

WELWYN HATFIELD BOROUGH COUNCIL
SOCIAL OVERVIEW AND SCRUTINY COMMITTEE – 16 NOVEMBER 2016
REPORT OF THE EXECUTIVE DIRECTOR

WELFARE BENEFIT REFORM - UPDATE

1 Executive Summary

- 1.1 This report provides an update on the government's welfare benefit reforms and the council's response to them.
- 1.2 The welfare reform measures, including roll out of Universal Credit and the reduction in the welfare benefits cap are comprehensive and all households who are dependent on welfare benefits, including many who are working and on low incomes will be affected.
- 1.3 There is likely to be a particular impact on the demand for social housing and the need for expert money and benefit advice going forward, due to a number of measures impacting on a household's ability to secure affordable housing in the private rented sector and the restriction on income in general.

2 Recommendation(s)

- 2.1 Members to note the content of this report

3 Explanation

The government has been rolling out a number of significant changes to the welfare benefit system since 2013. This report sets out some of the key changes, seeks to identify the local impact and sets out the council's response.

General Changes

- 3.1 Working age benefits (all out of work benefits such as Jobseekers Allowance; Housing Benefit; and tax credits) have been frozen for four years from April 2016 up to and including 2019/20. This policy does **not** apply to benefits not linked to working age, including Disability Living Allowance and Carers Allowance.
- 3.2 From April 2017 the child element of Tax Credit will be limited to two children. Locally this will affect households with more than two children, resulting in a decrease in their income per week as follows:

Number of children	Decrease in benefit (weekly)
Three	£67
Four	£134
Five	£202

- 3.3 From April 2017 Council Tax Reduction (CTR) backdating will be reduced from six months to one month. Family credit premium will be removed for all new claimants and the 2nd adult rebate will also be removed.

Universal Credit (UC)

- 3.4 Universal Credit replaces six existing benefits (income based Job Seekers Allowance and Employment Support Allowance, income support, child tax credit, working tax credit and housing benefit); the local roll out began in 2015 to new applicants who are single and without children. There are currently approximately 100 people on UC in the borough. In due course the government expects it to be rolled out to all claimants.
- 3.5 Key elements of UC are that it is paid monthly, it is paid direct to the claimant, that there is a five week 'waiting period' from the claim date to the first payment, that for the first seven days of the claim, benefit (including housing benefit) is not payable and that the claim is managed on line.
- 3.6 From April 2017 most 18 to 21 year old new UC claimants will lose the automatic entitlement to housing benefit. This is linked to "earn or learn". Claimants will be provided with six months of intensive support during their benefit claim to either be in employment, accept a mandatory work placement or lose their benefits.
- 3.7 Recent research conducted by the National Federation of ALMOs (NFA) revealed that since the UC roll out
- 89% of UC claimants receiving a rental element were in rent arrears.
 - 34% were subject to Alternative Payment Arrangements (APA) due to high arrears. An APA can be put in place once the claimant is in more than eight weeks arrears with their rent.
 - The primary reason for the rent arrears occurring was the non-payment of UC for the first seven days and the five week delay mentioned above

Benefit Cap

- 3.8 The total benefits that a household can receive including most of their welfare benefits and housing benefit is currently capped at £26,000 per annum. When introduced locally this affected about 75 households.
- 3.9 From 14 November 2016 the benefit cap is being reduced to £20,000 per annum (£385 per week) for families or couples and £13,400 per annum (£258 per week) for single people. The latest information from government indicates this will impact around 200 families within the borough – the majority of whom are single parent families.
- 3.10 The following groups are exempt from the benefit cap – if you are entitled to working tax credit, if you are above the age of eligibility for pension credit, if you are entitled to certain sickness/disability benefit or a war pension.
- 3.11 The table following sets out the impact of the benefit cap by household size and accommodation type. This shows that average priced private rented sector properties will be unaffordable for families with children and council accommodation will be unaffordable for single parent families with more than two children or a couple with two children.

Household size	Current Bedsize	Benefits Cap £/wk	Benefits Income £/ wk	Max HB	WHBC Average Rent /wk	Private Sector Average Rent / wk
Single - no children	Bedsit	£258	£73	£185	76	£115
Couple no children	1	£385	£115	£270	90	£208
1 parent 1 child	2	£385	£158	£227	108	£254
1 parent 2 children	3	£385	£225	£160	121	£300
1 parent 3 children	3	£385	£292	£92	121	£300
1 parent 4 children	4	£385	£359	£25	132	£323
1 parent 5 children	4	£385	£427	-£42	132	£323
2 parent 1 child	2	£385	£200	£185	108	£254
2 parent 2 children	3	£385	£267	£118	121	£300
2 parent 3 children	3	£385	£334	£51	121	£300
2 parent 4 children	4	£385	£401	-£17	132	£323
2 parent 5 children	4	£385	£468	-£84	132	£323

Local Housing Allowance (LHA)

- 3.12 In summer 2015 the government announced the freezing of the Local Housing Allowance (LHA) for 4 years to 2019-20. Local Housing Allowance is the maximum amount that you can claim toward your rent, if you are on a low income.
- 3.13 The table below sets out the current gap between private sector rents and LHA rates. The last column shows the current average council rents for information.

Bed Size	LHA Rent (SEHerts)	Private Rent	WHBC council average rent
Bedsit	£75	£115	£76
1	£147	£208	£90
2	£186	£254	£108
3	£230	£300	£121
4	£294	£300	£132

- 3.14 From April 2018 the LHA levels will also apply to social housing tenancies that started during or after April 2016, or April 2017 for supported accommodation.
- 3.15 It is also expected that as of April 2019 the LHA rates will apply to supported and sheltered accommodation as well. Local authorities will get additional ring-fenced funding to top up the housing costs above LHA levels for such accommodation.
- 3.16 From April 2018 single people under the age of 35 years are only entitled to the Shared Accommodation Rent (Local Housing Allowance) which is currently £75 per week locally. This applies to anyone who has taken on their tenancy from April 2016. There are exceptions, including people who have previously been in care; people in receipt of disability benefits; people who have spent more than three months in a hostel for homeless people; people with dependents.

Mitigation Plans

- 3.17 The council, in partnership with the Housing Trust, has taken various steps to mitigate the impact of these changes on vulnerable households.
- 3.18 The council set up a discretionary Hardship Fund (£25,000) to support people who are experiencing a high level of hardship due to the Council tax reduction scheme. The expenditure to date has ranged from £15,000 to £18,000 per annum, however given the changes that are coming in from April, it is expected that the demand for this support will increase.
- 3.19 Close joint work with officers from the council, Housing Trust and Steria has helped target information and support to those who are affected by these changes; the introduction of the Home Mover post within the Housing Trust, has helped to support social housing tenants who want to down size or mutually exchange to more affordable accommodation; full use has been made of the Discretionary Housing Payment grant, provided by government, to help support households through these changes (set out below)

Year	DHP Grant	DHP Spent	DHP Spent	HRA contribution
2016-17	£219,731	(to 13/10/16) £155,392	71%	TBA
2015-16	£171,611	£179,508	105%	£7,897
2014-15	£177,956	£214,699	121%	£36,743
2013-14	£160,761	£169,393	105%	£8,632

- 3.20 In line with government rules, the council has also utilised some funds from the Housing Revenue Account to top up DHP for tenants.
- 3.21 The council and Housing Trust have developed a very productive relationship with the CAB, which provides benefit and debt advice to tenants and other residents at both the offices in Welwyn Garden City and Hatfield five days per week.
- 3.22 Wider partnership work with the Community Inclusion Partnership (sub group of Welwyn Hatfield Alliance) has led to the development of the Local Services Directory, setting out services which can provide financial and other support to families undergoing hardship; development of skills and employment opportunities for vulnerable groups; joint training and mapping of community Internet facilities
- 3.23 Currently officers are working in partnership to provide relevant advice, information and support to the families affected by the reduction in the benefit cap.
- 3.24 In Hertfordshire 40% of working age social tenants have no access to the internet. The Housing Trust's Community Development Strategy prioritises helping tenants to get appropriate access to the internet, which will help people better manage benefit claims on line and access more cost effective services and goods.
- 3.25 Consideration is being given to how the council can respond, from a strategic housing perspective, to the needs arising from single younger people who will have restricted access to housing benefit. Joint work is underway to consider options with partner Registered Providers and neighbouring councils.

Implications

4 Legal Implication(s)

- 4.1 The changes are mainly brought about by the Welfare Reform Act 2012 and Welfare Reform and Work Act 2016. The council is notifying any tenants who will be impacted by the reduction in housing benefit entitlement prior to the sign up of new tenancies (as this particular measure is retrospective to tenancies that commenced in April 2016)

5 Financial Implication(s)

- 5.1 There are no direct financial implications arising from this report; future financial risks are set out in the risk section of this report.

6 Risk Management Implications

7 The risks related to this proposal are: Risks

- 7.1 Financial; it is likely that the council will see an increase in rent arrears amongst its tenants, given the challenges experienced elsewhere when UC is rolled out fully. Current controls are the joint work with CAB, proactive rent arrears recovery, signposting to support and financial services; effective use of DHP grant; Current mitigation is a sum set aside for bad debt.
- 7.2 Increase in homelessness; the reduction in availability of private rented accommodation is likely to lead to increased demand for housing and possibly a rise in homelessness with the associated financial burden and social cost to families; controls in place are robust housing options service and homeless prevention; joint work with the CAB and other agencies to prevent homelessness; development of single housing pathway with HCC and other districts for young people; development of Strategic Housing Board across Herts to review/protect and develop supported housing services for adults with support needs; Affordable Housing Programme; review of temporary accommodation provision.
- 7.3 Reduction in availability of supported housing schemes; the 1% rent decrease applying to non-exempt supported and sheltered housing will put a lot of financial pressure on the providers some of whom are already concerned about their viability in the aftermath of the reduction in supporting people funding. Controls in place are the development of the Strategic Housing Board across Herts to review/protect and develop supported housing services for adults with support needs

8 Security & Terrorism Implication(s)

- 8.1 There are no implications for security and terrorism arising from this report. However the council will remain closely engaged with the work of the Community Safety Partnership and PREVENT to ensure that any possible social implications arising from these measures are properly understood and monitored.

9 Procurement Implication(s)

9.1 There are no procurement implications arising from this report.

10 Climate Change Implication(s)

10.1 There are no climate change implications arising from this report

11 Link to Corporate Priorities

11.1 The subject of this report is linked to the Council's Corporate Priority Maintain a safe and healthy community and specifically to the achievement of 'help improve and maintain the health and wellbeing of residents'

12 Equality and Diversity

12.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals that are set out in this report. The government has completed EIAs for the various changes to welfare benefits and there is a disproportionate impact on women (often heading up single parent households) and disabled households.

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