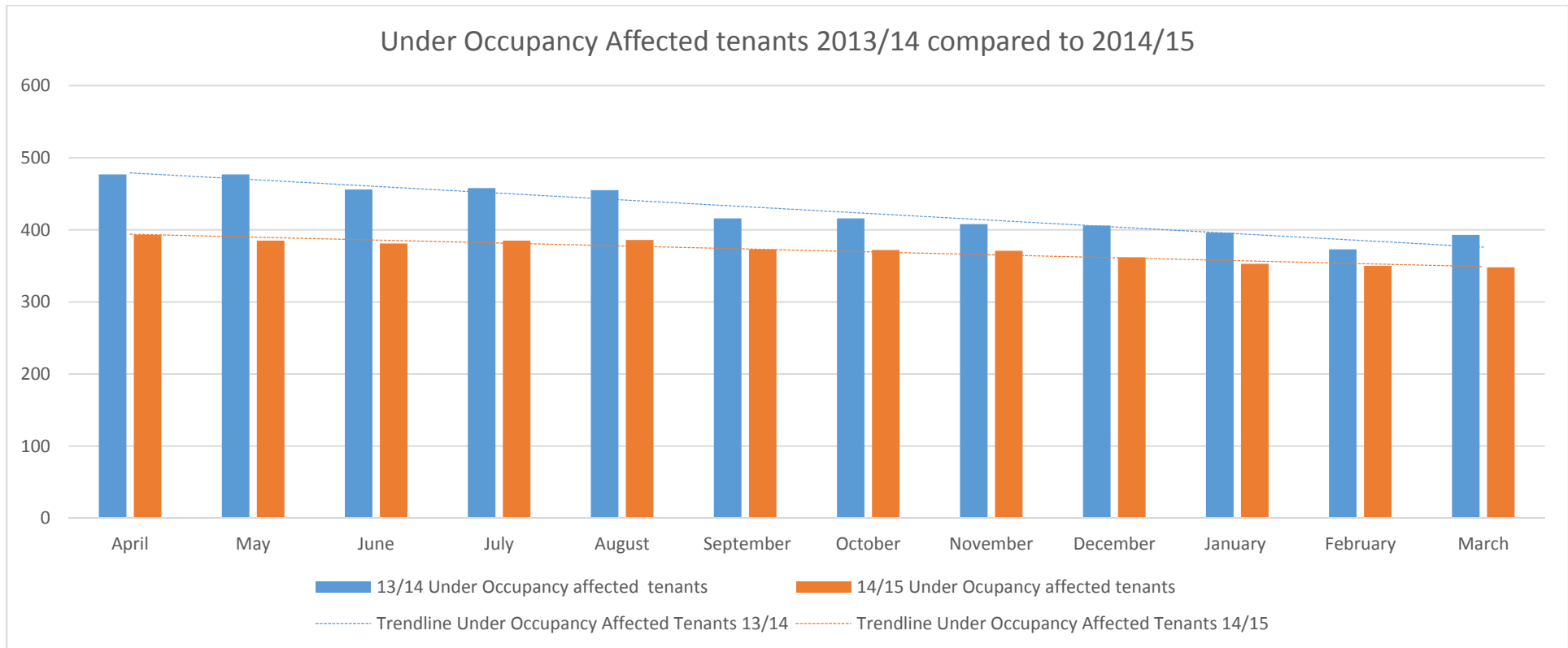


Chart 4

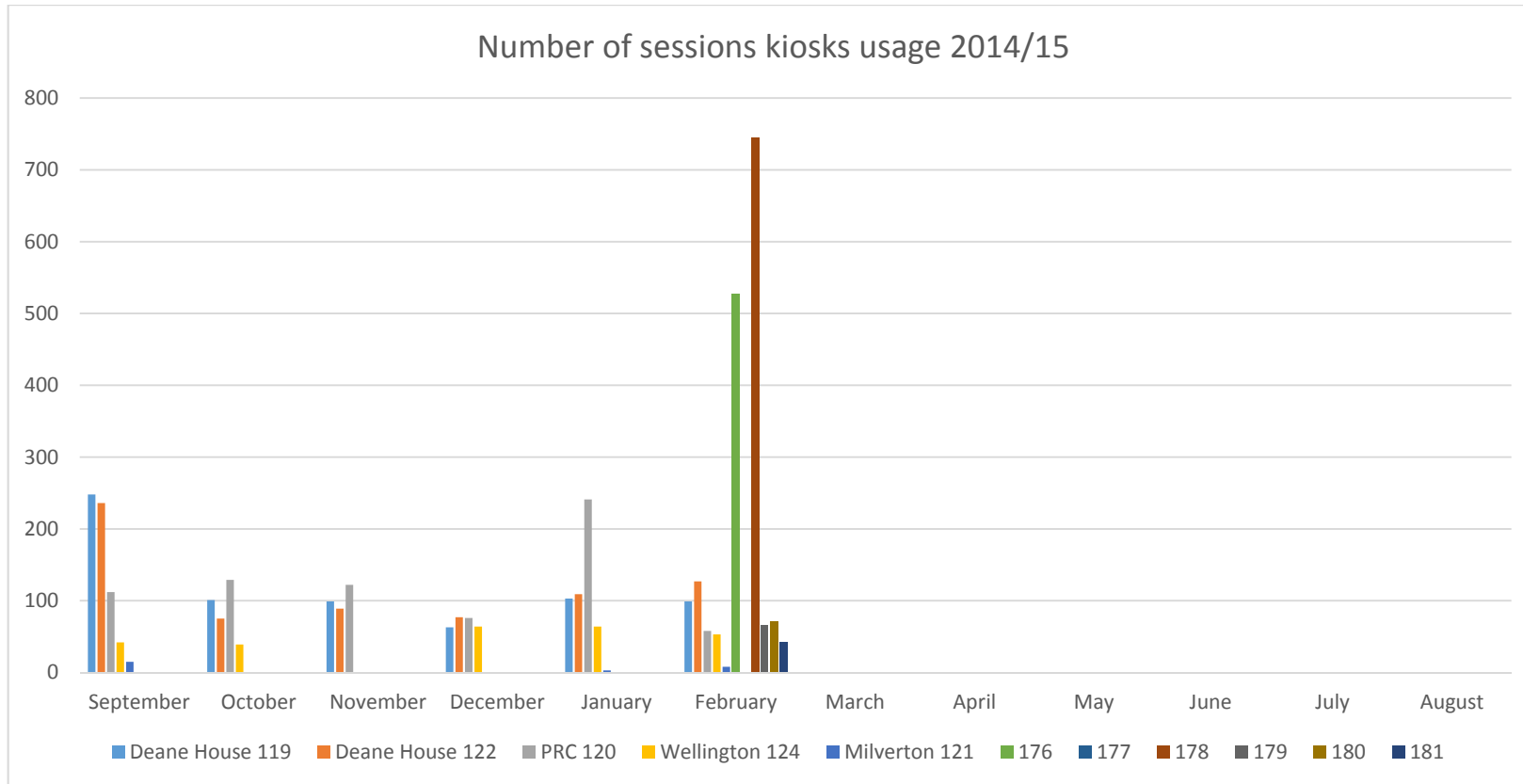


Chart 5

*Kiosks 176,177,178,179,180,181 only came online in Feb 2015