



London Borough of Hammersmith & Fulham

**HOUSING HEALTH & ADULT SOCIAL CARE SELECT
COMMITTEE**

19 February 2014

TITLE OF REPORT: Welfare Reform; Update Report

Report of the Executive Director of Housing & Regeneration

Open Report

Classification - For Scrutiny Review & Comment

Key Decision: No

Wards Affected: All

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1. EXECUTIVE SUMMARY

1.1 The purpose of this report is to provide to Members of the Select Committee a review of the welfare reform legislative changes that have been implemented by the Coalition Government and the Council's responses to them. Specifically, the report provides:

- A summary of the key changes
- Current Local Statistics relating to Local Housing Allowances, the Overall Benefit Cap, Housing Benefit size criteria restrictions and Universal Credit;
- An update on the work of HB Assist.

2. RECOMMENDATION

2.1 To note the report.

3. SUMMARY OF LEGISLATIVE CHANGES

3.1 The legislative changes that have been introduced are set out in the 2012 Welfare Reform Act. Other changes were introduced in advance of the Act without the need for primary legislation. Up to January 2014, housing-related welfare reform changes have included:

- **Local Housing Allowance (LHA) Rates** – From April 2011, housing costs for private sector tenants eligible for housing benefit were limited to the 30th percentile of median private rents for the respective Broad Rental Market Area (BRMA). From April 2013, the LHA rates are set either at the lower of the 30th percentile of local rents or the April 2012 rate increased by 2.2 per cent. In the Autumn Statement, the Chancellor announced that in 2014 and 2015, the uprating of LHA rates will be in line with the 1 per cent increase for the majority of working-age benefits
- **Shared Accommodation Room Rate Changes** – From the beginning of January 2012, the age threshold for the shared accommodation room rate increased from 25 to 35 years old, affecting private tenants only. This means that all single people under 35 (unless exempt) in private sector accommodation now have their housing benefit based on the shared room rate rather than the 1 bedroom rate. In real terms, this means that the affected claimants' benefit calculation is based on the shared room rate of £100 rather than the 1 bedroom rate of £220;
- **Housing benefit size criteria restrictions for working age claimants in the social rented sector** – From April 2013, restrictions have applied to tenants of councils and housing associations living in homes that are larger than they are deemed to need. A 14% reduction has been applied to tenants if they under-occupy their homes by one

bedroom and a 25% reduction to those under-occupying by 2 or more bedrooms.

- **Overall Benefit Cap** – Beginning on 12 August 2013, the Department for Work and Pensions (DWP) has introduced a cap on the amount of benefits that a working age household is eligible to receive. This is capped at £500 per week for families and £350 per week for single people. Exceptions include a war widow; a Disability Living Allowance claimant; or a Working Tax Credit claimant.
- **Universal Credit** – Universal Credit (UC) will bring together a range of benefits and tax credits into a single monthly payment, paid direct to the claimant. It replaces Income-based Job Seekers' Allowance; Income-related Employment and Support Allowance; Income Support; Child Tax Credit; Working Tax Credit; and Housing Benefit. UC is being phased in from October 2013 and it is intended it will be fully implemented by 2017, by which time it is planned that all existing claimants will also have been migrated over to the new regime.

4. CURRENT LOCAL STATISTICS

Local Housing Allowance

- 4.1 The Council has been monitoring the levels of private sector housing benefit claims within the borough since April 2011, when the LHA changes came in.
- 4.2 Although the number of claims for Housing Benefit using the LHA mechanism has fluctuated over the period, the variations have been minor and overall the number has remained static. In April 2011 there were 3109 private sector benefit claims paid through LHA; in December 2013 the equivalent figure was 3035. The private sector has remained a constant proportion of the H&F Direct caseload at around 14.5%. The W6 area has seen a drop (15%) in private sector tenancy claims over this period, while W12, W14 and SW6 have all seen small rises. Overall, therefore, there is little evidence that the introduction of LHA has led to the large-scale move of landlords away from the benefit sector.

HB Assist Project and Transitional Protection Work

- 4.3 The Committee has received regular reports on the work of the HB Assist team, established to look at mitigating the effects of LHA on households placed by the Council in temporary accommodation. The most recent update, for April 2013, is shown below.

HB Assist Data as at 8 April 2013	
Total Number Initially Affected	546
Successfully Negotiated Reduction (Landlord	-344

Said 'YES')	
Landlord Said 'NO'	202
Resolved by HB Assist	180
Of which -	
* Remained in borough	-152
* Resettled in Neighbouring Borough	-18
* Resettled in Other Areas	-10
Assistance no longer required	20
Still to be Resolved	2

- 4.4 At the 15 October 2012 Cabinet meeting, it was agreed to extend the role of the successful HB Assist Team in Housing Options to encompass work with landlords and residents affected by the further welfare reform changes set out in section 3 above. This expanded role for HB Assist is discussed further below.

Shared Accommodation Room Rate Changes

- 4.5 Shared accommodation rate claims increased from 22% of the LHA caseload in January 2012 to 25% in January 2013. Conversely, 1 bedroom rate claims fell to 34%. Over the period to January 2014 these percentages have remained broadly static, as recorded in the table below.

Shared Accommodation Rate Claims, January 2012 to January 2014

	Shared	1 bed	Shared as % of total	% total
Jan-12	693	1188	22%	37%
Jan -13	771	1052	25%	34%
Jan-14	679	1018	23%	34%

Overall Benefit Cap

- 4.6 At the time of the last report to this Committee the DWP estimate of the number of households in the borough likely to be affected by the overall benefit cap stood at 848. The capping process itself began on 12 August 2013 and by mid-October most of the initial wave of benefit cap claims had been received from DWP. The total number of households then stood at 414, considerably fewer than the original estimate. It is understood that the main reasons for the reduction were that exemptions had applied to more households than had originally been anticipated and some households have moved into employment in the intervening period. By January 2014 the total had fallen to 385. The following table shows how this total breaks down by individual tenures.

Tenure of Households affected by Overall Benefit Cap,

January 2014	
Tenure	No. of Households
Temporary Accommodation (Council-managed)	87
Temporary Accommodation (Housing Association-managed)	87
Private Rented Sector	132
Council Tenancy	32
Housing Association Tenancy	47
Total	385

- 4.7 The table shows that just under half of the households affected are in temporary accommodation while the number of households in social housing affected is relatively modest, at 69. The greatest representation is in the private rented sector.
- 4.8 The early months since the beginning of the capping process have shown that the number of households capped will continue to fluctuate as new claims are made and the circumstances of individual households change. Since capping began, a total of 569 households have been subject to the restriction, with a significant number moving into and out of it in any one month. Officers are seeking to build a statistical picture of this movement within the HB Assist project. In January 2014, the project was aware of 179 cases where a “resolution” of the household circumstances had occurred. Of these, 85 households had moved into employment; 19 had been resettled or moved into different accommodation; 7 had become exempt from the cap and in 68 cases the reason for the resolution had yet to be confirmed.

Housing Benefit Size Criteria Restrictions for working age claimants in the Social Housing sector

- 4.9 The current estimate is that there are 677 under-occupying cases claiming housing benefit in the Council housing sector affected by the Housing Benefit changes. This is a reduction from the total of 834 at April 2013. There are a number of reasons for the drop; the application of exemptions to some households; natural churn in the housing stock; changes in household circumstances; moves assisted by the Council; and simple improvement of data. For those affected, the average shortfall resulting from the reduction in Housing Benefit is £19.48 per week. Within the Registered Provider (Housing Association) sector the estimate is that 644 tenants are affected, with an average shortfall of £21.53 per week.
- 4.10 In September 2012 the Housing Occupancy Team within the Housing Options Division issued letters to all those council tenants thought likely to be affected by the size criteria changes. A further letter was sent at the time of the changes to inform tenants of the Council’s general approach to the changes and to advise them of the options available to

them, including employment support, the possibility of moving to smaller accommodation, and how to obtain advice on possible exemptions and applications for Discretionary Housing Payments. The team is currently working with 55 tenants over the possibility of facilitating a move to smaller accommodation, should this prove to be their choice. 21 moves have already been made since April 2013 of tenants affected by the benefit changes. The HRA budget proposals for 2014/15 include proposals to increase payments to tenants willing to downsize and this would be available to tenants whether or not they were affected by the housing benefit changes.

- 4.11 The Council has awarded a total of 198 Discretionary Housing Payments to assist the most vulnerable tenants affected or those that have committed to downsizing. Further work is continuing on this and this number is likely to rise. In addition, officers are visiting tenants affected by the benefit restrictions to ensure they are fully aware of the options available to them.
- 4.12 In January 2014 DWP confirmed that they had discovered a gap in the law such that those claimants who have been continuously entitled to benefit and continuously resident in their property from 1 January 1996 should have been exempt from this change. The Council is working to identify those claimants that could benefit from this and will then take steps to inform them of it as soon as possible. DWP have announced their intention to restore the law to the position they believed it to be in by early March 2014.

Universal Credit

- 4.13 The national roll-out of Universal Credit began at Hammersmith Job Centre on 28 October 2013. Initially only a restricted cohort of claimants will be affected – broadly single, newly-unemployed people who were not previously claiming benefits. It is estimated by DWP that this will amount to approximately 100 claimants per month.
- 4.14 On 14 October 2013 the Cabinet agreed to authorise an agreement between the Council and DWP for the Council to provide a number of services in support of Universal Credit implementation. These include; support for claimants to get online and stay online; advice on complex Housing issues; support for claimants to find work; personal budgeting; manual processing of local council tax reduction claims; and assistance in preparing landlords for UC implementation. The agreement will run until March 2014. The support being put in place initially is the forerunner to a more substantial support framework which will be required for the full implementation of UC. On 5 December 2013 DWP announced its intention to widen the cohorts of new claimants for UC in the areas where roll-out had already started, including Hammersmith & Fulham. The intention is to start new claims from couples in Summer 2014 and families towards the end of 2014.

5. EXTENDED HB ASSIST PROJECT

5.1 As noted above, the work of the successful HB Assist team has been extended to cover the impact of welfare reform more generally. Its work is governed by a Project Board chaired by the Director, Housing Options, Skills and Economic Development and has representation from Housing Options and H&F Direct as well as close links with, Childrens Services and Adult Social Care. Monthly meetings are held with the Executive Director, Housing & Regeneration and the Executive Director, Finance and Corporate Governance.

5.2 The main areas of focus for the HB Assist team are as follows:

- Ensuring there is an awareness of the welfare reform changes that are being implemented
- Facilitating and making referrals to the employment and employability support services in the borough to assist adults affected into work-related training and/or sustainable employment to make up the loss of income and, in some cases, avoid the effects of the benefit cap. This work is being co-ordinated jointly with Job Centre Plus and H&F Direct at a “hub” located at Hammersmith Job Centre
- Negotiating with landlords to reduce existing rents to within the new subsidy or affordable levels to sustain tenancies and/or prevent homelessness;
- Accessing new and affordable suitable accommodation for priority households;
- Making recommendations to H&F Direct for Discretionary Housing Payments (DHPs) to households affected by the welfare reform changes.
- Promoting transfers within social housing to encourage households known to be under-occupying to downsize and allowing overcrowded households to be better accommodated; and,
- Organising panels to consider the circumstances of households containing vulnerable children or adults, in order to manage any risks arising from loss of income resulting from welfare reform changes.

6. CONCLUSION

6.1 The main elements of the Government’s welfare reform programme are now being implemented. The overall benefit cap is now in place and the roll-out of Universal Credit has commenced. Over the next few years UC in particular will affect more and more households in the borough. The intention is to report on a regular basis to this committee on the number of households affected by the various changes and on the action being taken by the Council to support residents in adjusting to the reforms.

7. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

7.1 The financial implications of Welfare Reform have been allowed for in the budgeting process.

8. COMMENTS OF THE DIRECTOR OF LAW

8.1 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
	None		