

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Welfare Reform and the impact on Huntingdonshire

**Meeting/Date:** Overview & Scrutiny Panel (Social Well-Being) 2 December 2014

**Executive Portfolio:** Councillor Barry Chapman

**Report by:** Benefits Manager and Housing Needs & Resources Manager

**Ward(s) affected:** All

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**Executive Summary:**

To provide the Panel with the latest information on how the Government's Welfare Reform programme has impacted households in Huntingdonshire, in particular with relation to Housing Benefit, Council Tax Support and homelessness.

One new change has been implemented during 2014. Details are in the main body of the report.

**Recommendation(s):**

The Panel is asked to note the contents of this report.

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## 1. WHAT IS THIS REPORT ABOUT/PURPOSE?

- 1.1 The Government has implemented a number of changes to the national welfare benefits system since April 2011 as part of its welfare reform programme and they have had a significant impact on Housing Benefit and Council Tax Support. There has been one change to regulations this year regarding migrants accessing benefits.

## 2. BACKGROUND

- 2.1 Reports have been made to Members on a regular basis detailing the impact these changes have had on Huntingdonshire residents. This report focuses on the impact during the last six months.

## 3. ANALYSIS

### 3.1 Social Sector Size Criteria

Since April 2013, people living in social housing have had the rent figure used in the benefit calculation reduced if they are deemed to live in accommodation that is too large for their needs, by 14% if they under occupy by one bedroom and 25% if they under occupy by two or more bedrooms.

- 3.2 An extra bedroom can be allowed in the benefit assessment if a disabled child cannot share a bedroom with their sibling or if someone in the household requires a carer to stay overnight on a regular basis.

- 3.3 The Department for Work and Pensions (DWP) increased the Discretionary Housing Payment (DHP) funding to local authorities to help people having problems meeting the shortfall in their rent as a result of this change. Details of the number of awards made can be seen in Appendix A.

- 3.4 This year, an increasing amount of one-off DHP payments have been made to help people clear rent arrears to either prevent them being evicted or to help them to be able to move to smaller properties. Some Housing Associations do not allow a tenant to move to alternative accommodation whilst they have rent arrears. But if the tenant lives in a property that is too large for them and so they have a shortfall in their Housing Benefit, they often find it very difficult to make up the difference from a limited income and not being able to move to smaller accommodation exacerbates the situation.

- 3.5 **The number of people affected by the size criteria rules during the first six months of 2014/15 remains largely the same.** More details are shown in Appendix A.

### 3.6 Benefit Cap

Since July 2013, the benefit cap has restricted the amount of out-of-work benefits that a household can receive to £500 per week for a family and £350 per week for a single person.

- 3.7 In Huntingdonshire, this has mainly affected families with 5 or more children.

- 3.8 **This has had a relatively low impact in Huntingdonshire and at the end of September only 15 households were affected.** More details are shown in Appendix A.

### 3.9 **Discretionary Housing Payments**

The DWP allocates a budget to local authorities to allow them to award Discretionary Housing Payments (DHP's) for housing costs not met through Housing Benefit. HDC's allocation for 2014/15 is £187,398 up from £169,561 last year.

3.10 **Demand remains high for customers in both the private and social rented sector.** At the end of September, 78% of the annual budget had been committed. More details are shown in Appendix A.

### 3.11 **Council Tax Support**

3.12 HDC's localised Council Tax Support (CTS) scheme was introduced in April 2013 to help people on low incomes pay their Council Tax but with reduced funding from central government. As pensioners had to be protected from any changes, the impact of the reduction fell on working age customers resulting in the majority of them paying at least 20% of their Council Tax charge.

3.13 Despite more people having to pay more towards their Council Tax, the collection rate stood at 57.36% (target 57%) at the end of September 2014.

3.14 In April 2013, 8663 people were claiming CTS. **The caseload had reduced to 8458 by April 2014 and by September 2014, and this had reduced further to 8291.** The improvement in the economy will have played a large part in this. More details are shown in Appendix A.

3.15 A separate report outlines the proposals to make one change to the CTS scheme for 2015/16.

### 3.17 **Migrants and Housing Benefit**

From 1 January 2014, migrants to the UK have been subject to more rigorous tests before being able to claim Jobseekers Allowance. This was extended to include Housing Benefit from 1 April 2014.

3.18 The impact at HDC has been minimal with less than 5 people being affected by this change.

### 3.19 **Universal Credit**

The centrepiece of the government's welfare reform programme is to replace a number of existing benefits, including Housing Benefit, with Universal Credit. Despite a number of initial set-backs, the scheme is due to be rolled out nationally on a limited basis from February 2015. Migration of existing working age cases is not expected to be complete until at least 2018 and Housing Benefit for pensioners will remain under local authority administration until at least 2020.

3.20 Although Universal Credit will be administered by the DWP, local authorities will play their part in ensuring that all customers can access the scheme. Further information is due to be issued shortly.

#### **4. KEY IMPACTS**

4.1 The impact of the welfare reform programme remains as previously highlighted in these reports made to the Panel:

i) Households reliant on the welfare system have seen a reduction in the level of their income available to help meet their housing costs which may potentially lead to increasing debt, rent/mortgage arrears and possible homelessness.

ii) Secondly, fewer privately rented properties are now available at a level that would be affordable to households that are reliant on Housing Benefit to help pay their rent.

The risk is that given these circumstances an increasing number of households may become threatened with homelessness and see their only affordable housing option as the social rented sector.

4.2 One area that has been noticeably affected is the number of households threatened with homelessness that have been helped into privately rented properties as a means of resolving their housing need. Over the last few years this has been the Council's most successful means of preventing homelessness and although a significant number of households are still being helped via this route, there is a downward trend given that fewer privately rented properties appear to be affordable and accessible to households reliant on Housing Benefit.

4.3 The position with housing advice and options work, together with homelessness and prevention work in the first half of 2014/15 was as follows:

- A total of 91 households were prevented from becoming homeless between April and September 2014, compared to 128 in the same period during the previous year.
- A total of 109 households were accepted as homeless between April and September 2014, compared to 83 in the same period during the previous year.
- 92 households were in temporary accommodation secured by the Council at the end of September 2014 compared to 86 at the end of March 2014.
- A total of 33 households threatened with homelessness were helped into private sector tenancies between April and September 2014 through the Council's Rent Deposit Scheme compared to 64 households in the period during the previous year.

#### **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

5.1 The proposed change to the Council Tax Support scheme is being put before Members for review.

#### **6 LEGAL IMPLICATIONS**

6.1 There are no legal implications relating to this report.

#### **7. RESOURCE IMPLICATIONS**

7.1 The series of welfare reforms contained within this report has the potential to:

- Affect the Council Tax collection rates as household incomes struggle to meet household bills.
- Affect levels of homelessness within the district leading to a possible increase in the use of temporary accommodation and the costs associated with this.

7.2 In year impacts will be met from with current resources. However, any future impacts will be considered as part of the 2015/16 budget setting process.

## **8 REASONS FOR THE RECOMMENDED DECISIONS**

8.1 This report highlights the welfare reforms that have taken place to date and the impact on Huntingdonshire.

## **9. LIST OF APPENDICES INCLUDED**

Appendix A – Welfare Reform Impact Summary

## **CONTACT OFFICERS**

Amanda Burns – Benefits Manager  
01480 388122

Jon Collen – Housing Needs & Resources Manager  
01480 388220

Appendix A – Welfare Reform Impact Summary

<b>Date change implemented</b>	<b>Summary of change</b>	<b>Housing Benefit impact</b>	<b>Housing impact</b>
April 2013	Social Sector Size Criteria for working age customers	At 1/4/13, 816 households were affected by this change At 1/4/14, 731 households were affected At 30/9/14, 735 households were affected	The reduction in Housing benefit entitlement for housing association tenants will potentially lead to higher levels of rent arrears with affected tenants potentially accruing arrears leading to eviction if their rent is not paid.
July 2013	Benefit cap applied to working age customers	Between July 2013 and March 2014, 26 households were affected by this change. At 30/9/14, 16 households were affected. 10 households live in social housing and 6 in privately rented accommodation. <ul style="list-style-type: none"> <li>• 6 households had their Housing Benefit reduced by between £1 and £50 p.w.</li> <li>• 6 households had their Housing Benefit reduced by between £51 and £100 p.w.</li> <li>• 3 households had their Housing Benefit reduced by between £101 and £150 p.w.</li> <li>• 1 household had their Housing Benefit reduced by more than £150 p.w.</li> <li>• 2 households have 4 children</li> <li>• 8 households have 5 children</li> <li>• 3 households have 6 children</li> <li>• 3 households have 7 children</li> </ul>	Existing tenants that are unable to pay their rent even after prioritising rent payments from their benefit are likely to accrue arrears leading to possible homelessness. They will potentially apply to the council as homeless as they are no longer able to afford their rent and the council may then have a duty to help with the rehousing of the household.
April 2013	Increase in Discretionary Housing Payment allocation	2014/15 budget: £187,398 Committed spend at 30/9/14: £146,469 397 claims were made by 30/9/14 of which 307 (77%) were successful Actual spend at 30/9/14: Social Sector Size Criteria = 306 awards	An increased DHP budget may help some households maintain properties that would otherwise be unaffordable, helping avoid crisis homelessness situations from developing as a result of rent arrears

		<p>totalling £55,723</p> <p>Private Tenants = 106 awards totalling £28,617</p> <p>Cap = 9 awards totalling £3,909</p> <p>Other = 14 awards totalling £4,537</p>	
April 2013	Council Tax Support	<p>2014/15 estimated spend for Council Tax Base calculation: £7,010m</p> <p>Spend at 30/9/14: £6,931m</p>	<p>This is another change that will affect the amount of each household's income available to cover their rent payments, potentially leading to homelessness if households fall into arrears and face eviction.</p>