

The Highland Council

Finance, Housing and Resources Committee - 27 November 2013

Agenda Item	4
Report No	FHR/ 148/13

Welfare Reform Update

Joint Report by Director of Finance and Interim Director of Housing and Property

Summary

This Report is one of a series providing an update on the Welfare Reform situation.

The Report notes that preparatory work is well advanced in Inverness for the introduction of Universal Credit by the Department for Work and Pensions (DWP) from 25 November 2013.

It then considers some issues arising from the wider Welfare Reforms and in particular the Housing-related impacts for tenants of the Council and other landlords.

The **Appendix** shows statistics on Under Occupancy; rent arrears; and Discretionary Housing Payments that are providing short term mitigation for some households; the Benefit Cap; and the Scottish Welfare Fund.

1 Background

- 1.1 The Welfare Reform Act contains significant reforms to the UK Benefits system with the main reforms having been introduced from April 2013 onwards.
- 1.2 Previous Reports in this series have alerted Members to local implications of some of the main changes, and have noted the DWP announcement that Universal Credit will be delivered on a phased basis from Inverness, not as a pathfinder or pilot site, but as the first location in Scotland for the “progressive national rollout.”
- 1.3 Through their Welfare Reform Group, Members have consistently expressed reservations about aspects of the Welfare Reform changes, but Members and officers are working with DWP management and with external partners to mitigate as far as possible some of the adverse consequences for Highland residents.
- 1.4 At the same time the Council has assumed new responsibilities from April, which include administering the Scottish Welfare Fund and an increasing volume of work associated with adjudicating on Discretionary Housing Payments. Both of these measures are helping families in Highland, who otherwise would have a problem managing in difficult circumstances. The Under Occupancy measures introduced to the social housing sector in April are of particular concern to the Council as they have introduced new risks to the Council’s rent arrears performance and for the Council’s other main income streams, including Council Tax.

2. Universal Credit

- 2.1 It has been confirmed that Universal Credit caseloads will be very low at first, dealing only with straightforward applications by single claimants.
- 2.2 Training continues to be delivered to relevant Council staff who will have a role to play in supporting claimants in a number of ways:
 - a. Making online access available in agreed locations (to supplement DWP's own provision), to Universal Credit and Universal Job Match websites
 - b. Helping vulnerable claimants claim online
 - c. Providing Personal Budgeting Support
 - d. Providing expert advice to DWP, and
 - e. Identifying claimants who can be helped further by another Service of the Council or other agency and referring them on as necessary.
- 2.3 There are a number of serious concerns about the potential impact of Universal Credit on tenants and council house rental income. These include practical arrangements on data sharing between the Council and DWP and arrangements for implementing "switchback payments" due to rent arrears. The DWP has undertaken to work closer with landlords on matters including data sharing and the processes which enable payments to be "switched back" to the landlord during which time steps will be taken to empower the tenants to quickly manage these payments themselves. These matters will be considered in more detail at the Welfare Reform Working Group.
- 2.4 The Government announced on Monday 11 November 2013 that they have put on hold plans to deliver the housing credit element of Pension Credit to enable the Department for Work and Pensions to focus resources on successful delivery of the single-tier pension for new pensioners from April 2016. As a result of the change in implementation date, the current arrangements of rental support for pensioners via the Housing Benefit scheme will need to remain in place until at least the financial year 2017/18. The Government also confirmed that this will be reflected in future funding as appropriate.
- 2.5 With an ageing population and growing life expectancy, the number of those of pensionable age claiming Housing Benefit is likely to increase over the next few years. The implications for local authority Housing Benefit services are significant.
- 2.6 Having to retain a housing benefit administration capability for such a significant proportion of cases until at least 2017/2018 complicates an already confusing situation for resource planning and future systems. There are currently 15,138 Housing Benefit claimants in the Highland Council Area of which 4,995 (33%) are over the qualifying age for Pension Credit.
- 2.7 As previously reported DWP have not yet released a timetable for migration of existing Housing Benefit cases, and this is required before future staffing and

resource requirements can be properly considered and consulted upon.

3. Personal Independence Payment

- 3.1 Personal Independence Payment is a new benefit which replaced Disability Living Allowance (DLA) for people aged 16 to 64 on or after 8 April 2013. In the Highland Council area new claims to Personal Independence Payment started from Monday 10th June 2013.
- 3.2 All existing DLA claimants aged 18 to 64 on 8 April 2013 will be invited at some point in the future to make a claim to Personal Independence Payment. Disability Living Allowance isn't changing for children aged under 16 or those aged 65 or over (on 8 April 2013).
- 3.3 The Government recently announced that the re-assessment of existing DLA claimants, which was due to begin on Monday 28 October 2013, would be delayed for many people across the UK.
- 3.4 Nationally the re-assessment process was set to roll out in the beginning of October 2013, before this deadline was moved to 28 October 2013, but the Government will now continue the process at its own discretion and begin with a phased introduction.
- 3.5 DWP have not announced when the Highland Council area will begin the re-assessment phase. There are approximately 12,840 residents living in the Highlands who currently claim DLA that will eventually be affected by the re-assessment process.

4. Making Advice Work

- 4.1 A successful application by the Finance Service to the Scottish Legal Aid Board's Making Advice Work Grant Funding Programme 2013 to 2015, has fully resourced, until 31 March 2015, a local project "Reaching the Unreached". This has allowed the recruitment of three additional full-time staff to work within the Council's wider Money Advice Team.
- 4.2 This project builds upon a successful pilot initiative, run in conjunction with Housing and Property colleagues in Inverness. The target group is those clients who are at imminent risk of homelessness.
- 4.3 The project's money advisers will swiftly provide intensive support and advice for clients who have very high rent arrears, for example those who are in a pre-Court or pre-eviction situation. These advisers will concentrate their efforts on building trust with each client, maximising benefits, giving budgeting advice and dealing with debts including payday loans.
- 4.4 The aim is to provide an effective rapid response to referrals from the Housing and Property Service. Other Social landlords will also generate referrals as will the private rented sector.
- 4.5 Under another project named 'Highland Social Housing - Under Occupancy Assistance Scheme', eleven partner organisations successfully secured funding for the same period.

4.6 The project partners include:

- Albyn Housing Society Limited
- Cairn Housing Association
- The Highland Council
- Lochaber Housing Association
- Lochalsh & Skye Housing Association
- Pentland Housing Association
- Albyn Enterprises Limited
- Inverness and Badenoch & Strathspey Citizens Advice Bureau
- Lochaber Citizens Advice Bureau
- Pulteney Town Peoples Project

4.7 The project aims to provide a comprehensive package of support and advice to those social housing tenants directly affected by the Under Occupancy criteria and will deliver debt and housing options as appropriate. Tenants will be able to access a holistic service encompassing debt management, financial advice, advice and information on employability and housing options, and assistance in accessing related on-line services.

4.8 A further successful funding bid was made by Inverness, Badenoch and Strathspey Citizens Advice Bureau in respect of the South and West Highlands Connecting Welfare Rights project. This delivers help for people affected by welfare benefit problems who live in Lochaber, Skye and Lochalsh, Inverness, Badenoch and Strathspey. The project focuses on transition from the old to new benefits system, offering face-to-face advice and representation.

4.9 Also funded by "Making Advice Work", the North Highland Housing and Homelessness Project, which is being managed by Ross & Cromarty Citizens Advice Bureau, funds support for people with housing and debt issues which may result in eviction, repossession or other housing related problems in Sheriff Courts serving Tain, Wick, Dornoch and Dingwall.

4.10 The above projects complement one another and, as with Universal Credit partnership working, steps are being taken to ensure that referral pathways are effective and enable clients to have ready access to all available services.

5. Meeting with Members of Parliament

5.1 On 11 October members of the Council's Welfare Reform Group met again with the three Members of Parliament representing Highland Constituencies to review current progress on Welfare Reform issues and to continue to press for mitigation measures.

6. Meetings with Scottish Government Welfare Division

6.1 On 31 October and 1 November senior civil servants from the Scottish Welfare Division made a research visit to the Council to better understand the local implications of welfare reform generally and Universal Credit in particular. On 1 November they met with Councillor Alasdair Christie, Chairman of the

Council's Welfare Reform Working Group and officers of the Services most affected by Reform. Representatives from NHS Highland, Cairn and Albyn Housing Associations were also in attendance.

7. Implications

7.1 Resource implications are highlighted in the report.

7.2 There are no legal, equalities, climate change/Carbon Clever or risk implications to highlight.

8. Recommendations:-

Members are invited to -

- a. consider the updated information contained in this Report, and
- b. note the relevant statistics shown in the attached Appendix

Designation: Director of Finance and Interim Director of Housing and Property

Date: 19 November 2013

Authors: Dawson Lamont, Head of Exchequer and Revenues and David Goldie, Head of Housing

Under Occupancy rules (25/10/13)

Summary – 14% reduction		Summary – 25% reduction		Summary – combined	
	No of Properties		No of Properties		No of Properties
Council tenants	1373 (66%)	Council tenants	312 (79%)	Council tenants	1685 (68%)
HA tenants	701 (34%)	HA tenants	84 (21%)	HA tenants	785 (32%)
Total	2074	Total	396	Total	2470

Number of tenants in arrears, value of arrears and movement since Quarter 4 12/13 – for Highland Council tenants affected by under occupancy rules only:

Period	Total number of arrears	Value £	+/- % Movement since Qtr. 4 12/13	Number +/-	Value £ +/-
31 March 2013	724	£173,491	-	-	-
27 July 2013	1175	£269,687	55%+	451+	£96,196+
24 August 2013	1130	£279,018	56%+	406+	£105,527+
30 September 2013	949	£259,559	50%	225+	£86,068+
25 October 2013	723	£213,618	23%	1-	£40,127+

As at 25 October 2013, 723 households (43%) are currently in arrears with their rent. There has been a reduction of £65,400 (23%) in the value of arrears since 24 August 2013 which is mainly attributable to DHPs, although confirmation of DHP funding from April 2014 has not yet been confirmed by DWP.

The Council is adopting the space standard set out in Section 137 of the Housing (Scotland) Act 1987. In practice, this means that we do not consider a room which is less than 70 square feet as a bedroom. A complete record of room sizes of the Council's housing stock is not available. Where tenants have indicated that they would like the Council to review our property categorisation, due to the size of a room, such requests are being considered on a case by case basis and are extended to other identical properties. To date, 5 properties with bedrooms smaller than the space standard have been identified. Tenants are being encouraged to contact the Council should they have concerns about space standards or the Under Occupancy rules.

Number of new Under Occupancy cases since March 2013 – for Highland Council tenants only:			
Period (up to)	Total number of new cases	Number of new cases in arrears	Value of arrears
27 July 2013	85	65	£9,914
24 August 2013	105	76	£12,015
30 September 2013	112	75	£15,866
25 October 2013	153	87	£19,541

Number of transfer applicants affected and movement in quarterly periods – for Highland Housing Register: Sept 13		
Number of applicants	+/- % Movement since Qtr. 4 12/13	Number +/-
Qtr 1: 344	n/a	n/a
Qtr 2: 337	-2%	-7%

Benefit Cap: (30/10/13)

Landlord type where cap has been implemented	HB reduction per week					
	£0 - £19.99	£20 – £39.99	£40 - £59.99	£60 - £79.99	£80 - £99.99	£100 – £119.99
Local Authority	1	2	1	2		1
Housing Association	6		2		3	
Private rent	1	1	1	2		

At 13 July 2013, when the cap was introduced across Highland, the rent arrears of the 7 affected Council tenants amounted to £594.73. At 10 October 2013, the cumulative arrears of these households had risen to £3,195.10, an increase of 437%. One affected household is managing to meet the rent shortfall from their income. Two households have so far been awarded Discretionary Housing Payments (DHPs). Advice and support is continuing to be provided on a case by case basis to other affected households, including encouragement to apply for DHPs.

Housing Benefit Appeals:

Number of Appeals and Reconsiderations received with a comparison to the previous financial year			
Quarter 1 2012 Appeals/Reconsiderations	5 / 78	Quarter 1 2013 Appeals/Reconsiderations	1 / 99
Quarter 2 2012 Appeals/Reconsiderations	2 / 95	Quarter 2 2013 Appeals/Reconsiderations	1 / 90
October 2012 Appeals/Reconsiderations	0 / 23	October 2013 Appeals/Reconsiderations	0 / 16

Discretionary Housing Payments:

	Qtr 1 total 13/14	Qtr 2 total 13/14	Oct 13 (at 30/10/13)	Total
Number of awards made in month	455	917	52	1,424
Total amount paid and committed in month	£80,641	£236,640	£790,380*	£1,107,661
Award Reasons	Under Occupancy: 366	Under Occupancy: 807	Under Occupancy: 52	1,225
	Benefit Cap: 2	Benefit Cap 0	Benefit Cap: 0	2
	Disabled app: 28	Disabled app: 50	Disabled app: 0	78
	Other 59	Other: 60	Other: 0	119

* Oct 13 total amount paid and committed includes review of awards in Qtrs 1&2

Scottish Welfare Fund:

	Qtr 1 total 13/14	Qtr 2 total 13/14	Oct 13 (at 30/10/13)	Total
Crisis Grant				
Application Approved	163	270	146	579
In month award total	£7,608	£19,718	£13,667	£40,993
Average CG award	£48	£73	£94	£71
Community Care Grant				
Application Approved	56	94	53	203
In month award	£31,339	£91,968	£41,093	£164,400
Average CCG award	£721	£978	£775	£810

Highland Foodbank: Dates taken from Distributors report 1st January 2013 – 31st August 2013

Vouchers issued	Adults fed	Children fed	Total fed
1,846	2,303	882	3,185
Top 3 reasons why voucher issued: 1. Benefit applied for 2. Benefit changes 3. Low income			