

Taunton Deane Borough Council

Tenant Services Management Board 16th June 2014

Information Report – Welfare Reform 2013-14 end of year report

Report of the Housing Manager Lettings – Paul Hadley,
Welfare Reform Project Officer Michaela Mullen and
Tenant Services Development Officer Steven Clarke

(This matter is the responsibility of Executive Councillor Jean Adkins)

1.0 Executive Summary

This report provides members of the Tenants Services Management Board (TSMB) with details of work undertaken by the Welfare Reform Project Officer (WRPO) during 2013-14.

The report will outline the progress housing services has made in helping tenants to mitigate the impact of the welfare reform benefit changes. It also compares Housing Services actions and responses with other housing providers nationally. The report makes the following recommendations for the future activity:

The main points of the report are as follows:

- Proactive support for tenants who have financial difficulties
- Working with partner agencies to support tenants
- Discretionary Housing Payments (DHP's) are only a short term solution for tenants affected by the welfare reform changes. The application process is intensive and time consuming for staff.
- Highlights the lack of one bedroom accommodation in our and other local housing providers stock.

The report also asks questions in relation to our potential responses to the

2.0 Background

On the 1st April 2013 the Welfare Reform Act 2012 became law, 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 dependant deductions have also been adjusted for social housing tenants to bring this in line with the private rented sector. Disability Living Allowance has been replaced by the Personal Independence Payment which uses more robust medical assessment criteria.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 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.

The latest information available from central government is that universal credit will be rolled out in Taunton Deane in January 2015. The nearest universal credit project currently running is in Bath and North East Somerset, which began in February 2014.

More than half of our tenants are currently claiming benefit in one form or another. Universal credit will only affect working age tenants; they will be paid in a monthly payment direct into a bank account this amount will include their housing costs. People over working age will receive pension credit and their housing benefit will still be paid directly to the council. This will continue until 2020 when housing credit is expected to be introduced to replace housing benefit, this will then also be paid direct to the applicant.

3.0 Identification of need for Welfare Reform Project Officer (WRPO)

In December 2012 housing services identified the need for a specific project post to mitigate the impact and offer support to tenants affected by the forthcoming welfare reform legislation changes. The Welfare Reform Project Officer (WRPO) was tasked with the following objectives:

- Improve the information that we hold about our tenants to enable us to provide them with appropriate advice and support.
- Ensure tenants are claiming all benefits they are entitled to.
- Improve money management skills.
- Help tenants resolve any debt problems they may have.
- Enhance tenant access to bank accounts which allow payment of bills by direct debit.
- Help improve tenant access to low cost credit and opportunities for saving.
- Enhance tenant access to the internet.
- Assist tenants in moving to more affordable accommodation which better meets their household needs.
- Help in achieving affordable warmth for tenants.
- Invest in community development to improve opportunities for employment and skills for tenants.

3.0 Method

Since the WRPO took post over eighteen months ago she has identified the tenants affected by the under occupancy penalty and subsequently the tenants affected by the Benefit Cap.

3.1 Affected Tenants

On the 1st April 2013 there were 477 tenants affected by the under occupancy penalty, this has reduced over the year for more detailed information, see Chart 1 Appendix A.

Following the introduction of the Benefit Cap in July 2013 she identified that there were 15 affected tenants living in TDBC housing stock.

3.2 Early Intervention

The WRPO has written to all affected tenants and followed this up with personal visits. The visits which on average took up to one hour allowed an opportunity for the officer to:

- Explain about the changes and how they affect the individual household.
- Complete financial statements to support applications for DHP's.
- Sign post tenants to support agencies in relation to any debt issues.
- Explain how the Transfer Removal Grant scheme works to assist those households wishing to downsize to accommodation more suitable for their housing needs.
- Explain about the Mutual Exchange process.
- Offer help and support to tenants.

3.3 Downsizing and Transfer Removal Grant

As a result of this targeted early intervention since December 2012, housing services have identified 102 affected households that want to downsize. The WRPO has assisted 57 tenants to down size and supported the majority of them through the Transfer Removal Grant procedure and the moving process.

The Transfer Removal Grant is a single payment to tenants up to the maximum £2000. This is payable once the tenant has moved and all housing related debt has been deducted from the grant.

3.4 Housing Stock Availability

One of the issues highlighted during the early intervention has been the lack of one bedroom accommodation within Taunton Deane Borough Council (TDBC) housing stock to meet the increased demand as a result of the welfare changes. This means that 45 households who wish to downsize have not been able to do so from the initial 102. Despite the fact that most TDBC one bedroom vacancies are advertised giving priority to Under Occupancy Penalty affected households that wish to downsize.

3.5 Discretionary Housing Payments

Affected households have been encouraged or supported in applying for a DHP to help mitigate the negative financial impact that being unable to move may have. Without the level of DHP available or the positive intervention of the WRPO and other officers more TDBC households would be suffering financial difficulty.

122 TDBC tenants were successfully awarded DHP's this amounts to approximately 40% of the total DHP fund granted to the council by central government. The majority of successful applications were completed by or with the assistance of the WRPO.

3.6 Rent Arrears

On the 1st April 2013 at the introduction of the under occupancy charge there were 477 TDBC tenants who were affected. In May 2013 288 of these households were in rent arrears amounting to a total of £41,680.08. Under Occupancy Penalty related rent arrears peaked in July 2013 at a total of £51,881.25.

As a result of the hard work completed by staff and the continuing availability of Discretionary Housing Payments rent arrears have reduced from the July peak to £37,370.07 in March 2014. See Chart 2 in Appendix A.

Overall figures for the year show that despite the introduction of the Welfare Reform Legislation rent arrears are lower than the preceding twelve months. There have been a number of peaks and troughs that follow a similar pattern to the previous twelve months and suggest a pattern of non-payment that coincides with the summer holidays, school breaks and the Christmas period. See Chart 3 Appendix A.

3.7 Impact of DHP on arrears recovery performance

The positive impact that the £52,896.52 of DHP awarded to TDBC tenants should not be underestimated. Many more households would have had rent arrears had the DHP not been available this 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.

TDBC overall rent arrears figures in March 2014 were £346,196.10 compared to £394,153.38 in March 2013. But when account is taken of the £52,896.98 received in Discretionary Housing Payments, the rent arrears would have been £399,093.08 an increase in arrears of £4939.70.

3.8 Eviction

As a result of the Under Occupancy Penalty a number of tenants have been subject to court action, of these one household has been evicted. It has been established that two tenants who have had court action taken against them were subject to the exemption criteria published in January 2014.

3.9 Impact of Legal Challenges and Legislation Amendments

In January 2014 it was identified that tenants who had been resident in the same property and in continuous receipt of housing benefit since before 1st January 1996 should not have been subject to the under occupancy penalty. To identify the exempt tenants the WRPO conducted a physical check the records of all the affected tenants since the introduction of the welfare reform act. She identified that 28 tenants were exempt, this information was given to the benefits team to reimburse the Under Occupancy Penalty. In March 2014 this exemption ceased following a further legislative change.

3.10 Mutual Exchange & Welfare Reform Support Package

A number of mutual exchange events were held across the Borough for tenants to exchange their details enabling them another opportunity to move to more suitable accommodation. A mutual exchange support package was introduced that can be offered to welfare reform affected tenants to assist them in moving it consists of support and a services package. The scheme does not allow any direct payments to the tenant, but could include paying for any housing related debt which would otherwise prevent the tenant from downsizing, hopefully enabling them to help sustain a more manageable long term financial future.

3.11 Tenants' Forum Welfare Reform Event

Working with the Tenants' Forum a welfare reform event was held at the Somerset County Cricket Ground and all affected tenants were invited as well as a number of internal and external support agencies.

3.12 Welfare Reform & Benefits Meetings

Working together with other housing officers and the benefit team a meeting programme has been instigated to provide better data flow and to identify vulnerable tenants. The group has now expanded to include Job Centre Plus, DWP, and CAB in preparation for the introduction of Universal Credit in January 2015. The group has started working on processes and procedures on data and information exchanges to provide a better and a more seamless process for tenants.

3.13 Somerset Savings and Loan

The WRPO is working closely with Somerset Savings and Loan a Credit Union. Credit unions offer many of the same financial services as banks. This is to ensure that our tenants are not financially excluded now and in the future when Universal Credit is introduced.

3.14 Digital Inclusion

The Star Survey carried out by Feedback Services in February 2013 showed that 51% of our tenants did not have access to the internet. This has been supported by a recent internal IT survey of our tenants. The internal survey showed that 37% of the respondents who live in general needs accommodation do not have access to the internet. This increases to 57% for supported housing tenants. Appendix B shows the results of the internal survey.

With the introduction of Universal Credit in January 2015 it will be vital to our business plan to maintain a high level of income and keep rent arrears to a minimum. It is also becoming more important that our tenants have access to IT because of the shift to digital by default for the majority of public and private sector services. The government have stated that 60 % of Universal Credit claims will need to be completed and updated on line.

A number of locations across the Borough have been identified for the installation of computer equipment to enable tenants to get online access. The initial phase will see 5 kiosks placed in the following locations:

- Deane House x 2
- Wellington Community Office
- Priorswood Resource Centre
- Milverton Community Hall

Each kiosk will enable tenants to access the following Websites:

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

- uSwitch

Also a number of shopping sites are being trialed as part of the installation.

These first 5 kiosks should be seen as the first phase of a broader borough wide installation. This burden should not be borne by the HRA alone and other areas of the council should now build on this first stage of work by the housing services and commit resources and funds to provide greater access across the Deane for our communities.

3.15 Other housing providers

There have been a number of national reports in relation to Welfare Reform one year on that have been published recently. The extracts below have been included to provide additional relevant information.

3.16 Comparisons with other providers (Inside Housing 17th April 2014)

An article in inside housing gave information from ten social landlords across the country who were set up to track in detail how the government's welfare reforms were really affecting them and their tenants, looked at the following points:

- Would rent arrears soar?
- Would tenants be left in destitution?
- Would landlords struggling financially?

One year into welfare reform, the number of tenants deemed to be under-occupying their homes - and therefore affected by the bedroom tax - has started to drop. With fewer tenants affected, this is helping to minimise the impact of the policy on the balance sheets of the 10 landlords.

Some landlords have also worked hard to move tenants into smaller homes, so they are no longer deemed to have 'spare' bedrooms. Leeds City Council (60,000 stock) reports the most tenants to have downsized so far - 213 via choice-based lettings and 208 via mutual exchange or transfer.

TDBC (6,000 stock) have moved 57 tenants to more suitable accommodation.

3.17 Rising arrears

The focus group reports that an increasing proportion of tenants who are affected by the bedroom tax are in rent arrears.

United Welsh reported that this time last year, 35.8% of its 726 tenants affected by the bedroom tax were in arrears. Now, just 383 of its tenants are affected by the bedroom tax but 70.5% of these tenants are now in debt to their landlord.

In comparison TDBC initially had 7.9% of our 477 tenants in rent arrears and in March 2014 it stood at 3%.

Salix Homes experienced a similar rise - from 44% in arrears when it started to a peak of 73% last November now moving down to 64%. The landlord has also managed to lower its total arrears in the last year from £1.7 million to £1.5 million. The head of customer service at the 8,500-home landlord puts this down to assiduous preparation prior to welfare reforms coming in.

'This has included creating separate patches for the management of accounts where the tenant is under-occupying, allowing the other income management officers to concentrate on business-as-usual rent collection,' she says.

Salix homes recruited four new income management officers specifically to intensively manage the cases of tenants who are under-occupying. At the same time the landlord has stepped up its efforts to educate tenants about the changes brought in by welfare reform and get them into 'payment patterns'.

So how much of a contribution does the bedroom tax actually make to social landlords' total arrears?

United Welsh, arrears have more than doubled since we started following its welfare reform journey, from £215,000 last April to £657,000 by the end of February this year. The landlord tells us that under-occupiers make up 16 per cent of overall arrears.

'We have 30.55 per cent of under-occupiers paying in full, 53.26 per cent paying in part and 15.4 per cent not paying at all,' a spokesperson says. 'So although the bedroom tax is undeniably having an impact, there are many other factors to consider when we look at the overall arrears increase.'

But this is by no means a trend that every landlord has experienced. At Coastline the proportion of arrears notched up - but then went down again. It is now lower - at 0.98 per cent - than it was last April, when it was 1.08 per cent. Family Mosaic has seen arrears drop from 5.5 per cent to 5.1 per cent.

Hastoe Group reported the reduction is a result of focused management, improved IT systems and increasing the provision of welfare advice to tenants.

TDBC has achieved this decrease in rent arrears through the good work of officers and improved partnership working. No new officer posts have been created and officers have moved roles to accommodate the legislation changes that have affected 4% of our tenant population.

3.18 Discretionary Housing Payments - Temporary reprieve

Many of the landlords in the focus group believe the true extent of the impact of the bedroom tax is being softened in the short term by discretionary housing payments (DHPs).

Salix reports the number of tenants affected by the bedroom tax in arrears has dropped to 36% as of 31 March 2014 'almost entirely' due to support from DHPs. A full 741 of its tenants have received a total of £292,000 of DHPs in 2013/14.

Leeds Council tenants have received more than £1 million in DHPs. 'These payments paper over the serious impacts of the charge,' Mr. Marshall states.

What happens when DHP funds run out - or if it is reduced - is a recurring fear among landlords. And then there is the roll-out of universal credit still to come. As well as having a direct impact on arrears, if tenants simply don't pay their rent when they receive their monthly universal credit it could have other repercussions apart from eviction.

TDBC was given a budget of £132,000 for DHP's of which £52,896.52 was allocated to TDBC tenants (40% of the overall budget). Each tenant getting on average £551.98 for the year.

A further effect of the under occupancy penalty is the rise in demand for one and two bedroom properties across the country. Of the 106 stock owning local councils 92 of them like Taunton Deane are starting a process of building new properties. Several are re thinking their building plans and concentrating on building smaller properties.

3.19 Welfare Reform Project Officer

The impacts of the Welfare Reforms introduced in April 2013 continue to be felt, there is an ongoing plan by government to continue with welfare reforms, Universal Credit is to be rolled out in Taunton Deane in January 2015, Housing Credit for people in receipt of Pension Credit is planned to come into effect in 2020.

Due to the very positive and effective impact that the WRPO has had during the time in post on tenants and HRA income, as part of the Housing and Communities restructure consideration should be given to provision of post(s) that can provide detailed, timely and tenant specific advice and support. These resources would allow an opportunity to continue with the good work already completed by the WRPO, focus on the most vulnerable tenants affected by the reforms, allow staff resources to prepare and concentrate on the other forthcoming welfare changes to ensure that the HRA business plan is not jeopardized.

4.0 Recommendations from the Project sites

The final report from the direct payment demonstration projects has been published. The project involved both registered social landlords (RSLs) and councils. The original aims of the demonstration projects, set by the Department for Work and Pensions (DWP) were:

- To demonstrate to the social housing sector that with the right design direct payments of housing benefits could be made to tenants with minimal impact on landlord income streams
- To test the effectiveness of budgeting, support and claimant communications strategies
- The projects were subsequently extended beyond June 2013 to further inform the design for universal credit in the critical area of 'ensuring the payment of rent' and specifically:

- Alternative payment arrangements (APA).
- Rent arrears trigger.
- Personal budgeting support (PBS).

4.1 Common Themes

Whilst there have been different experiences around the six areas, some common themes are apparent:

- Direct payment to tenants would not have worked without the close working relationship that existed between landlords and council revenue and benefits departments, facilitated by timely and appropriate information sharing.
- Prompt and meaningful liaison between landlords and the service administering benefits is essential in instances where the tenant does not pay their rent in order to safeguard the tenant and the landlord's income stream.
- Managing direct payments (and the impact of welfare reform) are a whole organisation effort so communication and training for internal staff is a key to success. We have spent more to collect less: an increase in resources is needed to manage direct payments, especially during transition.
- Developing effective communications with customers and maximising contact opportunities (including flexible working) are essential steps to secure payment and identify personal or budgeting support needs.
- Handling rent collection and arrears effectively in the world of direct payments often requires the development of new or refined systems that identify and respond to non payment straightaway to protect landlord income.
- Ensuring that a wide range of payment methods are available, including flexible use of direct debit dates, is crucial in maximising payment collection opportunities and minimise operating costs.
- Low take-up of support interventions provided by or arranged by landlords specifically to assist customers with personal or financial support suggest that tenants find it hard to discuss money. Interventions that initially take a more generic approach to tenancy support appear to be more successful in engaging people.

5.0 TDBC Welfare Reform end of year report recommendations:

- Due to the ongoing roll out of welfare reform and in order to effectively support our most vulnerable tenants and reduce risk to the HRA business plan, consideration should be given as part of the tier 6 restructure plans of the Housing Service to provide staff resource to conduct tenant specific advice and support activity. These resources would allow an opportunity to continue with the good work already completed by the WRPO, focus on the most vulnerable tenants affected by the reforms, allow staff resources to prepare for other welfare changes to ensure that the HRA business plan is not jeopardized.
- Consideration should be given to ensure that Community Teams are structured in such a way to ensure effective rent collection and arrears recovery.

Officers are already reviewing the current arrears recovery protocol to ensure that it is fit for purpose once Universal Credit is implemented.

- Close working relationships are vital between housing services and the revenue and benefits department, DWP, and Job centre + facilitated by timely and appropriate information sharing.

Officers are already working to ensure this happens by broadening the regular Benefit meetings that take place between the housing service and the Revenues & Benefits Department to include other partners.

- Managing the impact of welfare reform is a whole organisation effort so communication and training for internal staff is a key to success.
- Improve the information and knowledge of our tenants and develop effective communications with them maximising contact opportunities. These are essential steps to secure payment of rent and identify personal or budgeting support needs. • Ensuring that a wide range of payment methods are available, including flexible use of direct debit dates, is crucial in maximising payment collection opportunities and minimise operating costs.
- Provide support interventions to assist tenants with personal or financial support. Tenants find it hard to discuss money, so interventions that initially take a more generic approach to tenancy support appear to be more successful in engaging people.
- Rebranding and refocusing of the Debt and Benefit Advisor to Benefits and Money Management Advisors targeting tenants by early identification and intervention including long term budgeting advice.
- In order to improve digital access to our broader communities across the borough the council should now follow the housing services lead by providing resources and funds to supply kiosk type access.
- To enable mobile working for operational staff to provide a more efficient service to tenants by completing entries directly into our IT systems rather than having to return to the office to update them. This would also enable officers to remain more visible to our tenants on their respective areas.

6.0 Contact officers:

Paul Hadley,
Lettings Manager
01823 356334
p.hadley@tauntondeane.gov.uk

Michaela Mullen,
Welfare Reform Project Officer
01823 356334
m.mullen@tauntondeane.gov.uk

Steven Clarke,
Tenants Services Development Officer
01823 356327
s.clarke@tauntondeane.gov.uk

Appendix A to Welfare Reform end of year report

Chart 1

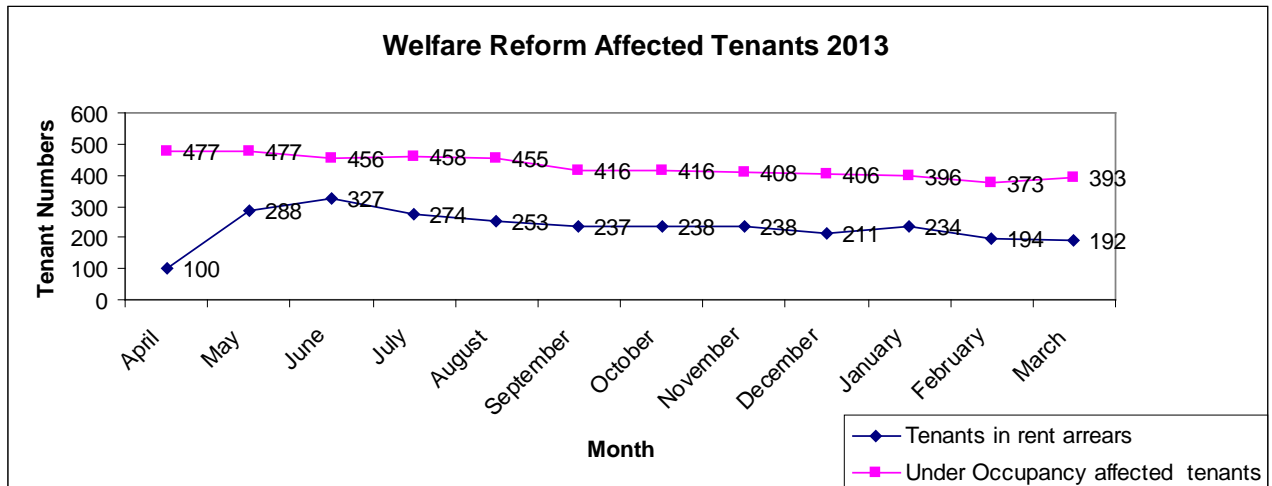


Chart 1 shows the number of tenants affected by the under occupancy penalty and those in rent arrears each month. In April there were already 100 tenants in rent arrears.

Comparing ourselves to the Hastoe Group who are a similar sized housing provider with 6903 properties. In April 2013 they had 143 tenants affected and currently have 221 tenants affected. TDBC had 447 in April 2013 and now has 393 Under Occupancy Penalty affected tenant.

Chart 2

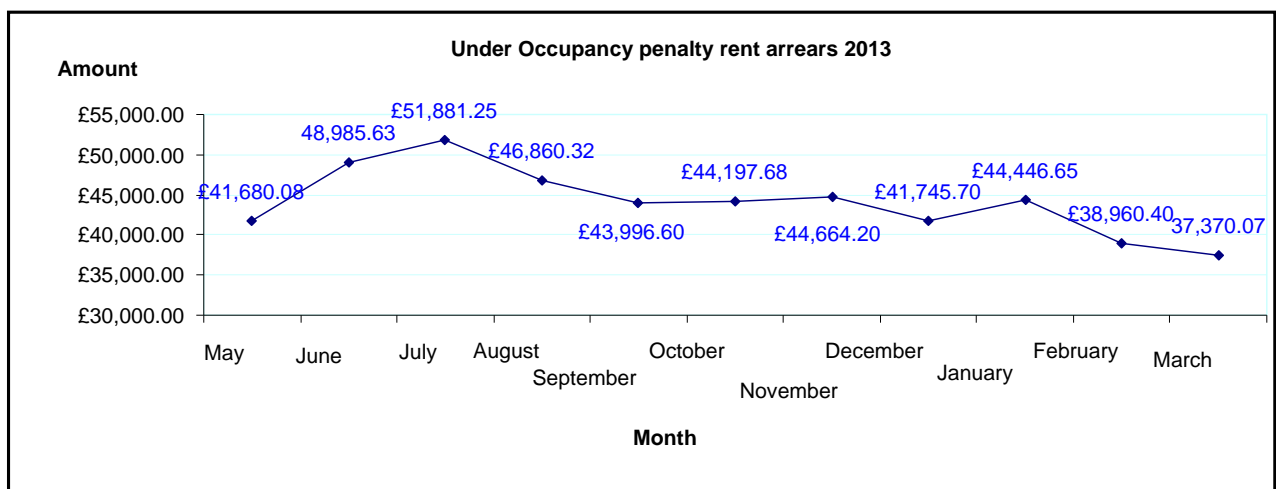


Chart 2 shows the rent arrears of the tenants affected by the Under Occupancy Penalty. A number of tenants were already in arrears in April 2013 when the act came into effect. The decrease is due to a number of factors:

- Tenants moving to more suitable accommodation

- Tenants finding employment
- Granting of Discretionary Housing Payments
- The legal challenge to the Under Occupancy penalty exempting tenants who have continuously claimed benefit since January 1996. (New regulation came into force on the 3 March closing the loophole)

Chart 3

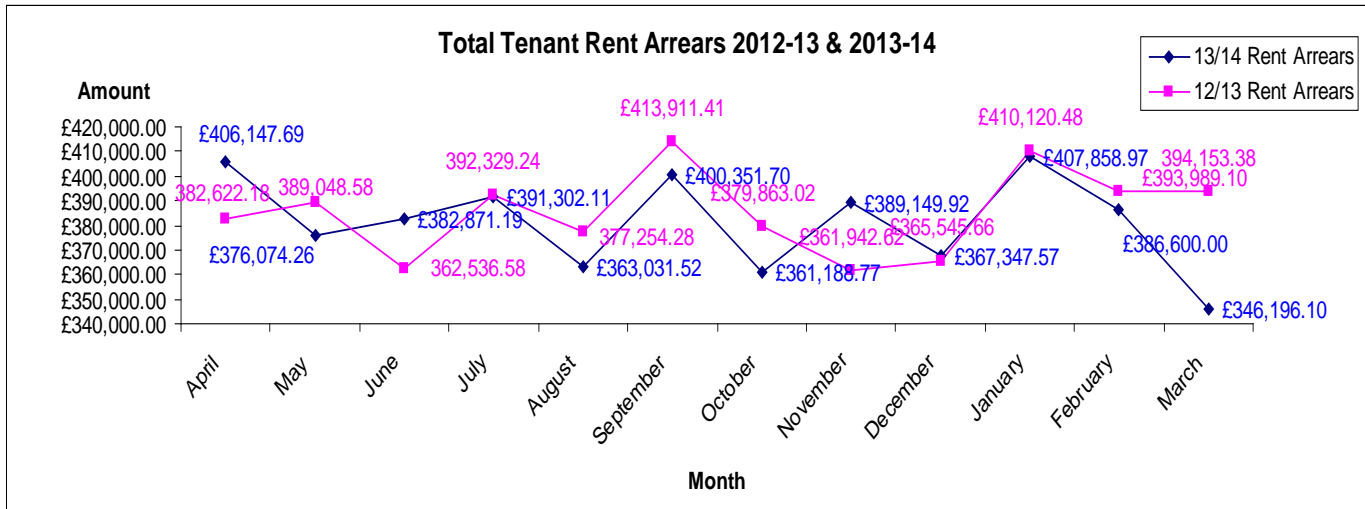
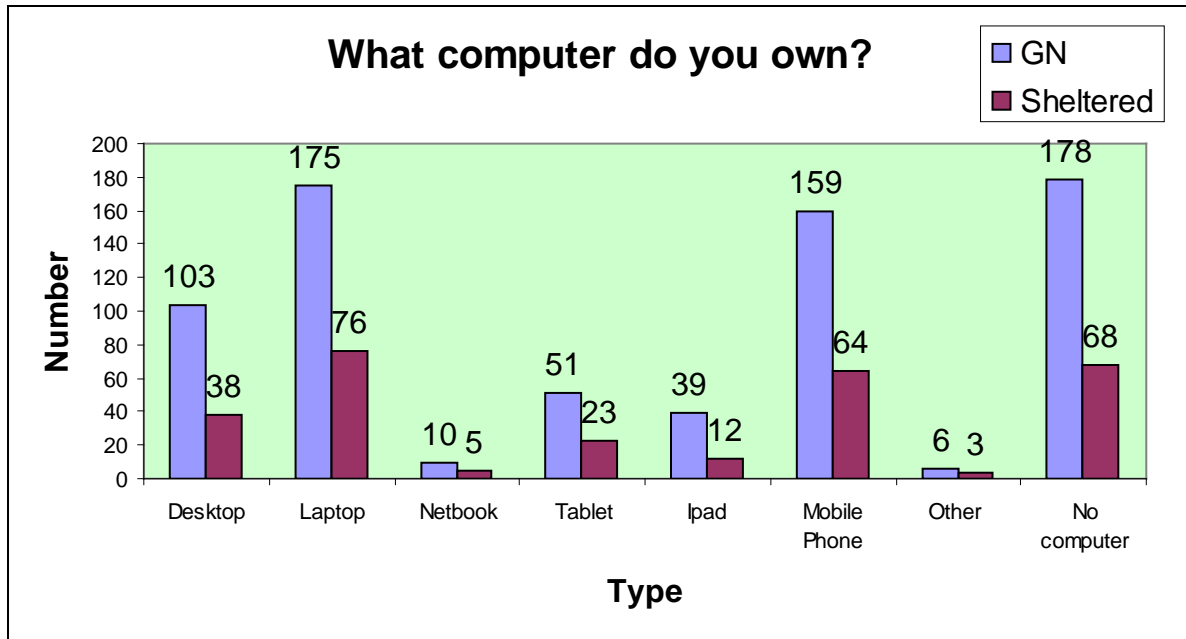


Chart 3 compares last years overall rent arrears with the year 2012-13 and although the impact of the Under Occupancy Penalty has had an affect. Through the hard work of officers and the availability of Discretionary Housing Payments rent arrears have been less than the previous years.

Appendix B to Welfare Reform end of year report

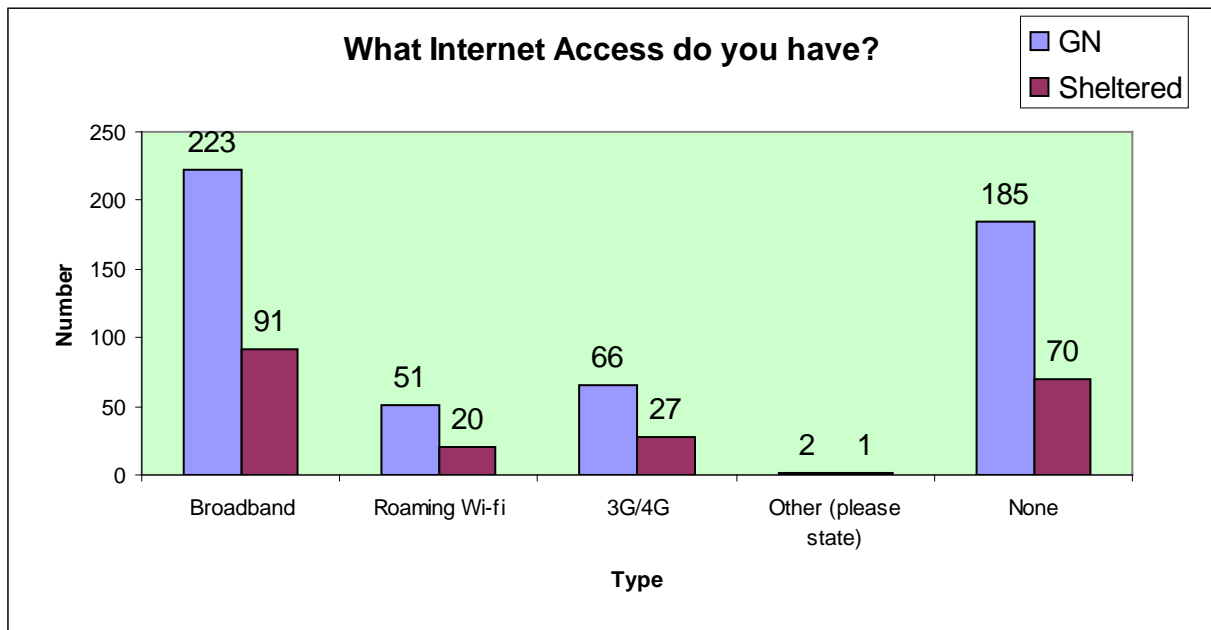
Computer access survey results

Q1 What type of computer do you own?



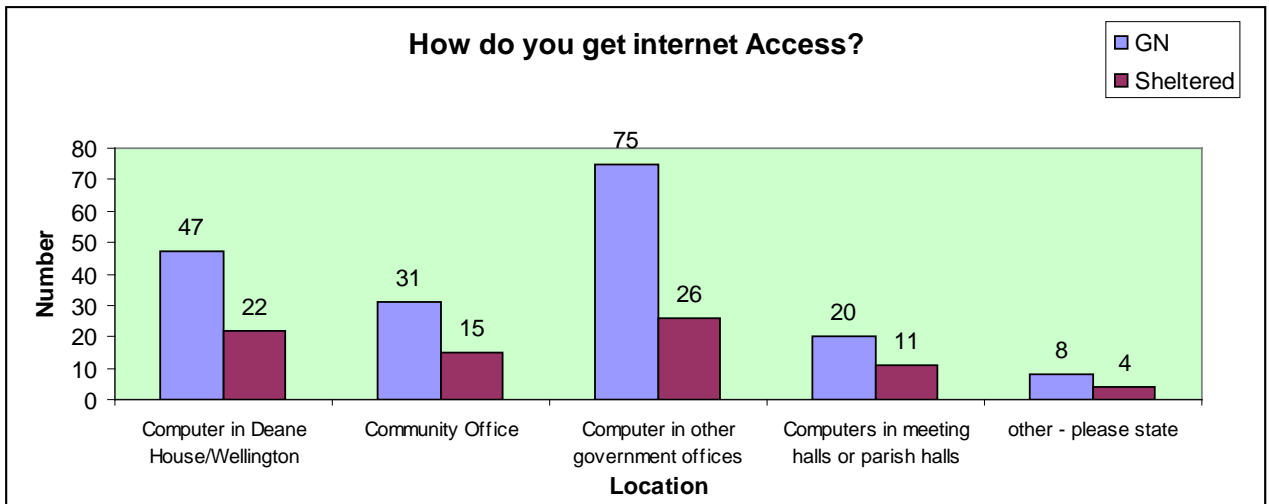
Other category includes PlayStation, iPod touch and Cann Star Writer

Q2 What internet do you have?



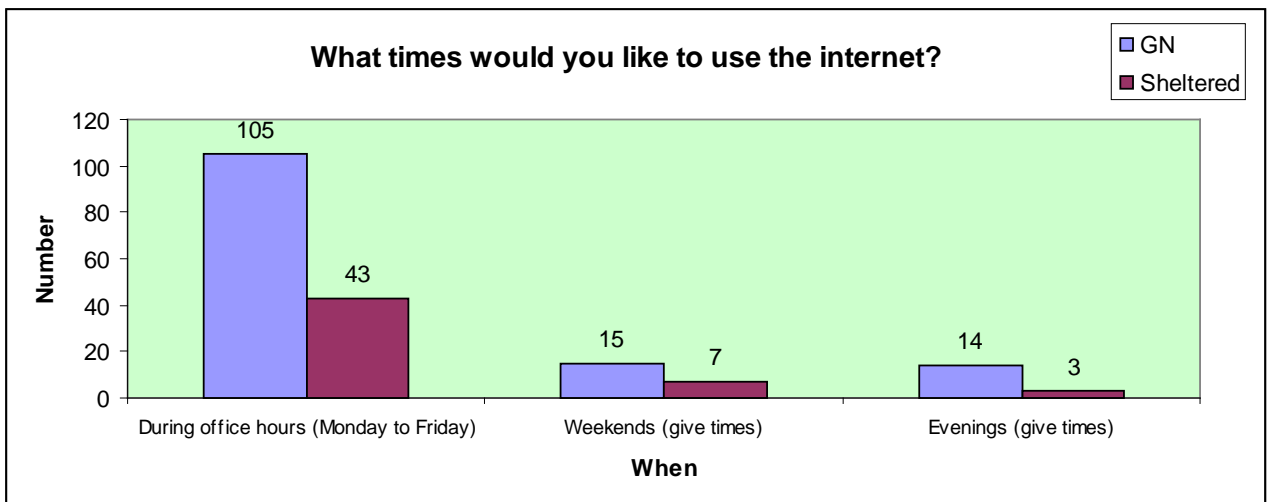
Other Category includes: Sky, Dongle, Talk-Talk, and Fibre Optic

Q3 If you have no access to the internet which of the following do you do?



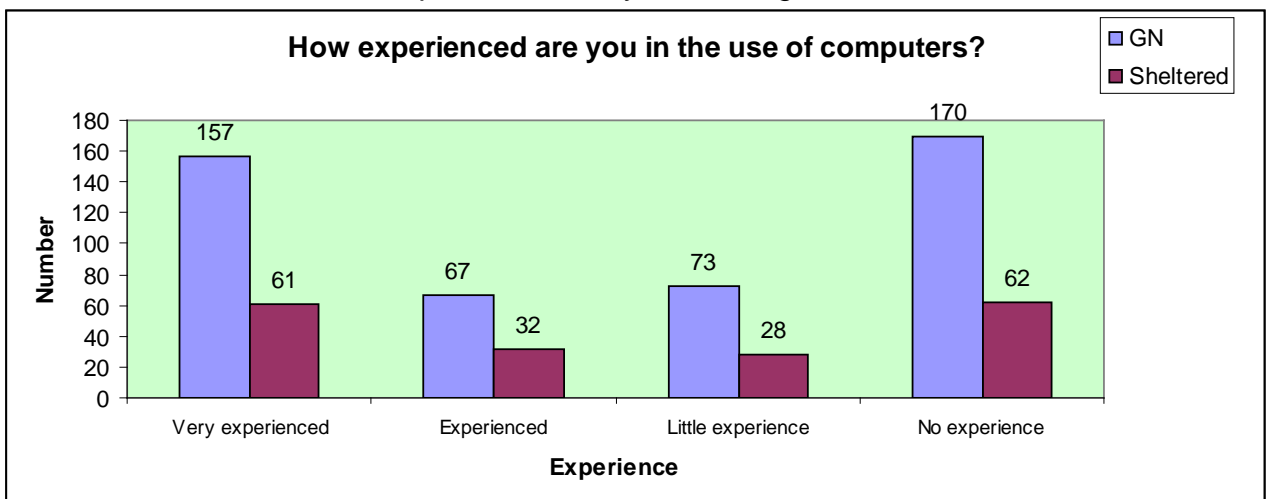
Other category includes: Family, Friends or Work

Q4 What times would you like to use the internet?

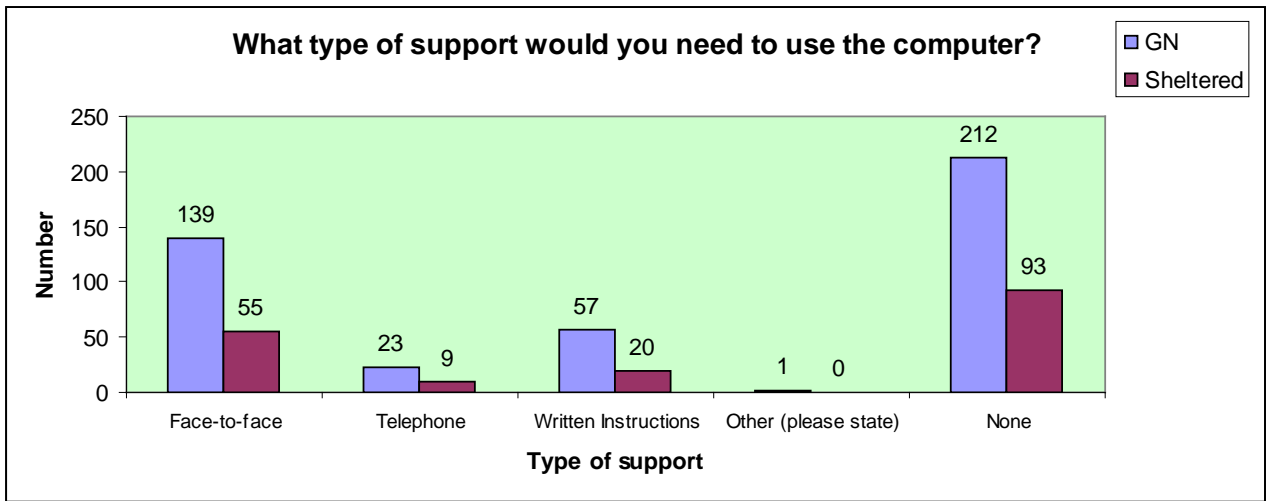


The times stipulated varied from early morning to late evening

Q5 How experienced are you in using the internet?



Q6 What type of support would you need to use the computer?



The None category also includes tenants who do not want access to computers.