

Report

Report to:	Housing and Technical Resources Committee
Date of Meeting:	13 November 2019
Report by:	Executive Director (Housing and Technical Resources)

Subject:	Update on Welfare Reform Legislative Changes
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ provide an update to Committee on the impact of key aspects of the Welfare Reform programme on landlord and homelessness services

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the content of the report, be noted; and
- (2) that the ongoing management and service arrangements in relation to welfare reform, be noted.

3. Background

3.1. This report forms part of routine reporting of the impact of the Welfare Reform programme on landlord and homelessness services.

3.2. Housing Services support Council tenants and other service users affected by the Welfare Reform programme providing support, assistance and advice to those affected by the Under Occupancy (UO) provisions, the Benefit Cap and those in receipt of Universal Credit (UC). The work to date has made a significant contribution in terms of supporting those affected to deal with the impact of the changes and minimise the impact upon customers, the council budget and services.

3.3. UC is the most significant of the welfare changes, and its introduction in South Lanarkshire commenced in October 2015. However, a significant expansion of UC within the area commenced 2 years later on the 4 October 2017, when UC moved to the "Full Service" (FS) model. Since this date, new claimants within South Lanarkshire who would previously been eligible for Housing Benefit (HB), Working Tax Credit, Child Tax Credit, Income Support, Employment Support Allowance and Job Seekers Allowance have moved to UC.

4. Impact of Welfare Reform on Landlord and Homelessness Services Universal Credit (UC)

4.1. Despite extensive resources being deployed in supporting tenants to minimise UC payment errors and delays, the impact on tenants and rent collection under UC continues to be a challenge.

- 4.2. As at the end of September 2019, a total of 5,436 Council tenants were in receipt of UC of which 4,413 (81%) were in arrears. This is in comparison to 36.7% of all tenants who are in rent arrears. Rent arrears accumulated by tenants on UC since their claim commenced totalled £1,225,874.
- 4.3. As at the end of September 2019, an average of 176 additional tenants per month were receiving housing costs support through UC.

Under Occupancy (UO)

- 4.4. As at the end of September 2019, there were 2,358 Council tenants affected by the UO deduction.
- 4.5. Where a tenant is affected by the UO provision, they are provided with support and help to apply for a Discretionary Housing Payment (DHP), which will mitigate the shortfall in rent.
- 4.6. Benefit Cap
The Benefit Cap was initially introduced in July 2013, and places a maximum amount of benefit entitlement that a working age household (defined as an individual, their partner and any children they are responsible for and who live with them) are entitled to. The cap has now been reduced from £26,000 to £20,000 for a couple and from £18,200 to £13,400 for a single person.
- 4.7. As at September 2019, 76 households across South Lanarkshire were affected by the Benefit Cap, with a total weekly housing benefit reduction of approximately £3,580.38.
- 4.8. The Resource continues to work with households affected to provide advice and support and signpost to partner agencies for services such as money and benefit advice.

5. National and Local Developments

- 5.1. The wider roll out of the UC full service model was completed across the UK in December 2018.
- 5.2. The process of moving remaining legacy benefit and tax credit claimants onto UC, previously known as “Managed Migration”, is now termed as “moving to UC”. A pilot scheme which will involve up to 10,000 people commenced in July 2019 in Harrogate.
- 5.3. The pilot is based on asking claimants to opt to move to UC voluntarily during work-focused interviews at job centres. On this basis, it is likely that initially there will be small numbers of claimants moving onto UC. The UK government has confirmed that they still anticipate full rollout of UC by 2023.
- 5.4. Other changes came into effect from 15 May 2019, including for couples in receipt of Pension Credit. Where one partner is aged above Pension Credit age and the other is aged under Pension Credit age, they will no longer be able to make a new claim for Pension Credit. Instead they will have to claim UC. “Mixed aged couples” on Pension Credit can continue to remain on Pension Credit as long as they continue to satisfy the qualifying conditions.

- 5.5. From October 2019, the maximum rate at which deductions can be made from UC has been reduced from 40% to 30% of the standard allowance of UC. In addition, the period over which advances can be recovered will be extended from 12 to 16 months, from October 2021.
- 5.6. The Resource continues to work with customers and partners to further develop understanding of the nature and issues around UC housing costs and to ensure tenants are effectively supported.
- 6. Employee Implications**
- 6.1. There are no employee implications associated with this report.
- 7. Financial Implications**
- 7.1. In order to mitigate the potential impact on rent collection and rent arrears as a result of welfare reform, the 2019/2020 Housing Revenue Account Budget includes a revised provision of £4.404m in relation to bad debts. This includes a specific provision of £2.623m for UC. This allocation continues to reflect a prudent position to accommodate any unforeseen changes in rent collection and rent arrears as a result of welfare reform.
- 7.2. The impact of the welfare reform provision will continue to be monitored and reported to Committee on an ongoing basis, including “moving to UC”.
- 8. Other Implications (Including Environmental and Risk Issues)**
- 8.1. The potential financial impact and risks of the above changes have been built into the Resource’s risk register and actions are being taken to mitigate these risks where possible.
- 8.2. The content of this report will contribute to the evidence to support the requirements of the Annual Assurance Statement.
- 9. Equality Impact Assessment and Consultation Arrangements**
- 9.1. No equalities impact assessment was undertaken in relation to the content of this report as the proposals are out with the control of the Council.

Daniel Lowe

Executive Director (Housing and Technical Resources)

7 October 2019

Link(s) to Council Values/Ambitions/Objectives

- ◆ Support our communities by tackling disadvantage and deprivation and supporting aspiration
- ◆ Improve the availability, quality and access of housing

Previous References

- ◆ Housing and Technical Resources Committee, 20 March 2019
- ◆ Housing and Technical Resources Committee, 31 October 2018
- ◆ Housing and Technical Resources Committee, 23 May 2018
- ◆ Housing and Technical Resources Committee, 7 March 2018
- ◆ Housing and Technical Resources Committee, 18 January 2018
- ◆ Housing and Technical Resources Committee, 9 August 2017
- ◆ Housing and Technical Resources Committee, 4 October 2017

List of Background Papers

- ◆ Universal Credit (Managed Migration Pilot and Miscellaneous Amendments) Regulations 2019
- ◆ House of Commons Briefing Paper Number 6547- Housing Costs in Universal Credit
- ◆ Scottish Government - Response to the Consultation on Universal Credit (Claims and Payments) (Scotland) Regulations 2017

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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