

# Taunton Deane Borough Council

## Tenant Services Management Board - 27<sup>th</sup> October 2014

### Welfare Reform 2014-15 interim year report

Report of – Michaela Mullen Welfare Reform Project Officer (WRPO) and Steven Clarke Tenant Services Development Officer

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

#### Summary

This report covers the first six months of the second year of the Welfare Reforms and its effects on Taunton Deane Borough Council Housing Services tenants. The report makes the following recommendations for the future activity:

The main points of the report are as follows:

1.0

- 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 being intensive and time consuming for staff.
- Highlighted the lack of one bedroom accommodation in our and other local housing providers stock.

But also asks questions in relation to our potential responses to the forthcoming implementation of Universal Credit in Taunton Deane.

### 1.0 Introduction

On the 1<sup>st</sup> 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 removal of the spare room subsidy and more commonly known as 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. 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.

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. The tenant then will have to pay their rent from this amount.

## **2.0 Method**

Since the WRPO took post over twenty two months ago she has identified the tenants affected by the under occupancy penalty and subsequently the tenants affected by the Benefit Cap. Work is also being undertaken to identify our more vulnerable tenants who would be put at risk of enforcement action being taken against them through non-payment of rent.

### **2.1 Under Occupancy Affected Tenants**

On the 1<sup>st</sup> April 2014 there were 393 tenants affected by the Under Occupancy Penalty, this has reduced over the year to 372 of which 200 are in rent arrears. In a recent Inside Housing magazine report 'The Link Group' a housing provider in Scotland of a similar size to TDBC (6147 properties). Has 377 tenants affected by the Under Occupancy Charge of which 196 are in rent arrears. For more detailed information on TDBC, see Chart 1 Appendix A.

## 2.2 Early Intervention

The WRPO is still conducting personal visits to support and assist our tenants maintain their tenancy in light of the changes. The visits which on average continue to last up to one hour. Dependent on the need of the tenant it can take more than one visit to supply the support required. This allows 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 and assist with HomeFinder Somerset applications
- 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.

## 2.3 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.

61TDBC tenants were successfully awarded DHP's. The majority of successful applications were completed by or with the assistance of the WRPO. This equates to £24,433.27 of the DHP budget of £132,000.

## 2.4 Rent Arrears

On the 1<sup>st</sup> April 2014 there were 385 tenants affected, 187 of these households were in rent arrears amounting to a total of £38,704.25. Compared to 100 households with rent arrears amounting to £32,090.54 in April 2013. See chart 2 in Appendix A.

Tenant overall rent arrears figures in April 2014 were £344,242.82 compared to £406,147.69 in April 2013. See chart 3 in Appendix A

## 2.5 Eviction

As a result of the Under Occupancy Penalty 12 tenants have been subject to court action, no-one has been evicted.

## 2.6 Digital Inclusion

With the introduction of Universal Credit in 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 vital 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.

Housing services has procured self service kiosks for use by our residents. The initial phase has seen the kiosks placed in the following locations across the borough:

- 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
- uSwitch
- Job Centre Plus
- Universal Jobsearch
- My worksearch
- Home finder
- Home Swapper
- The Money Advice Service

The second phase will include kiosks being installed in the following locations:

- Newton Road community hall
- Moorland Place community hall
- Middleway community hall
- Wellesley Street community hall
- Heathfield Drive community hall
- Robin Close community hall

The first 5 kiosks are the initial 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 initial stage of work by the housing services and commit resources and funds to provide greater access across the Deane for our communities.

### **3.0 TDBC Welfare Reform interim report recommendations:**

- Close working relationships are vital between housing services and the Revenue and Benefits Department, DWP, CAB, and Jobcentre+ facilitated by timely and appropriate information sharing.
- 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.
- Ensure that there are sufficient resources in place to provide money management advice and support to residents which is key to protecting the housing service income stream.

#### 4.0 Recommendation

Tenant Services Management Board is asked to note the contents of this report.

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Chart 1

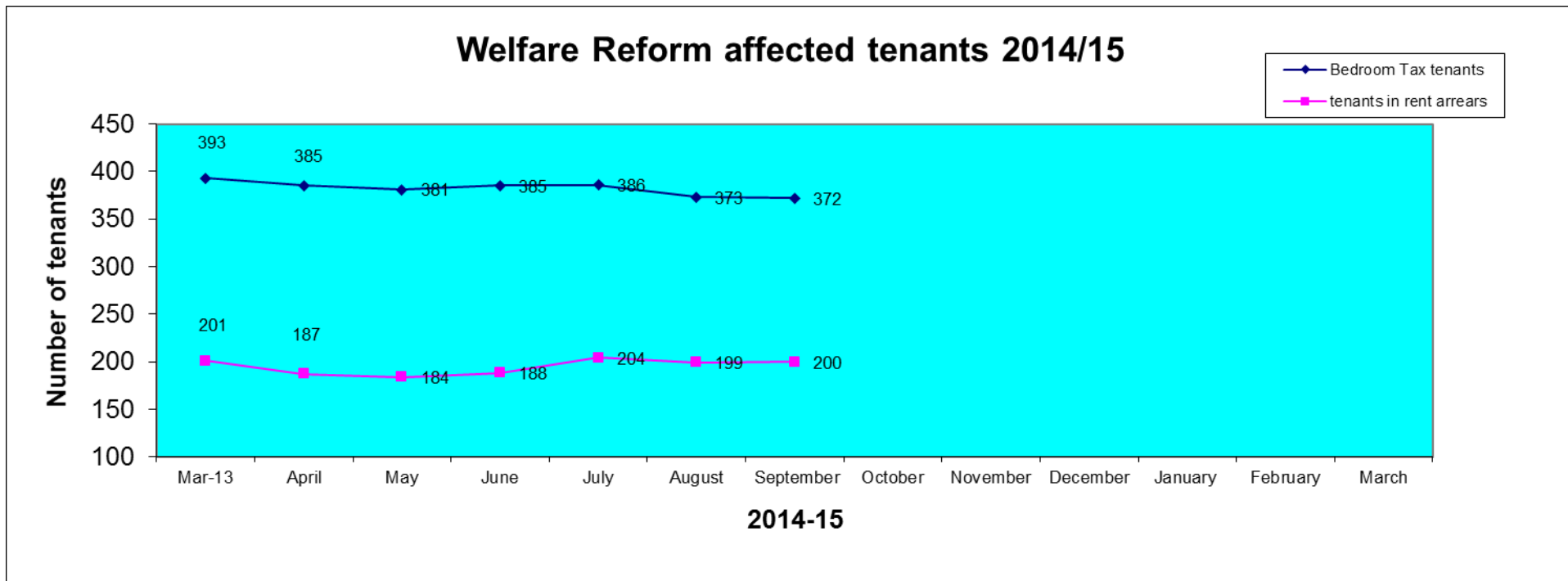


Chart 1 shows number of tenants affected by Under Occupancy Penalty

Chart 2

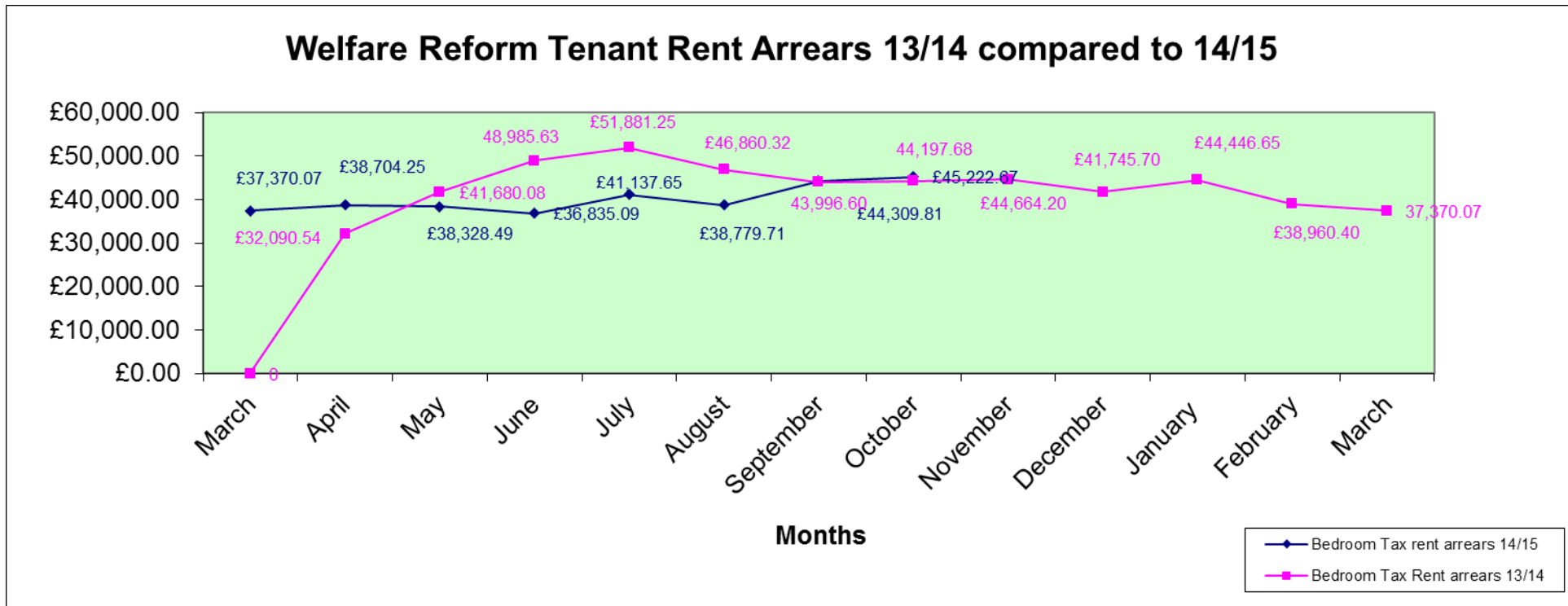


Chart 2 shows the rent arrears of tenants affected by the under occupancy penalty

Chart 3 shows the overall tenant rent arrears comparing 13/14 to 14 /15

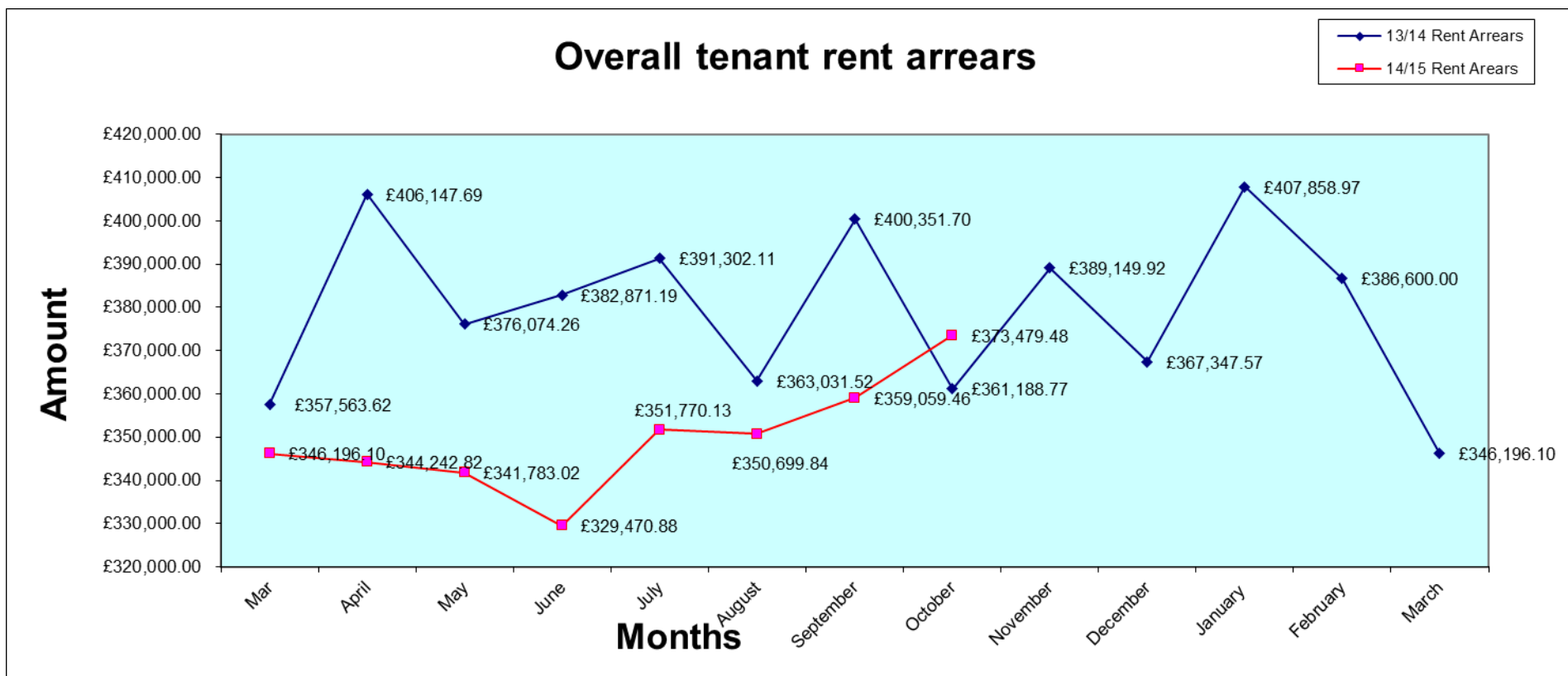




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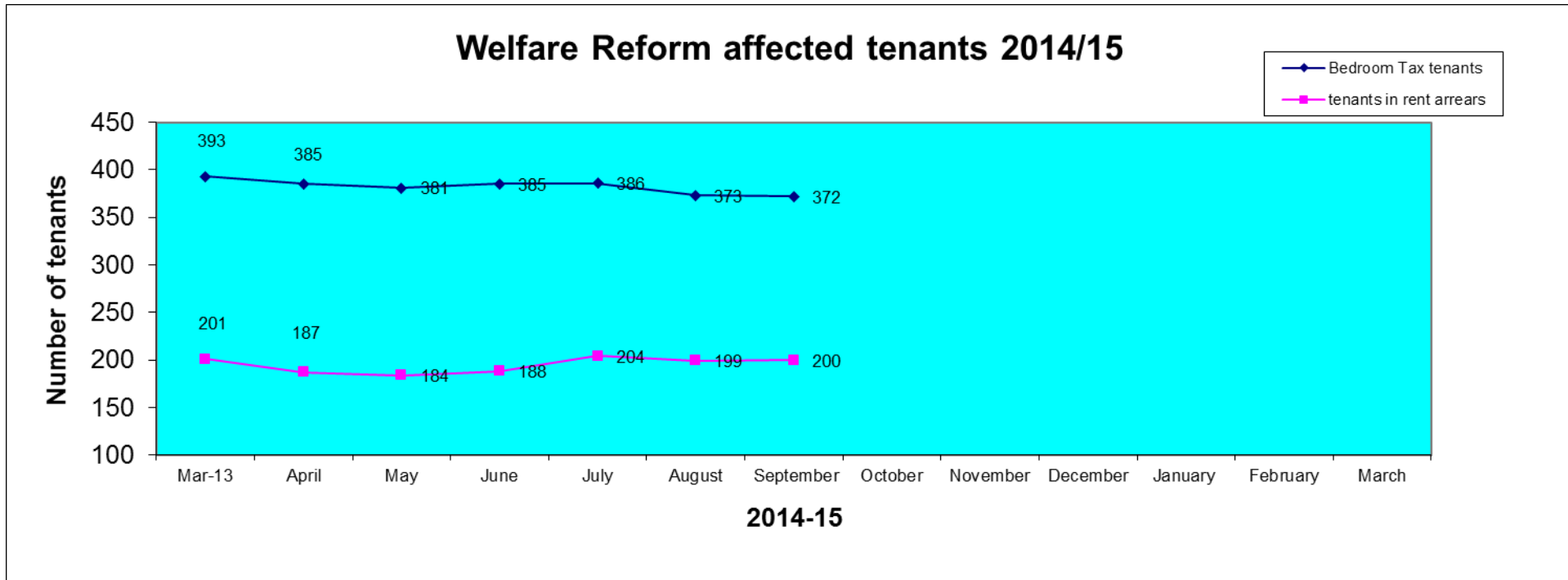


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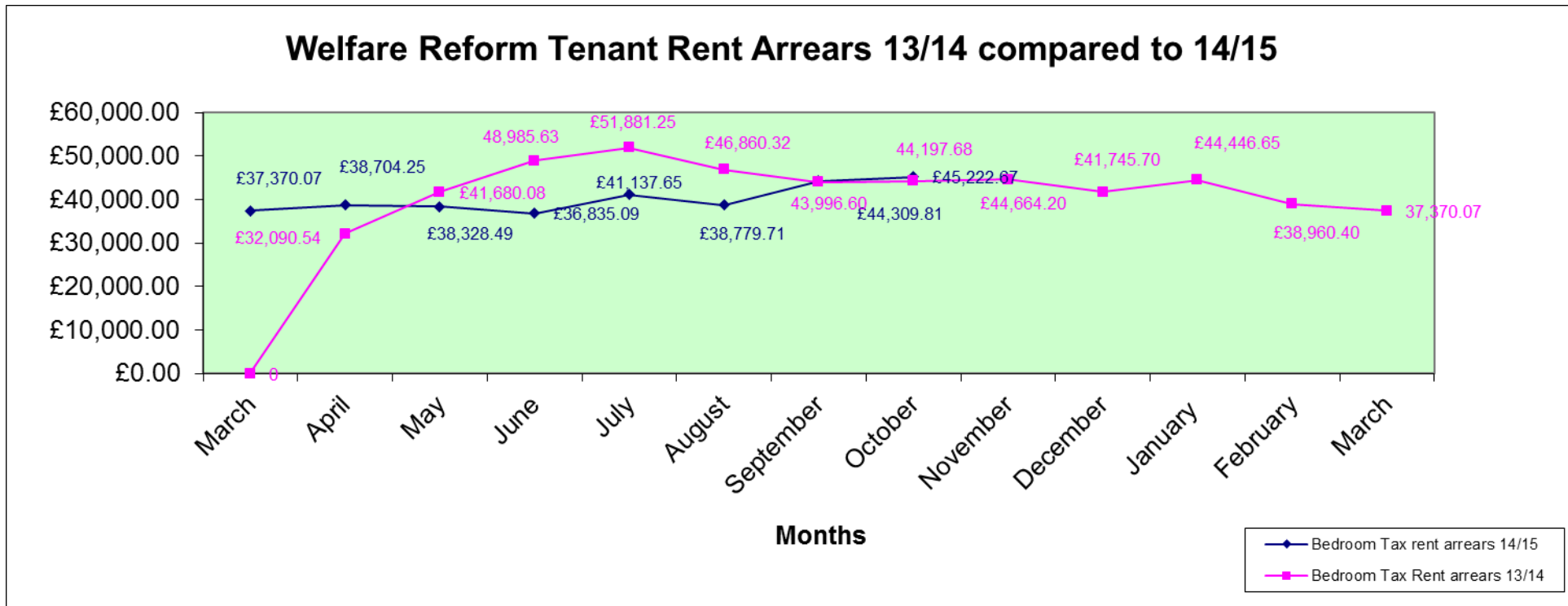


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