



London Borough of Hammersmith & Fulham

HOUSING HEALTH AND ADULT SOCIAL CARE SELECT COMMITTEE

DATE	TITLE	Wards
14 November 2012	Housing Benefits/Local Housing Allowance - SYNOPSIS	All

This report is a follow up to that presented to Committee on 22 February 2012 which analysed the potential impact of the Government's Housing Benefit Caps on households residing in the private rented sector and which reported progress on the Council's HB Assist Project.

CONTRIBUTORS

HRD

RECOMMENDATION(S):

To note the contents of the report.

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1. EXECUTIVE SUMMARY

- 1.1 This purpose of this report is to provide an update to Members of the Select Committee on the information set out in the report presented at the meeting on 22 February 2012. In that report, officers set out a number of scenarios in which caps on Housing Benefit (HB) calculated using the Local Housing Allowance (LHA) might impact on households. The report also sets out the latest position on the HB Assist project.
- 1.2 Using the same methodology, a follow-up comparative analysis exercise has been undertaken by officers to consider what changes have occurred since the Housing Benefit caps were introduced in January 2012. The dataset used for the original exercise was downloaded at the end of January 2012. The dataset for the follow up exercise was downloaded as the end of September 2012, giving a period of eight months impact to be analysed.
- 1.3 In summary, the total number of:
 - claimants claiming Housing benefit calculated through the Local Housing Allowance has stayed largely unchanged from 3,187 households in 30 January 2012 to 3,163 households on 30 September 2012.
 - dependent children in the above households has also remained largely unchanged from 2,023 children in the 3,187 households in 30 January 2012 to 2,011 children in 3,163 households on 30 September 2012.
 - households potentially impacted by the caps has fallen from 540 households on 30 January 2012 (16.9% of the total) to 277 households (8.7% of the total) on 30 September 2012.
 - dependent children in the above potentially impacted households has fallen from 540 children on 30 January 2012 to 386 children on 30 September 2012.
- 1.4 With transitional protection ending in December 2012, the significant reduction in the number of claimants who are claiming benefit over the levels of caps is to be expected. By January 2013, there should be no households receiving more Housing Benefit than that set by the caps.
- 1.5 The information gathered indicates:
 - there has been no significant change in the quantum of households and numbers of dependent children in between 30 January 2012 and 30 September 2012

- there has been a reduction in 5 bedroom households from 18 households on 30 January 2012 to 5 households on 30 September 2012.
- there has been some movement of households over the past eight months since the last exercise (see above). However, the overall lack of change in the quantum of households and the quantum of dependent children indicates that the Housing Benefit caps have not led to a significant turnover of households since the introduction of the caps. Further research will be required to evidence this.
- Officers will be undertaking a review of impacts on 4+ Bedroom households recorded in the 30 January 2012 dataset to analyse what changes (i.e., 'stay or go' and any associated changes in paid Housing Benefit) have occurred by 30 September 2012.

1.6 As per the previous exercise, the 'headline' caps of £250 for a 1 Bedroom, £290 for a 2 Bedroom etc, were used for this exercise. The local LHA will vary according to the Broad Market Rental Area (BRMA) which are, as per high value areas of London, close to the local LHA. With a continuing trend of increasing private market rents, the difference between the headline caps and local caps are relatively marginal amongst 1 Bedroom and 2 Bedrooms smaller accommodation with little or no difference for the larger accommodation.

1.7 The HB Assist project was established in December 2010 to deal with impact of the introduction of LHA on those properties being used as temporary accommodation. As at the end of August 2012, only 24 cases out of 546 were still to be resolved. In a total of 344 cases there had been a successful negotiation with the landlord to reduce the rent.

2. Comparing the Information as January 2012 and September 2012

2.1 Information previously reported to the Select Committee in February 2012 has been italicised. The January 2012 information is set out in Tables 1.1 and 2.1 etc, with updated September 2012 comparative information in Table 1.2 and 2.2 etc.

Total Claimants

2.2 The total number of claimants by bedroom need can be compared as follows:

Table 1.1 – HB Claimants by LHA Bedroom Needs (30 Jan 2012)

Bedroom Types	No of Homes	%
<i>Shared Accommodation</i>	693	21.7%
<i>One Bedroom (1BR)</i>	1,202	37.7%

<i>Two Bedroom (2BR)</i>	964	30.2%
<i>Three Bedroom (3BR)</i>	230	7.2%
<i>Four Bedroom (4BR)</i>	77	2.4%
<i>Five Bedroom (5BR)</i>	18	0.6%
<i>Six Bedroom (6BR)</i>	3	0.1%
Total	3,187	100%

Table 1.2 – HB Claimants by LHA Bedroom Needs (30 Sept 2012)

Bedroom Types	No of Homes	%
Shared Accommodation	771	24.4%
One Bedroom (1BR)	1,100	34.8%
Two Bedroom (2BR)	958	30.3%
Three Bedroom (3BR)	237	7.5%
Four Bedroom (4BR)	89	2.8%
Five Bedroom (5BR)	5	0.2%
Six Bedroom (6BR)	2	0.1%
Eight Bedroom (8BR)	1	0.05%
Total	3,163	100%

2.3 In the eight months since the first exercise was undertaken, the following can be noted :

- A very minor reduction in the overall number of HB claimants using the Local Housing Allowance – 24 households - scheme can be reported
- The five bedroom need group has been affected. This totalled 18 households in January 2012 and has fallen to 5 households in September 2012.
- Other impacts to note are an increase in four bedroom needs from 77 households to 89 households. A new eight bedroom need has been recorded
- Households in shared and one bedroom accommodation have increased by c 10%.

Note: Bedroom need being recorded does not mean that they are living in that bedroom sized property. Applicants are able to use their LHA for smaller sized accommodation.

Households in the Private Rented Sector Affected by the Caps

Table 2.1 - Potential Impact of Housing Benefit Caps in the Private Rented Sector (30 January 2012)

Bedroom Types	Total No of Homes	Total No Households	Total % Households
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		Impacted	Impacted
Shared (£250)	693	0	0%
1BR (£250)	1,202	21	1.7%
2BR (£290)	964	346	35.8%
3BR (£340)	230	104	45.2%
4BR (£400)	77	49	63.6%
5BR (£400)	18	17	94.4%
6BR (£400)	3	3	100%
Total	3,187	540	16.9%

Table 2.2 - Potential Impact of Housing Benefit Caps in the Private Rented Sector (30 September 2012)

Bedroom Types	Total No of Homes	Total No Households Impacted	Total % Households Impacted
Shared (£100)*	771	96	12.4%
1BR (£250)	1,100	15	1.4%
2BR (£290)	958	121	12.6%
3BR (£340)	237	47	20%
4BR (£400)	89	23	26%
5BR (£400)	5	2	40%
6BR (£400)	2	2	100%
8BR (£400)	1	1	100%
Total	3,163	307	9.7%

* A guideline LHA figure of £100 (which is the local average) has been applied to more accurately measure the impact of the caps on this cohort of need.

- 2.4 The main focus of the report to the Committee in February 2012 was households in the private rented sector where the rent was higher than the cap and where the transitional protection that was in place would drop out during 2012. The tables show that the phased withdrawal of transitional protection, which is due to end in December 2012, is clearly being reflected in those households currently impacted. The drop in the number of larger homes (5BR+) impacted is again as would have been anticipated in February.

Exemplifying the Effect of an Additional £20pw contribution.

Table 3.1 - Potential Impacts of Housing Benefit Caps in the Private Rented Sector where an additional £20 p.w. were contributed by either the household or other party (30 January 2012)

Bedroom Types	Total No of Homes	Total No Households	Total % Households
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		Impacted	Impacted
<i>Shared</i>	693	0	0%
1BR	1,202	6	0.08%
2BR	964	171	17.7%
3BR	230	92	40%
4BR	77	49	63.6%
5BR	18	17	94.4%
6BR	3	3	100%
Total	3,187	338	10.6%

Table 3.2 - Potential Impacts of Housing Benefit Caps in the Private Rented Sector where an additional £20 p.w. were contributed by either the household or other party (30 September 2012)

Bedroom Types	Total No of Homes	Total No Households Impacted	Total % Households Impacted
Shared	771	19	2%
1BR	1,100	5	0.5%
2BR	958	75	8%
3BR	237	37	16%
4BR	89	21	24%
5BR	5	3	60%
6BR	2	2	100%
8BR	1	1	100%
Total	3,163	163	5%

- 2.4 The purpose of table 3.1 and 3.2 is to illustrate the effect of an additional £20 p.w. contribution to rent payments, over above the HB cap level. This is in order to test the sensitivity of the impact of the caps. This contribution could be from a variety of sources, eg a reduction in the rent, a further contribution by the household or, potentially, Discretionary Housing Payment. The £20 contribution made no impact on the larger accommodation (over 4 Bedrooms) but would make a marked impact on 3BR and 4BR accommodation.

Financial Impact of the Caps

Table 4.1 - Financial Impact of the Housing Benefit Caps in the Private Rented Sector (30 January 2012)

Bdroom Types	Weekly £ Impact	Annual £ Impact	Average Weekly/ Annual £ Impact
<i>Shared</i>	£0.00	£0.00	£0.00
1 BR	-£689	-£35,830	- £33 / - £1,706
2 BR	-£8,548	-£444,519	- £25 / -£1,285

3 BR	-£7,721	-£401,497	-£74 / - £3,861
4 BR	-£6,965	-£362,162	-£142 / -£7,391
5 BR	-£5,809	-£302,060	- £342 / - £17,768
6 BR	-£915	-£47,572	- £305 / -£15,857
Total	- £30,647	- £1,593,640	

Table 4.2 - Financial Impact of the Housing Benefit Caps in the Private Rented Sector (30 Sept 2012)

Bdroom Types	Weekly £ Impact	Annual £ Impact	Average Weekly/ Annual £ Impact
Shared	- £1,721	- £89,492	- £18 / - £936
1 BR	- £555	- £28,600	- £11 / - £550
2 BR	- £3,490	- £181,480	- £29 / - £1,500
3 BR	- £2,728	- £141,856	- £58 / - £3,018
4 BR	- £4,745	- £246,740	- £206 / - £4,745
5 BR	- £120	- £6,264	- £60 / - £3,132
6 BR	- £790	- £41,080	- £395 / - £20,540
8 BR	- £550	- £28,600	- £550 / - £28,600
Total	- £14,699	- £735,512	

- 2.5 With the general reduction in the number of households potentially impacted by the HB cap levels, the comparative information indicates a cash reduction by around a half in the gap between rents and the HB caps for this cohort of residents in the private rented sector.

Impact on Dependent Children

Table 5.1 - Impact of the Housing Benefit Caps on Child Dependents* in the Private Rented Sector (30 January 2012)

Bedroom Types	Total No of Homes	Total No Households Impacted	No of Children Potentially Impacted
SA	693	0	0
1BR	1,202	21	1
2BR	964	346	424
3BR	230	104	262
4BR	77	49	170
5BR	18	17	73
6BR	3	3	19
Total	3,187	540	949

* Excludes members of extended household which may include adult siblings

Table 5.2 - Impact of the Housing Benefit Caps on Child Dependents* in the Private Rented Sector (30 September 2012)

Bedroom Types	Total No of Homes	Total No Households Impacted	No of Children Potentially Impacted
Shared Accom	771	96	0
1BR	1,100	15	0
2BR	958	121	155
3BR	237	47	119
4BR	89	23	81
5BR	5	2	8
6BR	2	2	14
8BR	1	1	9
Total	3,163	277	386

* Excludes members of extended household which may include adult siblings

- 2.6 The total number of child dependents in the 30 January 2012 LHA sample was 2,023 in 3,187 households. For the 30 September sample, there were 2,011 children in 3,163 households. In line with other comparative information, the number of children potentially impacted by the caps has fallen from 949 to 386.

Table 6.1 - Impact of the Housing Benefit Caps on Children* (with additional £20 p.w. scenario) in the Private Rented Sector

Bedroom Types	Total No of Homes	Total No Households Impacted	No of Children Potentially Impacted
Shared Accom	693	0	0
1BR	1,202	6	0
2BR	964	171	214
3BR	230	92	232
4BR	77	49	170
5BR	18	17	73
6BR	3	3	19
Total	3,187	338	708

* Excludes members of extended household which may include adult siblings

Table 6.2 - Impact of the Housing Benefit Caps on Children* (with additional £20 p.w. scenario) in the Private Rented Sector

Bedroom	Total No of	Total No	No of Children
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Types	Homes	Households Impacted	Potentially Impacted
Shared Accom	771	19	0
1BR	1,100	5	0
2BR	958	75	100
3BR	237	37	93
4BR	89	21	73
5BR	5	2	8
6BR	2	2	14
8BR	1	1	9
Total	3,163	162	297

* Excludes members of extended household which may include adult siblings

- 2.7 Tables 6.1 and 6.2 show the result of laying on top of this the effect of the introduction of the £20pw contribution. Compared to the information set out in Table 5.2 this does not make a significant impact on households in larger accommodation, but does make a significant impact on households in smaller accommodation.

3. HB Assist Project

- 3.1 Previous reports to this Committee have featured updates on the progress with the HB Assist Project. The initial project was set up in December 2010 to deal with the impact of the introduction of Local Housing Allowance (LHA) on those properties already being used as temporary accommodation. The aim was to examine the scope of the financial impact of the properties which exceeded LHA (mostly Housing Association Leased properties) and then to start negotiations with landlords with the aim of either reducing the rent payable to the landlord or moving the tenant. The project started with a cohort of 546 tenancies where existing rents exceeded LHA rates. There are currently only 24 still to be resolved from the original cohort of 546. (See below)

HB Assist Data as at 15 August 2012	
Total Number Initially Affected	546
Successfully Negotiated Reduction (Landlord Said 'YES')	-344
Landlord Said 'NO'	202
Resolved by HB Assist	172
Of which -	
* Remained in borough	-116
* Resettled in Neighbouring Borough	-16
* Resettled in Other Areas	-10
Assistance no longer required	6
Still to be Resolved	24

- 3.2 Further changes to Temporary Accommodation subsidy and Housing Benefit will be implemented between 2012 and 2013. In addition, one of the government's major welfare reforms, Universal Credit is also due to have an impact from 2013 onwards. These policy changes will be affecting tenants in the private rented sector, social housing and temporary accommodation.
- 3.3 Households will be affected by these changes in a number of different ways and the primary responsibility for adjusting and reacting to the changes will sit with the household itself. However, in some cases, the council will have a role. Members of the household may be vulnerable for a variety of reasons. Others may require advice about how they can resolve their housing requirements themselves or assistance in negotiating with their private sector landlord. In some instances, appropriate, alternative accommodation and potential other solutions will need to be found to address their circumstances.
- 3.4 Cabinet on 12 November 2012 will therefore be considering a proposal to set up an expanded HB Assist project team. The aim of this would be to seek to apply a similar model to the forthcoming benefit changes as has successfully been adopted for the cohort of residents which were originally covered by HB Assist.

4. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 4.1 No financial implications arise directly from this report.

5. COMMENTS OF THE ASSISTANT DIRECTOR (LEGAL AND DEMOCRATIC SERVICES)

- 5.1 No legal implications arise directly from this report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None	A Cahill / Ext 1649	Housing Options / 145 King St