

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:** HOUSING OVERVIEW & SCRUTINY COMMITTEE

**DATE:** WEDNESDAY, 23<sup>RD</sup> JANUARY 2013

**REPORT BY:** DIRECTOR OF COMMUNITY SERVICES

**SUBJECT:** HOMELESSNESS & WELFARE REFORM

**1.00 PURPOSE OF REPORT**

1.01 To update the Committee of the work in progress to develop and implement a range of measures that will help mitigate the full negative impact of the welfare reforms from falling upon vulnerable households and in doing so protect the Housing Revenue Account income and ensure the Local Authority's statutory homelessness duties are fulfilled as cost effectively as possible

**2.00 BACKGROUND**

2.01 The provisions in the Welfare Reform Act 2012 fundamentally reform the social security system. A significant number of welfare benefits will be subject to amendments. Some benefits will be slightly tweaked (i.e. Industrial Injuries Benefits) while others, such as means-tested benefits, will go through major transformations that will culminate in their abolition following the introduction of Universal Credit. The aim of the reforms is to make the benefit system simpler, to ensure work always pays, and to deliver annual savings of £18 billion from the social security budget by 2015.

2.02 Members will be aware that the Council is currently developing a long-term and proactive Welfare Reform Strategy to help households impacted by the welfare reforms. The strategy comprises of four major Projects:

- I. Welfare Reforms - Mitigating Homelessness;
- II. Social Fund Replacement - Local Assistance Scheme;
- III. Implementation of the Universal Credit;
- IV. Council Tax Replacement Scheme.

2.03 To oversee the development and implementation of the strategy, a dedicated Welfare Reform Programme Board has been established. The Leader of the Council chairs the Programme Board, and its

membership comprises of representatives from all key stakeholders, i.e., Flintshire County Council (Councillors and Officers), Third Sector organisations, the DWP, and the Health Authority.

2.04 The changes to the social security system have the potential to reduce benefit income within households across all of Flintshire's communities. The assumption from the Government is that the majority of households will be able to replace their lost benefit income with earned income and the Universal Credit. With its single income taper withdrawal figure this policy has been designed with the aim that work always pays. However, we expect that some of the more vulnerable households in the County may experience the most severe financial pressures and not have the opportunity to alleviate these pressures by going into employment.

2.05 If the reduction in welfare benefit income cannot be replaced by earned income this will affect a household's ability to pay their contractual housing costs and increase the threat of the household becoming homeless. An increase in homelessness will place additional financial pressures upon the Council through the budgetary costs associated with the fulfilment of its statutory homelessness duties.

2.06 Alongside, the potential increase in budgetary expenditure on statutory homelessness duties, the Council is considering the potential budgetary impacts of the proposed changes to homeless legislation within the Welsh Housing White Paper. These changes include, ending intentionality amongst homeless families and introducing a new statutory duty linked to delivering housing solutions to all households at risk of homelessness, not only those deemed to have a priority need status.

2.07 Whilst the Council support the concept of an improved safety net for all households at risk of homelessness through the enhancement of homeless prevention services, it is concerned that this will require significant additional resources. At present, the Council is involved with on-going discussions with the WLGA to identify the potential cost of the proposed changes.

### **3.00 CONSIDERATIONS**

3.01 The majority of the welfare reforms begin to be implemented from April 2013 and the process of transforming the social security system will not be complete until 2017 (at the earliest). However, some reforms are already in progress, such as reducing housing benefits (HB) for private sector tenants. These reforms, along with the current economic climate, are creating an increase in the numbers of

residents approaching the Council's Advice and Homelessness Team as homeless. During the period October to December 2012, fifty-four formal homeless applications were made from the 207 households who received specialist advice and support. Compared to the same period in 2011, this represents an increase of 58% in formal homeless applications (34 were made in the period October to December 2011).

- 3.02 When the main reforms of the social security system start to be implemented, more residents (tenants and owner-occupiers) will find themselves at a heightened risk of losing their homes. For example, the reduction in the amount of HB paid to working age social housing tenants who are under occupying their home will result in 1,200 FCC tenants losing HB totalling £12,500pw. The reforms of sickness and disability benefits will mean around 4,000 residents may lose some or all of their sickness and disability benefit income. The loss of sickness or disability benefit may also result in the householder losing HB or the financial support they receive from other means tested benefits towards their mortgage interest payments.
- 3.03 To help households address the problems they will face because of the welfare reforms and mitigate the risk of homelessness, it is essential that they have timely and easy access to advice and support services.
- 3.04 The Council's Neighbourhood Housing Service has commenced a project to support its working age tenants who are under-occupying their home. The aim of the project is to help tenants to address the problems that the reduction in their HB entitlement will create and to manage their long-term housing expectations. Tenants have been given the opportunity to meet with the housing team to discuss their options and draw up a housing support plan, noting their preferred long-term housing option and identifying the on-going advice and support, they need to attain this option. Information on the preferred options of tenants is attached at appendix 1, alongside a breakdown of current stock turnover that demonstrates the mismatch between need and supply
- 3.05 The Housing Service is also developing a 'Money Management and Prevention of Eviction' project where an Accommodation Support Officer will work with tenants in arrears to help them to develop the skills needed to manage their household budget effectively. The project will run initially for a 12-week pilot period when its outcomes will be evaluated to assess its impact. A similar scheme is currently being scoped for new tenants.
- 3.06 The positive engagement with tenants, being advanced through these two projects, will help form the basis of the Neighbourhood Housing

Service continued engagement with all its tenants in order to prepare them for future welfare reforms that will affect them. For example it is proposed that rent is paid directly to them within a four weekly payment of Universal Credit or Pension Credit. This measure is proposed to start to be introduced from April 2014, following the evaluation of a number of pilot projects currently being undertaken across the United Kingdom.

3.07 The Neighbourhood Housing Service is also reviewing and considering revisions to its policies. During this work some very sensitive issues that will be created by the HB reforms will have to be addressed. These include the following issues related to the management of rent arrears and the allocation policy.

- At what amount of rent arrears would it be appropriate for the Housing Service to begin legal proceedings to seek possession where the tenant's arrears have accrued because of the HB reduction?
- Should legal action for possession be taken at different amounts of arrears depending upon an individual tenant's response to the financial problems the HB reduction has created? For example, if a tenant has positively engaged with the Housing Service and taken up offers of advice and support to try to resolve their financial problems but these have proven unsuccessful, should the Housing Service allow their arrears to accrue to a higher amount before implementing legal action than a tenant who has refused all offers of help and support?
- What should our financial provision be for bad debt over the next three years while these changes bed down?
- Should the housing allocation policy be strictly aligned to the HB regulations which may mean housing lower priority cases that match the size of a property or do we knowingly allow people to under occupy?
- Should the allocation policy allow an applicant, with the financial means to pay their rent without assistance from the HB scheme, to be offered a property, which according to the HB rules they will be under occupying should they subsequently need to claim HB to help them to pay their rent?
- Should the current policy on transfers be revised to allow tenants with rent arrears to be able to move to smaller accommodation?
- Should the lettings age of some of the Council's older persons housing be reduced to enable them to be allocated to younger people, for example, bedsits and 1 bedroomed

flats in locations that are not wholly suited for older people?

- Should the housing investment programme be focussing more on investments that make tenant's homes cheaper to run, for example, prioritising of gas areas rather than improving bathrooms?

- 3.08 The HB reduction relates to tenants of all Social Landlords and the Housing Service will work closely with Housing Associations operating in Flintshire to align approaches where possible. This will support the development of measures to minimise homelessness and mitigate the financial pressure placed upon the Council through the fulfillment of its statutory homeless duties to Housing Association tenants who could be evicted due to rent arrears caused by the HB reduction.
- 3.09 The Council is also funding additional staffing resources to establish a Welfare Reform Response Team to assist residents, across all tenures, who are in need of advice and support during this period of significant change. This team, initially two officers, (an application has been made to the Welsh Government for funding for a further three officers) will target and engage with households and help them to identify and implement solutions that will enable them to maintain their contractual housing payments. For example, assist households to effectively manage their financial commitments and improve their budgeting skills, to maximise their household income, and to improve prospects of obtaining employment through accessing training or volunteering opportunities, etc.
- 3.10 The proactive and early intervention work, outlined above, will ensure some households are able to remain living in their current accommodation. However, not all interventions will have successful outcomes and some households will, unfortunately, become homeless.
- 3.11 It is therefore essential that measures are introduced that will enable the Council's statutory homeless duties to be fulfilled as cost effectively as possible. For example, the Housing Options Service is examining an option to lease a property comprising of 12 units of single person accommodation. Given the largest group at any time accommodated within B&B are single households, this accommodation will enable the Council to reduce the use of B&B accommodation as interim/temporary accommodation. Just as important, the Housing Options Service will work with the residents, who are placed in the accommodation, and help them to address any underlying problems which contributed to their homelessness and in doing so ensure they are better able to sustain their own accommodation over the longer- term.
- 3.12 The proposal in the report to the Executive on the 24 January 2012, that more difficult to let council property could be utilised as temporary homeless accommodation is now in operation. The (then) Executive

agreed that up to eight units of Council stock could be used as temporary accommodation. Five properties are currently being used to accommodate seven homeless households.

- 3.13 One three-bedroom house is being used to accommodate three single young people. This is the first time the Council has used a shared house as accommodation and appropriate support is being provided to the residents. Given the difficulty in finding suitable and affordable accommodation in the private rented sector for single people aged 16 – 34 years old and the lack of 1-bedroomed social housing for this age group, the shared house model will be an essential tool in helping the Council reduce the budgetary cost of providing accommodation for single homeless households.
- 3.14 It is also important that the private rented sector within Flintshire remains a viable housing option for all residents, regardless of their income, in order to enhance homeless prevention activities. The availability of private rented properties will become more critical should the proposal in the Welsh Housing White Paper to allow Councils to discharge homeless duties in to a private sector property, without or without the applicants agreement, become law.
- 3.15 Unfortunately, the reduction in the amount of HB paid to tenants renting from a private landlord that was implemented in January 2012 has provided a disincentive to some private landlords to accept tenants who will be reliant upon HB to help pay their rent. In addition, the introduction of the Universal Credit from October 2013 where payments in respect of housing costs will be made directly to claimants may provide further disincentives to private landlords to accept low-income tenants.
- 3.16 Thus, the Council needs to develop sustained and proactive relationships with private landlords in order to increase the number of landlords within the County who are willing to provide accommodation for rent at local housing allowance rates. Options to be considered will include, working with an established Social Lettings Agency and examining the benefits to be obtained from establishing an in-house Private Rented Access Team to engage effectively with private landlords. A Flintshire Private Rented Sector Fair is also being planned to be held in March 2013. This event will allow the Council and other agencies to engage with current and prospective landlords to provide information and advice and to promote the Private Rented Sector as a key contributor to meeting housing need and demand in Flintshire.

#### **4.00 RECOMMENDATIONS**

- 4.01 That the Committee notes the measures outlined in the report that are being implemented to help address the impact of the Welfare Reforms and provides views on the policy issues for landlord services outlined

in 3.07 so that firm proposals can be developed for Cabinet approval.

## **5.00 FINANCIAL IMPLICATIONS**

5.01 The financial pressures upon the Council that may be created by the full impact of the welfare reforms are significant. These pressures include the £700,000pa reduction in the level of Central Government revenue that is paid directly to the Housing Revenue Account in respect of housing benefits to assist tenants with low incomes to pay their rent. The Council is also anticipating an increase in expenditure with all costs associated with the provision and management of emergency and temporary accommodation for homeless households. The Council anticipates there may be additional pressures on other services, notably Social Services, due to the possible strain on families.

5.02 A 2013/14 budget pressure bid of £250,000 has been approved in relation to the expected budgetary increase in expenditure on the Council's statutory homelessness duties.

## **6.00 ANTI POVERTY IMPACT**

6.01 The programme of proactive work being undertaken to try to mitigate the increase in homelessness will target and protect, as much as possible, the most vulnerable members of our communities from being adversely affected by the Government's Welfare Reforms.

## **7.00 ENVIRONMENTAL IMPACT**

7.01 None specifically associated with the content of this report

## **8.00 EQUALITIES IMPACT**

8.01 The consequences of the welfare reforms will be felt across many of Flintshire communities; however, some groups will be harder hit than others. For example, single people aged under 35 years old, people of working age with long-term health problems/disabilities, families with four or more children and working age social housing tenants. The successful attainment of the objectives within the Mitigating Homelessness Project will ensure the adverse impacts of the welfare reforms upon such groups are reduced.

## **9.00 PERSONNEL IMPLICATIONS**

9.01 None specifically associated with the content of this report

**10.00 CONSULTATION REQUIRED**

10.01 Any proposal to introduce amendments to the Neighbourhood Housing Service's policies will be subject to appropriate consultation.

**11.00 CONSULTATION UNDERTAKEN**

11.01 A Welfare Reform seminar for Members was held on the 12 November 2012

**12.00 APPENDICES**

12.01 Appendix 1: FCC tenants – under occupying

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985  
BACKGROUND DOCUMENTS**

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