
To: Housing and Community Safety Policy Board

On: 25 August 2015

Report by: Director of Development and Housing Services

Heading: Housing Impacts of Welfare Reform progress update

1. Summary

- 1.1. This report summarises the position for Council tenants at end of financial year 2014/15 and the ongoing action being taken within Housing Services to support tenants through Welfare Reform changes. In addition, the report also provides an update on the latest position in relation to Universal Credit roll out in Renfrewshire as it affects Council tenants.

2. Recommendations.

Members are asked to:

- 2.1 Note the position for Council tenants at end of financial year 2014/15 and the ongoing action being taken within Housing Services.
- 2.2 Note the latest position in relation to Universal Credit roll out in Renfrewshire as it affects Council tenants
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3. Background

- 3.1 Previous reports to this Board have updated on the Housing Policy response to Welfare Reforms to date and in particular the impact of the spare room subsidy, also known as the 'bedroom tax' as it affected Council tenants in Renfrewshire.
- 3.2 At the Finance and Resources Policy Board meeting on 27 August 2014, the Board approved a revised policy for Discretionary Housing Payments and agreed to introduce a streamlined application process for applicants affected by the under occupancy reduction. The revised policy included arrangements where local RSLs and the Council's Housing Services can make the DHP application on behalf of affected tenants, providing the tenant has agreed to the landlord acting on their behalf. This policy intention, removed the requirement for a financial hardship assessment for these applicants.
- 3.3. It was also agreed that for applications from those affected by under occupancy deductions, awards of DHP would be provided to fully mitigate the impact of the under occupancy deduction in 2014/15. With the inclusion of backdating applications to the date the tenant was affected by under occupancy the financial impact on tenants and the Housing Revenue Account has been minimised significantly.
- 3.4 The revised policy approved for Discretionary Housing Payments and the resources made available to implement the Scottish Governments objective of fully mitigating the effects of the under occupancy deduction across Renfrewshire, resulted in the Council Tenant Assistance Fund (CTAF) not being required. Consequently the resources set aside through CTAF for 2014/15 were carried forward at the year end, through the HRA reserves set aside for Welfare Reform, for use in future years.
- 3.5 The Council's investment in additional staffing resources to contact customers and maximise support and assistance to access funds available was successful. Contact was made with all customers affected and 97% took up the offer of support which enabled access to DHP of just under £1m for Council tenants to mitigate the impact of under-occupation.

4. Outcomes for Council Tenants affected by the Housing Benefit reduction for year ending 31 March 2015.

4.1 Financial assistance

- 4.1.1 Efforts were maximised to communicate with Council tenants affected to allow staff to make the DHP application on their behalf (as outlined in section 3 above) offering support and completing the DHP application to address the shortfall. At financial year end 2014/15, 97% of Council tenants affected by the Housing Benefit reduction for under occupancy had been awarded a DHP. During 2014/15 improved take up of DHP resulted in £929,000 overall being paid to rent accounts from the DHP fund.

4.1.2 The remaining 3% equates to 45 households affected by the under-occupancy rules at the year end with no DHP in place. Of these, only 6 were in arrears, totalling £4,167, of which £1,890 related to under occupation. All tenants were offered support and the outcomes outlined above confirm that only a small proportion chose not to respond to the opportunities the council offered for additional support. Housing staff continue to assist tenants in the completion of Discretionary Housing Payment (DHP) applications.

4.1.3 Two dedicated Money advisors are located within Housing, one of which was funded by a successful funding application to the Scottish Legal Aid Board. At the end of March 2015, 773 customers had been given money advice with £816,438.78 of additional income being secured as a result of assistance to access additional benefits for Council Tenants. An additional £260,777 of debt in Council tenant households is now being managed through discussion with creditors to seek suitable and affordable repayments for other debts owing.

4.1.4 Based on the success of outcomes from this post, the Council has been successful in securing additional funds from the Scottish Legal Aid Board to continue dedicated money advice for Council tenants impacted by the reforms for an additional 18 months commencing April this year, in addition to funding for an additional post to extend the contact and advice on offer.

4.1.5 During 2014, the Council was also successful in securing funding from the Welfare Reform Resilience Fund, which funded 2 Energy Advisors. The project commenced on 1 September 2014 and to date 234 Council Tenants have been referred resulting in savings of £31,059.78 for 135 households.

4.2 Housing options

4.2.1 Although we are doing all we can to help people move within the context of limited stock available, most of our tenants do not wish to move and wish to stay in their own community. Of those affected by the occupancy rules only 305 were on the waiting list at the end of March 2015, of which 117 (38%) were on the list prior to the under-occupancy rules being introduced.

4.2.2 In partnership with our Housing Association partners, the 'joint drop in' Housing Options and Mutual Exchange shop in Paisley Town Centre was opened to the public on the 21 October 2013 – key outcomes for financial year 2014/15 were:

- 1862 customers called into the shop, and received advice and assistance
- 319 have registered for a mutual exchange through the on line service
- Of the customers calling into the shop 1046 found out about it by walking by and a further 609 found out from Council staff advice (the remaining 207 through a variety of sources).
- 61 tenants found a suitable match and exchanged properties last year, 24 of which were impacted by under occupancy.

4.2.3 Although relatively small in number the increase in exchanges is a valuable outcome for the housing system in Renfrewshire. There are positive outcomes from mutual exchanges for those involved in terms of meeting housing needs for respective applicants with an element of choice. In addition to meeting

housing need, the benefit for the Council in mutual exchanges 'swaps' is that the properties involved do not enter the 'void process' which avoids the associated costs (outwith safety checks). Last year the Scottish Housing Best Value Network reported the average void cost to be £2300 for repairs alone.

The footfall in the shop also continues to be high, with extended opportunities for marketing and promotion, 7 housing association partners shared the cost of the shop frontage which promotes the partnership within Renfrewshire and the opportunity to access housing association stock.

Sanctuary Housing Association who do not have a base locally utilise the shop to hold their 'housing surgery'. This co-location whilst it is only once a week, strengthens joint work at an operational level. Local Associations make use of the shop front and displays to display their housing options.

4.2.4 The Council approved an amendment to the Housing Allocation Policy on June 2013 to prioritise those Council tenants who are worst affected by under-occupancy within the existing Group 4 Exchanges. During 2014/15, 27 under occupying tenants were re housed by the Council.

4.3 Employment

4.3.1 Plans to help mitigate the impacts of welfare reform included improving the employment prospects for tenants and their families including:

- The extension of Housing Options advice to include employment sign posting and relevant housing staff have been trained. A dedicated Employment Advisor is now part of the Housing team and awareness sessions have been carried out across the service. In 2014/15, 205 tenants/members of their household have been supported with employability services to enable progression in the transition to work. 20 of these individuals are now in employment and 15 moved into further training. 38 clients received support with CVs and/or IT access. 36 received specialist provision such as referrals to Advice Works, Crisis or REEM (Renfrewshire Efforts to Empower Minorities).
- Further to the 2 'housing trainee' projects previously reported to the Board, in which 10 young people joined the Housing service as trainees, an additional 2 trainees joined Housing Services as part of a Household Review team during 14/15, both of which are now in full time employment. These projects have allowed the trainees to gain work experience and skills to assist in success in the employment market. The teams remit was to gather information on households and their awareness/ability to cope with current or forthcoming Welfare Reform changes which may affect their household. The team proved to be very successful – conducting in excess of 3000 household reviews with Council tenants and during their time in housing both trainees also gained an accreditation in Level 2 SVQ Administration through the employability initiative.
- In partnership with Community Resources, during 2014/15, 18 trainees worked as part of a 'Neighbourhood Environmental Team' (including 4

replacements for trainees who left during the programme). 14 clients in total moved into employment either with the council or elsewhere

The Council piloted a new approach which has proven to be very successful in Glasgow - empowering the team to provide neighbourhood environment services using a “what’s needed” approach to environmental issues such as clearances, litter picking, weed killing, graffiti etc in conjunction with the local housing officer and residents, as opposed to traditional methods involving schedule of work and responding to individual complaints/requests. This scheme enables skills development for the individual trainees whilst delivering an intensive estate environment management service to improve local housing areas. This scheme has recently been developed and integrated within a wider employment initiative in partnership with Community Resources and ‘Invest in Renfrewshire’ which as well as trainees, involves volunteerism and a town centre initiative. Intensive Estate Management will be provided in targeted areas for part of their working week. 8 trainees have recently joined the team as part of this employment initiative.

4.4 Temporary Accommodation

4.4.1 Maximum rent restrictions apply to HB recipients who are homeless and placed in Council owned temporary accommodation. (The restrictions do not apply in circumstances where homeless applicants are placed in privately sourced/leased accommodation used for this purpose or the accommodation provides more than minimal care, support or provision).

4.4.2 In Renfrewshire 133 out of 157 properties (85%) used to provide accommodation to homeless applicants are Council owned, therefore the new maximum rent rules potentially places an additional burden on the Council. The majority of households living in temporary accommodation receive Housing Benefit and are placed in accommodation available and arising from an urgent need, rather than a requirement for a particular size of property.

4.4.3 Work is ongoing to look at the current modelling of temporary and supported accommodation to determine the future viability of the current model of service delivery, which at present proves to be highly effective at meeting the immediate needs of vulnerable individuals and families and has allowed the Council to cease the use of Bed and Breakfast accommodation. By the end of 2014/15 almost £53,000 under occupancy arrears had accumulated.

4.4.4 It is also noted that the DWP intend that housing costs for short stay tenants will be included in Universal Credit at Local Housing Allowance (LHA) rates and paid direct to tenants, with a separate element for management costs paid direct to landlords. While these changes are unlikely to affect many tenants during the first phase of transition to Universal Credit, over the longer term this proposal is concerning and this would place significant pressure on already extremely vulnerable clients. It is also fully anticipated that a very high level of non payment of associated rent will occur as a consequence which is expected

to have an impact on the Council's financial arrangements for the provision of Short Stay, temporary accommodation.

5. Universal Credit in Renfrewshire

- 5.1 On 22 June 2015 the UK Government's roll out of its new benefit, Universal Credit (UC), was extended to Renfrewshire. Only residents who meet the criteria below apply for UC. Claim numbers are expected to be low initially.

Residents are asked to apply for Universal Credit (UC) if they are:

- Aged between 18 and 60
- Single
- Live in Renfrewshire (apart from PA11, PA14 and PA2 8 postcode areas), and
- About to make a new claim for Income based Jobseekers Allowance. They'll instead apply for UC.

- 5.2 Universal Credit benefit payments are paid monthly (instead of fortnightly) and there are changes to the way housing benefit is paid. Council, housing association, and private tenants who fall into the categories above will receive their housing benefit as part of their UC claim (and it is called the 'housing element'). It is paid directly to them and won't go straight to their landlord, meaning the tenant will have to pay the 'housing element' of their UC money to their landlord to cover their rent.
- 5.3 There is a process available called 'alternative payment arrangements' where requests can be made for the 'housing element' payments to go directly to landlords if residents can explain why paying rent would be difficult for them. Landlords can apply for alternative payment arrangements (ie rent direct from benefit to the landlord) if the tenant has 2 months rent arrears or more in their account. Residents can wait for around 5 weeks to receive their first UC payment as it is paid in arrears. There is also a Statutory Instrument that effects a 7 day waiting period from 3 August 2015 (ie no entitlement to benefit) for UC customers. This 7 day waiting period with no entitlement added to the 35 days assessment period results in 42 days prior to any payment from 3 August 2015.
- 5.4 As previously reported to the Board this new benefit system is in contrast to the existing Housing Benefit administration, where, Housing Benefit is paid directly to social sector landlords. Whilst there will be some exceptions to this where particularly vulnerable tenants will continue to have their rent paid direct to the landlord. Universal Credit has been designed as an online system with the intention that claims will be made through online accounts accessed via the internet.
- 5.5 At the start of August, 277 claims have been made for UC in Renfrewshire, 37 of which we know are Council tenants. The nature of the new benefit system changes many of the components of rent payment for customers in receipt of benefit; as outlined above, the housing element of their benefit (within their UC benefit payment) is paid 5 weeks in arrears. The payment date for each

claimant is calculated based on their claim date, therefore, dates will vary for tenants in contrast to housing benefit where all payments are made on the same day and directly into rent accounts from the Council's benefit system; in line with rent charging periods.

- 5.6 As mentioned above, there are now 37 Council tenants known to be in receipt of UC at at 31 July 2015 and outcomes from the changes for customers and the rent system are being monitored and will be reported to a future meeting. Noteable changes include:

Housing Benefit customer

Benefit paid from first Monday

28 day processing target

Automatic payment to rent account

Landlord notified HB in payment & details

Universal Credit customer

7 day waiting period (from 3.8.15)

35 day assessment period

Housing element paid direct to tenant*

Customer notified of UC direct (not landlord)

*alternative payment arrangement can be applied for in certain circumstances

- 5.7 As previously reported, the Housing Service will need to have more detailed knowledge of our tenants and their household circumstances as we deal with the roll out of UC. Although in these early days the numbers are relatively low, we are using this period to strengthen relationships with tenants, internal colleagues and DWP to make sure that communications are effective and contacts are targeted: to maximise income for customers impacted by the benefit changes, and protect rental income as far as possible as the roll out progresses and numbers of tenants in receipt of the new Universal Credit increases.
- 5.8 Housing Services is in the process of realigning resources and decentralising central teams from October this year. Allocations and Intervention staff will integrate within the 4 local Housing teams in Renfrew, Johnstone, Paisley North and Paisley South. This decentralisation into local neighbourhood teams will hopefully contribute to closer working and improved sharing of information for the benefit of customers and tenants; building on systems already in place which will be a crucial element of our preparation for further roll out Universal Credit and other welfare reforms.
- 5.9 The Housing Service will continue to contribute to the work associated with the Tackling Poverty action plan and related workstreams of the corporate Welfare Reform programme; to maximise opportunities that arise to continue external funding in partnership for the benefit of Renfrewshire tenants and residents.
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Implications of the Report

1. **Financial** - The funding required to address the impact of the under occupancy deduction for Council Tenants in 2014/15 was £929k, which was met through DHP and Scottish Government additional allocations. The HRA also utilised £600k of Welfare Reform reserves to cover additional staffing costs and employability initiatives during 2014/15. The unspent balance of this year's Welfare Reform reserves that related to the CTAF was carried forward at the year end in light of the continuing uncertainty over the roll out of Universal Credit and other Welfare Reform changes beyond 2015/16.
 2. **HR & Organisational Development** - The activity is consistent with supporting and developing staff and systems within the organisation.
 3. **Community Planning**
Community Care, Health & Well-being - The activity is consistent with supporting the most vulnerable in the community to adapt to significant changes to welfare provision
Jobs and the Economy – This activity supports the Council's 'Invest in Renfrewshire' initiative through the creation of traineeship positions and provision of employability advice and support to Council Tenants contacted.
 4. **Legal** - None
 5. **Property Assets** – None
 6. **Information Technology** - implications are in relation to the updating existing systems to identify universal credit housing cost element as a payment source in tenant's rent accounts.
 7. **Equality & Human Rights** –
No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** - None
 9. **Procurement** – Procurement of energy efficient projects.
 10. **Risk** – The welfare reform risk has been built in to the financial sustainability risk and the tackling poverty and inequality risk which are the top 2 risks for the Council.
 11. **Privacy Impact** - None
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List of Background Papers

- Housing and Community Safety Policy Board report 11 November 2014: Housing Policy response to Welfare Reform
- Finance and Resources Policy Board report 27 August 2014: 'Discretionary Housing Payments – revised policy'
- Housing and Community Safety Policy Board 27 August 2013: Housing Policy Response to Welfare Reform – Council Tenant Assistance Fund
- Housing and Community Safety Policy Board 14 May 2013: Housing Allocations Monitoring Report 2012/13 and targets for 2013/14
- Planning and Property Policy Board 14 May 2013: Lease of Premises at 7a Moss Street, Paisley

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