

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 23 APRIL 2013**

REPORT BY: **HEAD OF HOUSING, HEAD OF FINANCE**

SUBJECT: **WELFARE REFORM AND HOUSING POLICY**
AMENDMENTS

1.00 PURPOSE OF REPORT

1.01 To seek approval from Cabinet for the implementation of a series of amendments to current housing policies that are necessary for the Neighbourhood Housing Service to be able to respond proactively to the Welfare Reform Act 2012.

2.00 BACKGROUND

2.01 The majority of the provisions within the Welfare Reform Act 2012 start to be implemented from April 2013. Collectively, these provisions will fundamentally transform the social security system with the aims of making the benefit system simpler; ensuring work always pays; and to deliver savings of £18 billion from the social security budget by 2015.

2.02 Cabinet members will be aware that the Council has recognised that the provisions within the Government's Welfare Reform Act 2012 will, if not effectively and proactively managed, have significant negative impacts for residents, service providers, businesses and the Council.

2.03 In response to its concerns, the Council is developing a long-term and proactive Welfare Reform Strategy to help and support households, across all Flintshire's local communities, who will be impacted by the welfare reforms. To oversee the development and successful implementation of the numerous workstreams within the strategy, a Welfare Reform Programme Board, chaired by the Leader of the Council, has been established.

2.04 A majority of the households impacted by the changes to their social security benefits will experience a reduction in their current level of benefit income. The assumption from the Government is that the such households will be able to replace their lost benefit income with

earned income and the Universal Credit with its single income taper withdrawal figure and increased working disregards has been designed to ensure that work always pays.

- 2.05 However, the Council is concerned that for some Flintshire households the opportunities to alleviate financial pressures by going into employment will be limited, particularly amongst the more vulnerable households within our communities. If a reduction in welfare benefit income cannot be replaced by earned income a household's ability to pay their contractual housing costs on a sustained basis will be affected and increase the threat of the household becoming homeless.
- 2.06 An increase in homelessness levels throughout the County will place additional financial pressures upon the Council, through the budgetary costs associated with the fulfilment of its statutory homelessness duties, etc. At their meeting on the 23 January 2013, the Housing Overview and Scrutiny Committee received a report detailing the measures that the Council was implementing to mitigate, as far as practical, any increase in homelessness. The report also considered various changes to existing housing policies that would be needed to meet the challenges that a specific provision within the Welfare Reform Act 2012 will create for the Neighbourhood Housing Service.
- 2.07 The Housing Overview and Scrutiny Committee supported all the recommendations within the report and proposed an additional recommendation. In this recommendation, the Committee expressed their opinion that the allocation of the Council's housing stock should be based upon an applicant's housing need, even when allocating a property to the applicant in most need would conflict with the housing benefit reforms for working age social housing tenants rules being introduced by the Welfare Reforms Act 2012.
- 2.08 Cabinet Members will be aware that from April 2013 an award of housing benefit claimed by working-age social housing tenants will be reduced if a tenant's property has more bedrooms their household is deemed to require. Flintshire County Council has 1,152 working age tenants who, according the Department of Works and Pension rules, are under-occupying their homes.
- 2.09 A social housing tenant deemed to be under-occupying their homes by one bedroom will have their weekly housing benefit award reduced by 14% and tenants under-occupying by two or more bedrooms will have their housing benefit reduced by 25%. The total reduction in the amount of housing benefit paid to Flintshire County Council tenants who are under occupying their home is £12,500pw (£700,000pa)

- 2.10 During the autumn of 2012, the Neighbourhood Housing Service contacted the tenants who would be affected by the housing benefit reforms. Tenants were provided with information on why their housing benefit entitlement would be reduced and helped to develop a housing support plan identifying how they would address the problems that the reduction in their housing benefit entitlement will create.

3.00 CONSIDERATIONS

3.01 Supporting Tenants

- 3.02 Appendix one displays information collated from the tenant's support plans on how they intended to address the housing benefit reduction. The Neighbourhood Housing Service though is concerned that the majority of tenants have not made progress on the agreed actions noted within their support plans. For example, from the 118 tenants who stated that they desired to move to smaller housing, only 38 tenants have actually completed and returned a transfer application form.
- 3.03 The Neighbourhood Housing Service believes that without appropriate levels of support and access to specialist advice, many tenants will struggle to resolve the problems that the reduction in their housing benefit entitlement will create. For example, tenants who have expressed a desire to remain in their current home and pay the rent top-up may need support to understand how to reorganise their household expenditure and/or access to specialist advice services for help to maximise their income and resolve debt problems, etc.
- 3.04 Providing tenants with ease of access to advice and support will become of critical importance if the Neighbourhood Housing Service has no alternative other than to make an application to the Court to seek a possession order against a tenant who has accrued rent arrears. The ability of the Service to demonstrate that a tenant had been offered support but refused, without good cause, to engage may enhance the prospect of the Court granting the Council a possession order should this be necessary.
- 3.05 The data that is available to the Neighbourhood Housing Service will enable tenants to be profiled and targeted with the appropriate levels of support. For example, a tenant under occupying by one bedroom, whose circumstances will change in the next few months, i.e. a child in their household reaching the age of 10 or 16, will need less intensive support than a tenant under occupying by two bedrooms who also receives a sickness/disability benefit, etc.

- 3.06 Through the effective targeting of tenants the Neighbourhood Housing Service is striving to ensure that current resources will be deployed as efficiently and effectively as possible. It is expected that Neighbourhood Housing Officers will be able to offer low level support to tenants who are facing a short term reduction in their income, or to mature tenants who have requested a transfer and are willing to accept areas within the County where appropriate sized accommodation is more readily available.
- 3.07 However, additional resources will be required to ensure that vulnerable tenants, or tenants who will be significantly impacted by several welfare reforms, have access to the advice and support that they need to identify and implement solutions that will ease the difficulties that their household face.
- 3.08 Members will be aware that the Council has provided funding for two new positions (Welfare Reform Response Officers) on 12-month fixed term contracts, to assist more vulnerable residents who are in need of advice and support during this period of significant change. These two officers will, as far as their resources allow, offer support to the Council's under occupying tenants. However, as these officers have been tasked to target vulnerable households across all tenures, they will not be able to only offer support to the Council's tenants.
- 3.09 Thus, it is proposed that an additional position of a Welfare Reform Response Officer is created on a 12 month fixed term contract. This position will be funded from the welfare reform budget held within the Housing Revenue Account. The officer will be responsible for assisting Council tenants to effectively manage their financial commitments; improve their budgeting skills; maximise their household income (both in and out of work), and improve prospects of obtaining employment through training, volunteering, etc. When a tenant needs specialist advice, such as on challenging adverse benefit decisions or dealing with threats of Court action from creditors, the officer will support the tenant in their dealings with specialist advice providers.
- 3.10 Funds may also be available from Flintshire's Supporting People Grant to provide additional resources within the Welfare Reform Response Team, and/or to increase the level of resources within an existing support service based within a Registered Social Landlord operating within the County.
- 3.11 Through ensuring that sufficient resources are in place to enable timely advice and support to be provided to all under occupying social

housing tenants within Flintshire, the Council will be taking proactive steps to reduce the risk of homelessness amongst these households. The outcomes from this work will be positive for the householder ensuring their long-term housing expectations are sustainable and will help mitigate the financial pressures that could be placed upon the Council through the fulfilment of its statutory homeless duties.

3.12 **Housing Policy Review**

3.13 A briefing note on the housing benefit reforms for social housing tenants and the implications for Housing Service policies was circulated to all Elected Members in January 2013.

3.14 The briefing note sought the opinion of Elected Members on sensitive issues related to the allocation of properties, i.e., will future allocations be based upon an applicants housing need or their ability to pay their own rent without any assistance from housing benefit and upon the rent arrears policy to ensure it responds appropriately with arrears created by the housing benefit reforms.

3.15 Even with the support that tenants will be offered the Neighbourhood Housing Service expect that the housing benefit reforms will cause many under occupying tenants to accrue rent arrears or, increase the level of their pre-existing arrears. It has therefore been necessary to review the current processes through which the Housing Service manages and supports tenants who are experiencing problems in maintaining their contractual rent payments.

3.16 Appendix two outlines the how the Neighbourhood Housing Service will deal, in an appropriate and sensitive manner, with tenants whose rent arrears have created by the housing benefit reforms. The proposed changes are also attempting to anticipate how the Courts may deal with future applications for an eviction order in respect of a tenant who maintains their rent arrears has been caused wholly by the housing benefit reduction.

3.17 Appendix three provides details of the changes that are necessary to enable the housing allocation policy to respond positively to a number of the issues created by the housing benefit reforms. For example, how the policy can reflect the need to prioritise transfer requests from tenants under occupying by two bedrooms or more whilst balancing the requirement to allocate properties to other applicants on the register who are in urgent housing need due to homelessness or medical reasons, etc. The rational behind a proposal to reduce the letting age to fifty years old for some of the Council's sheltered accommodation is also explained.

3.18 There is a requirement for appropriate staffing resources to be in place to implement the changes to the allocation policy and ensure the changes attain the desired outcomes. In addition, it is important that the Neighbourhood Housing Service has the capacity to proactively match up tenants awaiting a transfer who are overcrowded with tenants who are under occupying and also promote transfers amongst tenants. (Housing benefit data indicates that 206 Flintshire County Council tenants are living in properties too small for their households, although it is important to note that the majority of these tenants do require four bedroom properties.)

3.19 Therefore, it is proposed that an additional Neighbourhood Housing Officer position, on a 12 month fixed term contract, is created to encourage and facilitate tenants moving to more suitable/affordable accommodation. The funding for this position will come from the welfare reform budget within the Housing Revenue Account.

3.20 **Registered Social Landlords**

3.21 The housing benefit reforms will impact upon all under occupying working age social housing tenants. For information, 325 tenants of the social landlords, operating within Flintshire, are under occupying their property. The total reduction in housing benefit that will be paid to these tenants will be £4,230pw (£220,000pa).

3.22 Appendix four contains information on the impacts upon registered social landlord and outlines the Council's plans to work closely with registered social landlords to improve nominations performance and to align approaches to minimise homelessness amongst their tenants.

4.00 **RECOMMENDATIONS**

4.01 That the Cabinet support and approve the following:

- I. proposals on how the Neighbourhood Housing Service intends to proactively support tenants who are under occupying.
- II. creation of two additional posts on 12 month fixed term contracts; Welfare Reform Response Officer and Neighbourhood Housing Officer.
- III. changes that are required to the allocation and rent arrears policies as set out in appendix two and three.

IV. delegated authority be given to the Cabinet Member and Director to amend the policy (set out in appendix 2 and 3) following the outcome of consultation.

V. proposals to implement closer and improved working practices with registered social landlords as set out in appendix four.

5.00 FINANCIAL IMPLICATIONS

5.01 The financial pressures upon the Council's Neighbourhood Housing Service that may be created by the full impact of the housing benefit reforms are significant. These pressures include a £700,000pa reduction in the level of Central Government revenue that is paid directly to the Housing Revenue Account in respect of housing benefit 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 tenants who lose their accommodation as a result of accruing rent arrears due to having their housing benefit reduced.

5.02 A budget of £250,000 has been approved within the Housing Revenue Account to cover the expected budgetary increase in expenditure on various issues linked to the impacts that will be generated by the provisions within the Welfare Reform Act 2012.

5.03 The creation of the two 12 month fixed term Scale 6 posts, noted within this report, will require additional funding of £61,206. This funding has been provided for by the welfare reform budget within the Housing Revenue Account and this amount represents additional costs deemed necessary to support our tenants and maximise our income collection.

6.00 ANTI POVERTY IMPACT

6.01 The numerous workstreams that are being managed within the Council's Welfare Reform Strategy is targeting services in order to 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 are being 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 Council's Welfare Reform Strategy will help to reduce the full adverse impacts of the welfare reforms from falling upon these groups.

9.00 PERSONNEL IMPLICATIONS

9.01 There will be a need for two new fixed term Scale 6 posts to be created on the Council's establishment list.

9.02 These two posts will provide staff within the Neighbourhood Housing Service with potential developmental opportunities.

10.00 CONSULTATION REQUIRED

10.01 A proposal to formally amend the Neighbourhood Housing Service's allocation policy would need to be subject to appropriate consultation with stakeholders.

11.00 CONSULTATION UNDERTAKEN

11.01 A briefing note on the housing benefit reforms for social housing tenants and the implications for Housing Service policies was circulated to all Elected Members in January 2013.

12.00 APPENDICES

12.01 **Appendix 1:** FCC tenants – under occupying and data on housing stock numbers and lettings.

12.02 **Appendix 2:** Revised processes for supporting and managing tenants with rent arrears.

12.03 **Appendix 3:** Changes to the Allocations Policy.

12.04 **Appendix 4:** Registered Social Landlords – under occupying tenants

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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