

Gloucester City Council

Meeting:	Council	Date:	23rd January 2014
Subject:	Impact of Welfare Reform in Response to the Notice of Motion on 12th September 2013		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	1 Housing Needs Banding Criteria		

1 Purpose of Report

- 1.1 This report updates Council on the impacts of Welfare Reform in response to Councillor Haigh's motion on 12th September 2013 (detailed in 3.2 below). In particular, the report examines the effects of the loss of the spare room subsidy.

2 Recommendations

- 2.1 **Council are asked to RESOLVE to:**
- 2.2 **Note the current position and effects of welfare reform and particularly the changes because of the spare room subsidy removal.**
- 2.3 **Note the support the City Council and its partners are providing to those affected by these changes.**

3.0 Background

- 3.1 A number of Welfare reforms have been introduced during 2013/14. On the 1st April 2013, the localisation of council tax benefit was implemented and the removal of the spare room subsidy came into effect. On 15th July 2013, the benefit cap was introduced into Gloucester.
- 3.2 On the 12th September 2013, a notice of motion was considered at Council requesting that a report on the effects of the under occupancy and welfare reform be presented to Council, to include the number of tenants in arrears and the numbers seeking to move to smaller properties. A copy of the notice of motion is detailed below:-

This Council notes that since April 1 this year housing benefit claimants deemed to have a spare bedroom have had to pay a 'bedroom tax'. Payment of this element of the rent is leading to an increase of tenants in arrears, debt including the use of unscrupulous payday lenders and calls upon the foodbank.

This Council further notes that:-

- *The majority of housing benefit claimants are in work.*
- *Rents on smaller properties in the private rented sector are often higher than rents in the social rented sector leading to an increase to the housing benefit bill.*
- *There is a shortage of suitable properties so those who want to move may not be able to.*

This Council requests that the Cabinet member for Housing investigates the impact of the first 6 months bedroom tax on housing benefit claimants and brings a report to Council detailing the number of tenants in arrears, the numbers seeking to move to smaller properties, the demand on agencies offering legal and debt advice and the impact on the work of the Council's Housing team. It should also consider what further actions could be taken by the Council to assist claimants who are struggling to pay and look at examples of what is being done by other Councils and housing providers in England to mitigate the effects of the charge.

Under-occupancy of Social Housing.

- 3.3 In order to contain the growing housing benefit expenditure central government have introduced these reforms with a view to encourage greater mobility in the social rented sector; strengthen work incentives; and make better use of available social housing. The 'size criteria' that have applied in the private rented sector are now applied to social housing. Benefit applicants deemed to be under occupying their property would either need to move, or face a reduction in their Housing Benefit.

Benefit Cap.

- 3.4 The benefit cap was introduced for out of work households. This restricts the amount of benefit a household can receive to £500 per week for a couple and lone parent households; and £350 a week for single person households. Until Universal Credit is introduced it will be administered by Councils through Housing Benefit.
- 3.5 In order to mitigate the impact of both the under occupancy changes and benefit cap the Department for Work and Pensions (DWP) has made available an additional £145,000 to Gloucester City Council to fund Discretionary Housing Payments (DHP).
- 3.6 Discretionary Housing Payments (DHP's) are payments that can be awarded if your housing benefit is less than the amount you are being charged for rent. They are not payments of housing benefits. DHP's are awarded at the discretion of the Council, where it is considered additional help with housing costs is needed.
- 3.7 Prior to the implementation of the under occupation changes Gloucester City Council wrote to all those expected to be affected by the change.
- 3.8 The Council also worked closely with partners to co-ordinate support for all claimants predicted to be affected by the benefit cap. This included working with Gloucester City Homes and the DWP to arrange personal visits.

- 3.9 The Discretionary housing payment procedure was also reviewed in conjunction with the Forest of Dean District Council, to ensure it was fit for purpose for the changes in applicants needs.
- 3.10 In December 2012 Gloucester City Homes Board approved a Welfare Benefit Reform strategy which seeks to mitigate the financial risk to both GCH and the City Council as a result of these changes. This included additional resources for income management officers, the introduction of a new financial inclusion officer position and a Law Centre presence on site at GCH.

4.0 Position

The latest rent arrears position for Gloucester City Homes

Total Arrears	£271,000
Estimated Arrears as a result of the Under Occupation Changes	£25,000
Tenants affected by the Under Occupation Changes	426
Tenants affected by the Under Occupation in Rent Credit	188
Tenants affected by the Under Occupation in Rent Arrears	238
Average Arrears Amount resulting from Under Occupation	£105
Households affected by the Benefit Cap	20
Estimated Arrears as a result of the Benefit Cap implementation	£3,000
Average Arrears Amount resulting from Benefit Cap	£150

- 4.1 This data has been obtained from Gloucester City Homes and reflects their position. The Council have also attendant Landlord Groups to understand the impact on all affected landlords

4.2 Gloucester City Housing Register Update

As at January 2014 there were 4,372 active applications with a local connection to Gloucester City seeking affordable social housing, 1895 of which have a housing need in line with the Gloucestershire Home seeker Choice Based Lettings Scheme. Gloucestershire Home Seekers banding scheme is based according to the applicants housing need (see appendix 1)

- 4.3 The following tables shows the break down of applications following the implementation of the revised policy to include changes under the Welfare Reform

Table 1

Band	Emergency	Gold	Silver	Bronze (no Hsg need)	Total
Number	120	266	1509	2477	4372

- 4.4 Gloucestershire Home Seekers have a banding scheme according to the applicants housing need.

The following table shows the number of bedrooms needed for applicants applying for social housing:-

Table 2

Number of Bedrooms Eligible for	Total
1	2067
2	1443
3	642
4	182
5	29
6	8
7	1

4.5 The following table shows the number of households in Emergency Bandings by bedroom need:-

Table 3

Emergency Banding

Bedroom Need	Emergency	Gold	Silver
1	82	88	616
2	29	105	505
3	6	28	253
4	2	24	122
5	0	16	11
6	1	4	2
7	0	1	0
Total	120	266	1509

4.6 The highest demand in the housing need bands for one bedroom properties (786) and two bedroom properties (639). There has been a gradual rise in the number of families needing 4/5/6/7 bedroom properties. However, with the number of social homes becoming available for letting, a number of households will need to consider seeking affordable homes in the private sector.

4.7 Of the 4372 households actively seeking social housing, 466 are seeking smaller accommodation.

Details of their current Landlord status are shown below;

66 Registered Provider
 115 Local Authority
 285 Private Rented Sector Landlords

The following table shows the number of Social Landlord homes let by number of bedrooms since 1st April 2013:

Table 4

Number of bedrooms	Number of Social Homes Let
1	173
2	131
3	68
4	10
Totals	382

4.8 Nationally, it has been estimated that arrears in households affected by the Under Occupation Charge increased by an average of 28%. For Gloucester City Homes tenants, the position has been reported at 12%.

4.9 Gloucester City Homes have reported that they have made tremendous strides in combating the effects of the Under Occupation Charge and Benefit Cap. This has been through the proactive work mentioned above.

5.0 Work underway to support residents

5.1 In partnership with Civica's Welfare Rights Team Gloucester City Council is supporting tenants and residents who are experiencing hardship due to the welfare changes. The Welfare Rights Team has run a series of Benefit Surgeries from four local GP surgeries to help tenants who are experiencing Under Occupancy reduction in rent and Benefit Cap restriction. To further support residents Civica are running a series of events in the City to raise awareness and increase income in the poorest households in the City.

5.2 The Council is supporting applicants in hardship through the use of the discretionary housing payments. As at January 2014 the Council had awarded £86,207 in discretionary housing payments. At the same point last year we had awarded £42,383. Awards as a result of the under occupation changes to date have been £35,466.

5.3 Although some applications for DHP have been declined, these have all been on a basis of the applicants financial ability to pay, based on the information they have provided to the council.

5.4 No applicant in financial hardship has been declined an award. However, it is an important part of the Council's holistic approach, that with the welfare rights team, we look for long term more sustainable solutions. Therefore, in addition to DHP, we are also supporting tenants with advice with; food vouchers; help with taxi fares to hospital; petrol fares reimbursed through the hospital; increase income through claiming PIP (Personal Independence Payment); school uniform grant and transport costs for children through the County Council. The Council is also proactive in helping residents of Gloucester by providing, through home visits, support with, and one to one reviews of eligibility, benefit checks and help with completion of forms and sign posting residents to other agencies for support.

5.5 An element of the DHP funding is allocated to the Homelessness team to enable them to award payments for rent in advance and removal costs to enable them to assist with homeless prevention.

- 5.6 We ensure that we compliment the work of our partners through having robust referral systems, so that our clients can gain additional services from other agencies when necessary.
- 5.7 To further ensure the council is fully supporting our residents we have set up a partnership with advice agencies. This is known as the Gloucester Advice Partnership and is chaired by the Cabinet Member for Performance and Resources.
- 5.8 This group includes representatives from CAB, GL Communities, The Law Centre and GARAS. Meetings are held quarterly to gain regular updates of any issues arising from the reforms. The meetings have been very constructive and have established some changes of practice as a result, for example, additional and more obvious sign-posting on Council documents to the advice agencies.
- 5.9 We have worked closely with other local authorities and landlords and have attended joint events to ensure the council is fully engaged. We also attend a Local Welfare Reform Forum with partners, DWP, Gloucestershire County Council and all the Gloucester District Councils. This is now looking ahead to the potential impact of Universal Credit and how this will work locally.

6.0 Conclusion

- 6.1 This report has identified where possible the known impact of welfare reform changes on residents of Gloucester. The Council will continue to work proactively with all its partners to support those in need during this period of reform.
- 6.2 Further welfare reform changes will be considered carefully and the ongoing impact also monitored.

	Property Size etc.	Property conditions (this only applies to the district where the Notice is made)	Homelessness (this only applies to the district where any duty is owed)	Medical/welfare needs	General
EMERGENCY BAND	Giving up family sized social rented housing in the County to move to smaller non-family accommodation	Where a property has been assessed by Environmental Services as causing an imminent risk of serious harm due to disrepair, major defects, inadequate facilities. e.g. Emergency Prohibition Notice served (Time limit 1 month)		Assessed as immediate need of rehousing on medical grounds OR Exceptional circumstances where there is a proven threat to life or limb OR Exceptional circumstances where the current property has a critical detrimental effect on their welfare (Time limit 1 month)	
GOLD BAND	Giving up family sized social rented housing in the County to move to smaller family sized accommodation based on local housing demand OR Major overcrowding – lacking 2 or more bedrooms OR Where a Prohibition Notice (or Suspended Prohibition Notice) has been served by Environmental Services due to overcrowding (Does not apply if already awarded gold for Homelessness)	Where a Prohibition Notice (or Suspended Prohibition Notice) has been served on a property by Environmental Services due to disrepair, major defects or inadequate facilities and the landlord is unable/unwilling to comply	Full Statutory Homelessness Duty accepted (Time limit 1 month)	Assessed urgent medical/welfare need or long-term disability that would be alleviated by a move to more suitable accommodation	Move-on from Supported Accommodation where a planned move is agreed by the relevant local housing authority OR As a result of a multi-agency decision agreed by the relevant local housing authority OR Left in occupation of social rented housing such as Succession where the household is required to move (Time limit 1 month)
SILVER BAND	Overcrowding – lacking one bedroom (Does not apply if already awarded silver for Homelessness)		Homeless or threatened with homelessness.	Assessed significant medical or welfare need or long-term disability that would be alleviated by a move to more suitable accommodation.	
BRONZE BAND	All other Applicants				