

# **Report**

Report to:	<b>Housing and Technical Resources Committee</b>
Date of Meeting:	<b>7 March 2018</b>
Report by:	<b>Executive Director (Housing and Technical Resources) Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Update on Welfare Reform Legislative Changes</b>
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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
- ◆ provide an update on the roll out of Universal Credit “Full Service” within South Lanarkshire

## **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 3 FTE fixed term Housing Officer posts, as detailed at 7.1, remain on the Resource establishment for a period of 12 months.

## **3. Background**

- 3.1. Over the past 4 years Housing and Technical Resources have provided regular reports to Committee on the background to the changes brought about by the Welfare Reform Act 2012 and the challenges presented to the Council.
- 3.2. Housing Services support Council tenants 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 the council budget and services.
- 3.3. Universal Credit Live Service began on a phased basis in South Lanarkshire Council in October 2015. However, the significant expansion of Universal Credit in the area commenced 2 years later on 4 October 2017, when it moved to the “Full Service” (FS) model. Since this date, claimants within South Lanarkshire who would previously have claimed Housing Benefit (HB), Working Tax Credit, Child Tax Credit, Income Support, Employment Support Allowance and Job Seekers Allowance have moved on to UC.
- 3.4. Sections 4, 5 and 6 of this report provide an update in relation to the key changes brought about by the ongoing Welfare Reform programme and the steps taken by the Council to mitigate the impact for tenants and support effective rent collection.

- 3.5. As noted in previous reports to this Committee, the environment in relation to UC remains extremely dynamic. Housing Services continues to take a flexible approach to meet the requirements of UC. Landlord and homelessness service arrangements continue to evolve to meet the requirements of FS specifically.

#### **4. Under-Occupancy in Social Housing**

- 4.1. At the end of January 2018, there were 3258 Council tenants affected by the UO deduction. Tenants affected by this provision qualify for a Discretionary Housing Payment (DHP) to mitigate the shortfall. Where a newly affected tenant is identified, they are required to apply for DHP to make up the shortfall. When known, each tenant who becomes affected by the provisions is contacted by the Resource to provide support and help progress the payment of DHP.
- 4.2. The availability of DHP within Scotland has in effect meant funding has been available to fully mitigate the impact of the provisions. The Scottish Government has noted its commitment to reimbursing Local Authorities for the impact of the under occupancy provisions and funding is in place to enable full mitigation for those affected by the provisions in the current financial year.

#### **5. Benefit Cap**

- 5.1. 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 single people.
- 5.2. At the end of January 2018, 162 households across South Lanarkshire were affected by the Benefit Cap with a weekly housing benefit reduction of approximately £9,542.00.
- 5.3. 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.

#### **6. Universal Credit**

- 6.1. The move to UC FS from 4 October 2017 was the most significant change brought about by the Welfare Reform Act in South Lanarkshire. It operates as a single payment to working age claimants and is paid monthly, in arrears, with no benefit entitlement for the first week. Currently, claimants can expect to wait around 6 weeks before they receive a first payment. In most circumstances applicants are responsible for paying their rent direct to their landlord.
- 6.2. Over the past 6 months a number of significant developments and changes have taken place at both a Scottish and UK level in relation to UC.
- 6.3. As part of the UK Budget statement in November 2017, the Chancellor set out a number of significant changes to UC. In summary, these are:-
- ◆ From January 2018, UC claimants have been able to access up to a month's worth of UC within 5 days via an interest-free advance with an extended period of recovery of the advance from 6 months to 12 months
  - ◆ In February 2018 the Government removed the 7 day waiting period
  - ◆ From April 2018, those already on HB will continue to receive their award for the first 2 weeks of their UC claim

- ◆ From April 2018, new claims for UC from those living in temporary accommodation will have their housing costs met through HB as will existing claimants

6.4. As part of the process for establishing the Scottish Social Security system, the Scottish Government introduced two flexibilities from 4 October 2017, namely:-

- ◆ the option of UC being paid twice a month rather than monthly
- ◆ the option of any UC housing cost element being paid direct to landlords

6.5. The Scottish flexibilities “Universal Credit Choices” are only offered to claimants once the first payment has been made during the second assessment period.

6.6. In previous reports to this Committee, the significant impact that UC has on a range of services has been highlighted as a challenge to the Council. This remains the case with continuing revisions being made to landlord and homelessness service arrangements to reflect changes noted above.

6.7. At the end of January 2018, 1723 Council tenants were in receipt of UC (596 on live service and 1127 on FS). The impact on rent arrears under UC is already significant, despite extensive resources being deployed in supporting tenants and minimising the impact of UC payment errors and delays. As at 31 January 2018, 1351 Council tenants (78%) in receipt of UC were in arrears (456 on live service and 895 on FS). Rent arrears accumulated by tenants on UC since the commencement of tenancy now total £904,868 (£270,510 on live service and £634,357 for tenants on FS). The total arrears accrued since claim commencement totals £354,462 (£100,868 on live service and £253,594 on FS). Arrears accrued since start of either a live or full service claim account for 40% of the total arrears balance.

6.8. As reported in previous reports, prior to the roll out of FS, estimates based upon experiences of other Local Authorities indicated that South Lanarkshire Council could expect up to 350 tenants per month to make a UC claim. As at 31 January 2018, 1127 Council tenants have applied from 4 October 2017 (average of 281 claims per month). It is expected that over time, that there will be a continued increase in case load and this will be closely monitored.

6.9. The close working arrangements that have been established with the DWP with regard to the ‘landlord portal’ has enabled the Council to engage collaboratively where any system issues are identified. Additionally, the co-location of the Benefits are Changing Team (BACT) within the five Job Centre Plus offices in the area is benefiting by ensuring that tenants who are making their claim have their housing cost element included. This flexible approach also maximises the opportunity to engage with tenants to provide them with a range of advice and information on other services e.g. to address wider issues, such as debt management.

6.10. Trained officers within each housing office continue to work with tenants from the point their housing costs have been confirmed. An important aspect of their work is to ensure where appropriate that a Managed Payment to Landlord (MPTL) application is made on behalf of the tenant to ensure the housing cost element of UC is paid directly to the Council. Additional work carried out by housing officers also affords further opportunity to ensure that claimants are offered appropriate advice and support; for example, timely payment of rent and where necessary referral to the Money Matters Advice Service.

6.11. Housing and Technical Resources will continue to work with partners locally and nationally, including other local authorities, Registered Social Landlords, the DWP,

CoSLA and the Association of Local Authority Chief Housing Officers (ALACHO), to share experiences and consider opportunities for collaborative working. A focus continues to be placed on working with tenant and other customer groups to support effective customer engagement and communication.

## **7. Employee Implications**

- 7.1. To support the ongoing implementation of the Welfare Reform Programme an additional 3 full time equivalent Housing Officer posts were appointed within the Benefits are Changing Team for a fixed term period of 6 months in October 2017. This has been successful in helping to meet the increased volume of tenants moving onto UC and needing support and assistance in the early stages around their housing costs claim and rent payments.
- 7.2. It is proposed to now maintain these posts on the establishment of Housing Services for a further temporary period of 12 months in order to support and assist South Lanarkshire Council tenants with the transition to UC and other changes to the benefits system, and establish regular payment patterns to minimise rent arrears related debt and promote tenancy sustainability.

- 7.3. The details of the posts are as follows:

<b>Post Title</b>	<b>No of Posts (FTE)</b>	<b>Grade SCP</b>	<b>Hourly Rate</b>	<b>Annual Salary (1 FTE)</b>	<b>Total costs (including on costs)</b>
Housing Officer	3.0	Grade 2, Level 1 -4 SCP 32-57	£11.13 - £15.34	£20,308 – £27,995	£77,549 – £108,247

These posts have been evaluated using the Council's Job Evaluation Scheme.

## **8. Financial Implications**

- 8.1. The costs of the 3.0 FTE additional temporary Housing Officer posts will be met from the Housing Revenue Account.
- 8.2. Provision has been made within the Housing Revenue Account in 2018/19 to reflect the anticipated impact of UC FS, this is a UC bad debt provision of £4.343m and the level of provision will continue to rise as roll-out continues. The impact of the welfare reform provision will continue to be monitored and reported to Committee on an ongoing basis.

## **9. Other Implications**

- 9.1. 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.
- 9.2. There are no implications in terms of sustainability contained within this report.

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. No equalities impact assessment was undertaken in relation to the content of this report as the proposals are outwith the control of the Council.

**Daniel Lowe**  
**Executive Director (Housing and Technical Resources)**

**Paul Manning**  
**Executive Director (Finance and Corporate Resources)**

7 February 2018

**Link(s) to Council Ambitions/Values/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, 18 January 2017
- ◆ Housing and Technical Resources Committee, 9 August 2017
- ◆ Housing and Technical Resources Committee, 4 October 2017
- ◆ Housing and Technical Resources Committee, 13 December 2017

**List of Background Papers**

- ◆ House of Commons Briefing Paper Number 6547- Housing Costs in Universal Credits
- ◆ 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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