

COMMUNITY, HOUSING & ASSETS OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 6 th July 2022
Report Subject	Housing Rent Income and Welfare Reform
Cabinet Member	Cabinet Member for Housing and Regeneration
Report Author	Chief Executive
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Community, Housing and Assets, Overview and Scrutiny Committee with a combined operational update on the latest welfare reform impacts and the 2021-22 outturn collection of housing rent in advance of the report and analysis being considered by Scrutiny Committee in July 2022.

The report provides a further update on the impacts that welfare reforms continue to have on Flintshire residents and other cost of living challenges. It also provides and update on the work that is ongoing to mitigate many of these challenges and to support these households through the cost-of-living crisis.

For Rent Collections, cumulative rent arrears for 2021-22, as at 31st March 2022, were £1.90m compared to £1.85m in the previous year, an increase of £47k, despite the collection of circa £40.1m of the in-year rent yield for 2021/22. Even though arrears increased marginally, the outturn position was better than originally predicted since throughout the year total rent arrears were rising by, on average £75k to £100k.

RECOMMENDATIONS

1	That Community, Housing and Assets, Overview and Scrutiny Committee support the ongoing work to manage the impacts that welfare reform has and will continue to have upon some of the most vulnerable residents in Flintshire along with implementing support via Welsh Government support measures to mitigate the cost of living crisis.
2	Note the latest financial position for rent collections in 2021/22 as set out in this report.

REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION FOR WELFARE REFORM AND COST OF LIVING CRISIS MITIGATION
1.01	<p>The report provides a further update on the impacts that welfare reforms continue to have on Flintshire residents and the work that is ongoing to mitigate this and support these households.</p> <p>Vulnerable households have not only been impacted significantly by COVID-19, but are now also being impacted by the cost of living crisis. The report therefore, also provides information around a range of measures that have been developed to help those affected by the cost of living and the support provided to residents to help mitigate these negative impacts.</p>
	Spare Room Subsidy
1.02	<p>More commonly referred to as the Bedroom Tax, this reform relates to restrictions of Housing Benefit or Universal Credit where the claimant is under occupying the property. The restrictions are:</p> <p>14% reduction to the eligible rent where a person living in a social landlord property, has one or more “spare bedroom” 25% reduction to the eligible rent where a person living in a social landlord property, has two or more “spare bedrooms”.</p>
	Impact in Flintshire
1.03	<p>Currently, a total of 454 households in Flintshire are subject to a reduction in their housing benefit payments as a result of the Bedroom Tax.</p> <p>This means that tenants affected by this restriction have to find this extra money to pay their rent.</p> <p>The data here is limited to those tenants who still claim housing benefit. The Bedroom Tax is a restriction that also is applied to Universal Credit (UC), however, the council does not have access to this data to be able to report on this position</p>
	Benefit Cap
1.04	<p>The total amount of annual ‘out of work’ benefit income which a ‘working-age’ household can receive is set at (figures for households outside of greater London):</p> <ul style="list-style-type: none"> • £20,000¹ for couples and lone parents (£383.56pw) • £13,400 for single claimants (£256.99pw) <p>The latest figures at February 2022 show that there are 602 households in Wales subject to a reduction in their housing benefit only. The data is unable to be reported for those in receipt of UC.</p>

¹ For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

	Impact in Flintshire
1.05	At May 2022 there were 17 households in Flintshire which were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied. The total loss each week for all of these households is a collective loss of income of around £898 per week.
	Cost of Living Support Scheme
1.06	<p>Welsh Government announced a package of measures to help people with the cost-of-living crisis. The package includes £152m to provide a £150.00 cost of living payment to eligible households.</p> <p>The Cost of Living Support scheme is intended to provide immediate support as Wales recovers from the pandemic and support households to deal with the impact of increasing energy.</p> <p>For the main scheme, households occupying properties in Council Tax Bands A to D, along with those households who receive Council Tax Reduction (CTRS) in Council Tax Bands A to I, are eligible to a £150.00 payment if they meet the following criteria:</p> <ul style="list-style-type: none"> • Liable for, and living in that property as their sole and main residence on 15th February 2022 • Responsible for paying the associated utility bills for that property on 15th February <p>Currently, 42,023 individual payments of £150 have already been made to eligible households. This equates to a total funding distribution of £6.3m and a take-up rate of 90% for eligible households.</p> <p>The main scheme remains open for applications up to 30th September 2022.</p>
	Self-Isolation Scheme
1.07	<p>The Self Isolation Support Scheme introduced in Wales in November 2020 provided a £500.00 payment for those who cannot work from home and must self-isolate, and for parents and carers on low incomes with children who are self-isolating.</p> <p>The scheme was reviewed from 8th August 2021 and the self-isolation payment increased from £500.00 to £750.00 for those applying on or after 8th August 2021.</p> <p>In order to receive the payment, residents are required to fulfil all four of the following criteria:</p> <ol style="list-style-type: none"> 1. Residents are currently receiving Universal Credit, Working Tax Credit, Income-based Employment and Support allowance, Income-Based Jobseeker's Allowance, Income Support, Housing Benefit and/or Pension Credit; 2. Are employed or self-employed; 3. Are unable to work from home and will lose income as a result;

	<p>4. Have been told to self-isolate by NHS Test and Trace, either for 10</p> <p>Since the start of the scheme, Flintshire County Council have received over 8,500 applications to date and have approved approx.3,400 applications for payment.</p> <p>The scheme is due to end 30th June 2022 and final payments are to be made by the end of September 2022.</p>
	<p>Tenancy Hardship Grant Scheme (THG)</p>
1.08	<p>The Tenancy Hardship Grant was designed to support people who have fallen behind on their rent by more than eight weeks between 1 March 2020 and 30 June 2021. The grant is designed to help people stay in their homes and prevent them losing their tenancies.</p> <p>The scheme was closed for applications on 31st March 2022.</p>
1.09	<p>There were a total number of 30 applications submitted and 5 applications granted.</p> <p>The scheme was well promoted but take up was low due to the narrow eligibility criteria.</p> <p>Of those applications received, 6 were signposted to a Discretionary Housing payment application.</p>
	<p>Unpaid Carers</p>
1.10	<p>As part of the package of support for the cost-of-living crisis Welsh Government have recently introduced a payment. A one-off £500.00 payment is available to all eligible unpaid carers in Wales who were in receipt of Carers Allowance on 31 March 2022.</p> <p>The payment is being made in recognition of the increased financial pressures many unpaid carers have experienced during the pandemic, and to help with some of the additional costs they have incurred. The payment is targeted towards those individuals who care for someone for at least 35 hours a week and have low incomes.</p> <p>Individuals are not eligible for the payment if:</p> <ul style="list-style-type: none"> • they have an underlying entitlement to Carers Allowance but do not receive a payment because they are in receipt of another benefit at the same or higher rate; or • they receive a carer premium within a means tested benefit. <p>Registration forms in Flintshire commenced on 16 May 2022 and all forms must be received before 5pm on 15 July 2022.</p> <p>Payments for successful claims will be made from June through to the end of September 2022.</p>

Following successful promotional activity through our Corporate Communication routes and Social Services, there are currently, a total of 1,800 applications have been received. Further external communications are planned.

Currently, Flintshire have made over 500 payments

Winter Fuel Support Scheme

1.11 Welsh Government has made available over £38 million through a [Winter Fuel Support Scheme](#).

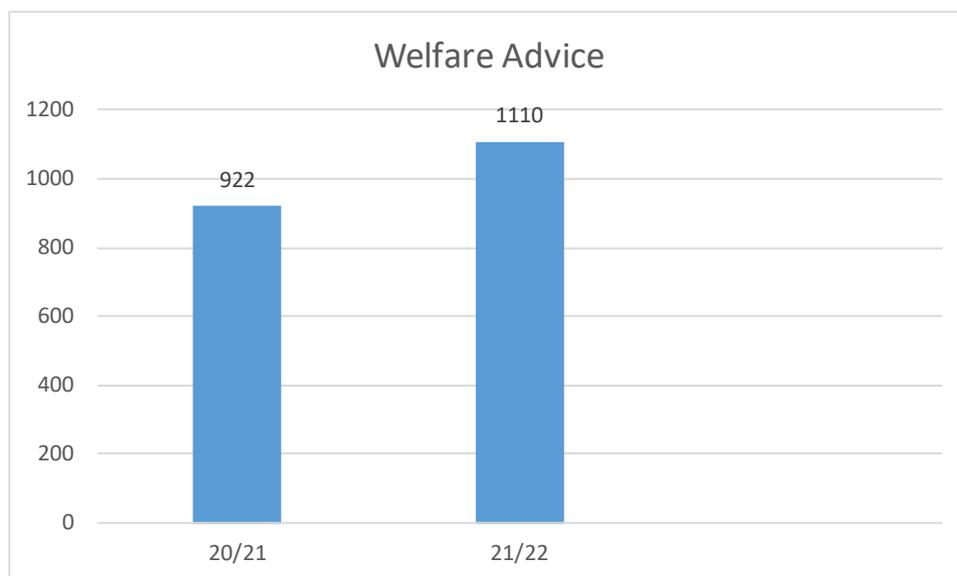
From 13th December 2022 to 18 February 2022 eligible households can claim a one-off £100.00 payment from their local authority to provide support towards paying their on-grid winter fuel bills. The payment will be available to all **eligible households** regardless of how they pay for their on-grid fuel, whether that is, for example, on a pre-payment meter, by direct debit or by paying a bill quarterly.

During implementation of the scheme the payments were increased by Welsh Government to £200.00 which resulted in reviewing payments already made and increasing them by a further £100.00.

The scheme will be re-introduced in the Autumn of 2022.

Welfare Support

1.12 The number of residents needing support and advice to help manage finances has seen a growth comparing 20-21 to 21-22 of 20% as shown in the chart below.

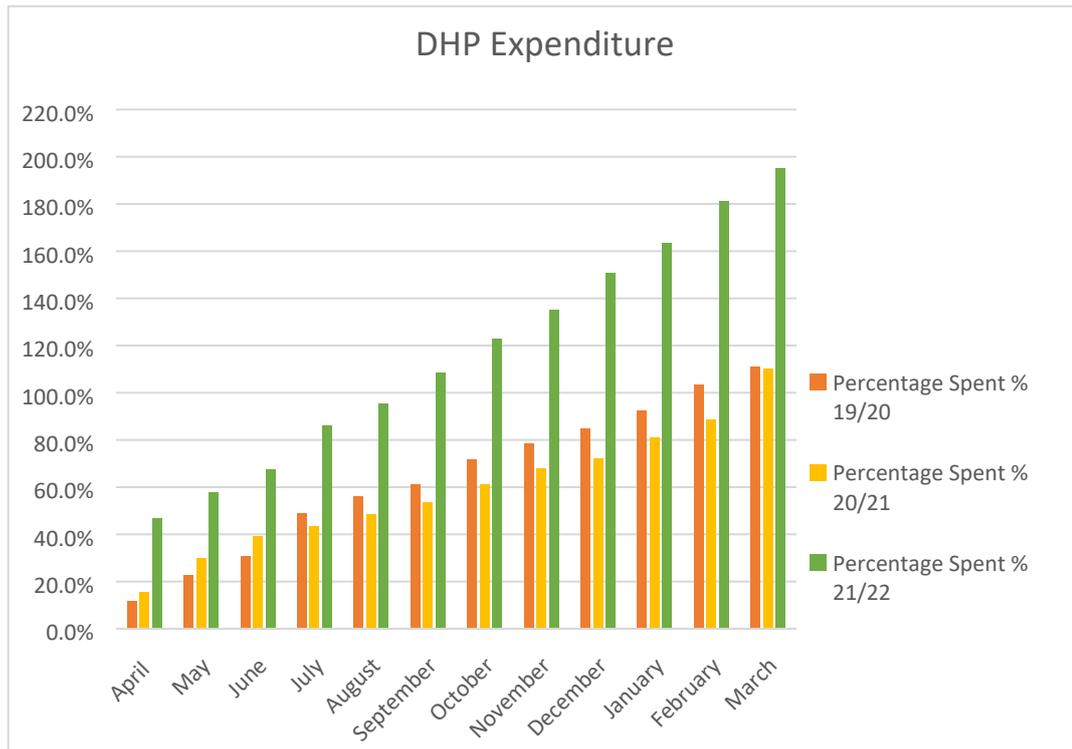


There is already signs that that requests for support are being received for residents not known to the team and it is envisaged that with the ongoing cost of living crisis that this will continue to increase in demand.

Discretionary Housing Payments (DHP's)

1.13 Discretionary Housing Payments (DHPs) are payments that may be made by the Council to people that are receiving Housing Benefit or Universal Credit (housing element), but who may still need further financial help with their housing costs.

The chart below shows the expenditure over the past three years. The expenditure shows a continuing increase in demand. However, it is important to note that the DHP expenditure provided by Government to Flintshire has reduced.



Total percentage increase

19-20	110.9%
20-21	110.1%
21-22	195.6%

The chart shows that current expenditure is higher than previous years. The data shows that Bedroom Tax under-occupancy is still the most common reason for DHP applications which indicates that finding available suitable accommodation remains difficult for customers.

Additionally, it reflects that there is an increasing number of people in need of support and assistance so they are able to pay their rent.

EXPLAINING THE LATEST POSITION OF RENT ARREARS

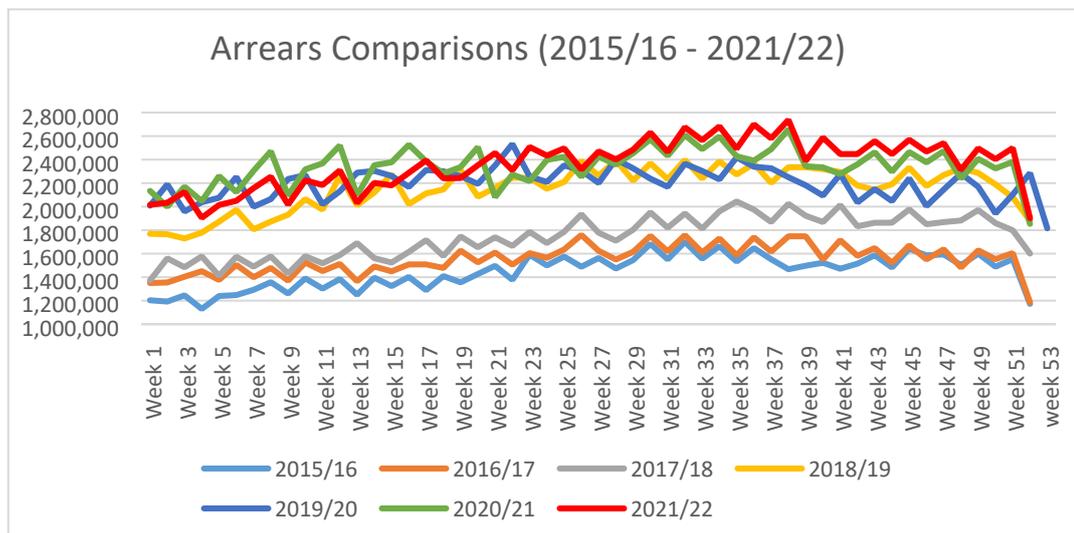
1.14 Collection of rent during the Covid pandemic and during the after effects of the global crisis, remains a challenge for the housing service in the same

way as it has for other social landlords who have been responsible for supporting tenants during the pandemic.

1.15 Year-end rent arrears represent 4.7% of the total gross rent yield – this is an indicator that allows us to compare against other Housing providers when the data is made available across Wales during Q1.

1.16 The collection of rent during 2021/22 has remained challenging for several reasons – the ban on evictions for much of the year and the need to provide tenants with six months’ notice prior to enforcement action being taken, coupled then with delays with the courts in progressing cases. The ongoing impact of the pandemic and the impact rising costs of living for social tenants who are least likely to have sufficient disposable income to cope with inflationary increases also has had a direct impact on the ability of the Housing Service to collect rent on time.

1.17 The table below illustrates the latest year-end position along with previous year comparisons:



1.18 The table below shows the year-end analysis of tenants compared to the previous year (2020/21). The table sets out those tenants who owe in excess of £250.00 in unpaid rent. Tenants who owe less than £250.00 and are generally up-to-date with their payments are excluded from the analysis.

Banded Arrears (£)	Mar-21		Mar-22	
	No. Tenancies	Arrears	No. Tenancies	Arrears
250 - 500	460	169,224	502	186,917
500 - 750	244	150,878	254	153,646
750 - 1,000	155	132,552	170	146,587
1,000 - 2,500	432	674,751	399	626,994
2,500 - 5,000	132	449,779	141	483,502
5000+	28	176,290	31	199,655
Totals	1,451	1,753,474	1,497	1,797,299

1.19	<p>In appropriate cases, it has been necessary to re-start evictions for a small number of tenancies during 2021/22 where tenants have refused to engage. In some cases, tenants had abandoned the properties.</p> <table border="1" data-bbox="667 282 1018 685"> <thead> <tr> <th data-bbox="667 282 831 398">Year</th> <th data-bbox="837 282 1018 398">Number of Evictions for rent arrears</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 407 831 439">2021/22</td> <td data-bbox="837 407 1018 439">7</td> </tr> <tr> <td data-bbox="667 443 831 474">2020/21</td> <td data-bbox="837 443 1018 474">0</td> </tr> <tr> <td data-bbox="667 479 831 510">2019/20</td> <td data-bbox="837 479 1018 510">26</td> </tr> <tr> <td data-bbox="667 515 831 546">2018/19</td> <td data-bbox="837 515 1018 546">30</td> </tr> <tr> <td data-bbox="667 551 831 582">2017/18</td> <td data-bbox="837 551 1018 582">22</td> </tr> <tr> <td data-bbox="667 586 831 618">2016/17</td> <td data-bbox="837 586 1018 618">19</td> </tr> <tr> <td data-bbox="667 622 831 654">2015/16</td> <td data-bbox="837 622 1018 654">22</td> </tr> </tbody> </table>	Year	Number of Evictions for rent arrears	2021/22	7	2020/21	0	2019/20	26	2018/19	30	2017/18	22	2016/17	19	2015/16	22
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2.00	RESOURCE IMPLICATIONS
2.01	The continued deployment of the Mobyssoft 'Rent Sense software, funded by the HRA, is necessary to control rent arrears and to ensure resources are targeted effectively.
2.02	Resource levels are also being increased to support the improvement of rent collections as part of the Covid recovery strategy. The HRA business plan for 2022/23 will take into account two additional resources to deal with increasing workloads.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	To ensure financial risks to the HRA are minimised as far as possible, rent arrears continue to be tracked on a weekly basis and cases are identified as quickly as possible to ensure targeted intervention if provided to those tenants at highest risk of non-payment.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Housing (Wales) Act 2014 • Welfare Reform Act 2012

7.00	CONTACT OFFICERS DETAILS
7.01	<p>Contact Officers: David Barnes, Revenues Manager Jen Griffiths, Housing & Benefits Manager</p> <p>Telephone: 01352 703652 and 01352 702929</p> <p>E-mail: david.barnes@flintshire.gov.uk Jen.griffiths@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	Housing Revenue Account (HRA): The Council is required to keep a HRA to record all income and expenditure relating to the provision of local authority housing. All rental income, including arrears, must be held with a ring fenced HRA account. This means that income can only be used for council housing purposes and not general expenditure. This also allows rental income to be invested locally to help improve and maintain council owned homes and also build new council homes.
8.02	Discretionary Housing Payment (DHP's) is a discretionary payment which can help towards housing costs and a person is entitled to Housing Benefit or the Housing Costs element of Universal Credit.
8.03	Eligible Rent – this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.
8.04	Housing Benefit - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.
8.05	Ineligible Services – These are charges that may be included in rent that are not eligible for support through either housing benefit or universal credit. Such as: heating; lighting; hot water; meals.
8.06	Registered Social Landlord (RSL) - RSLs are not-for-profit organisations that aim to provide good, low cost accommodation.
8.07	Spare Bedroom – in the context of the spare room subsidy (or bedroom tax) this is where there are more bedrooms in the property than the household need. For example, a single person living in a two bedroom house would be deemed as having one “spare” bedroom.

8.08	Universal Credit (UC) – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.
8.09	UC Managed Migration – Managed migration describes the transfer of existing legacy benefit claims to Universal Credit, where there has not been a change of circumstances that has resulted in a ‘natural’ transfer to Universal Credit.
8.10	Working Age – for social security benefits ‘working age’ ends for both men and women at the female statutory retirement pension age. In May 2016 this is 63 years old. The female statutory retirement age is gradually increasing to equalise with men (65 year old) in October 2018. The pension age for both men and women will then increase to 66 in 2020.
8.11	Welfare Reforms – changes introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.