

Report

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Report to:	Housing and Technical Resources Committee
Date of Meeting:	13 December 2017
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
- ◆ 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.

3. Background

- 3.1. 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 over the past 4 years.
- 3.2. On 4 October 2017 Universal Credit (UC) in South Lanarkshire moved to the “full service” model. This change brings about significant expansion of UC within the area. A member’s awareness session was held on 4 October 2017 to set out the approach which is being taken and the service arrangements established to meet the requirements of UC full service in relation to landlord and homelessness services. Subsequently, 2 further sessions were held on 9 and 14 November 2017 for those members who were unable to attend the earlier event. Section 6 of this report sets out the arrangements put in place to support the required changes to service arrangements and deployment of staff resources.
- 3.3. Housing Services continue to support Council tenants affected by the welfare reform programme, and provide support and assistance to those affected by the Under Occupancy provisions, the Benefit Cap and those in receipt of Universal Credit. The work to date has made a significant contribution in terms of supporting those affected to deal with the impact of the changes, as well as minimising the impact upon the council budget and services.
- 3.4. Sections 4, 5 and 6 of this report provide an update in relation to some of the key changes brought about by the ongoing welfare reform programme and the steps taken by the Service to mitigate the impact of welfare reform while continuing to ensure effective rent collection.

4. Under-Occupancy in Social Housing

- 4.1. At the end of October 2017, there were 3497 SLC tenants affected by the under occupancy 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 Discretionary Housing Payments (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.
- 5.2. At the end of October 2017, 159 households across South Lanarkshire were affected by the Benefit Cap with a weekly housing benefit reduction of approximately £9686.00.
- 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 impact of Universal Credit has been continuously reported to Committee since roll out of live service commenced in October 2015. The move to UC full service from 4 October 2017 is the most significant change brought about by the Welfare Reform Act. The benefit operates as a single payment to working age claimants and is paid monthly, in arrears, with no benefit entitlement for the first week and the first payment being made around 6/7 weeks after submitting an on line claim. Applicants receive a single payment and are responsible for paying their rent direct to their landlord.
- 6.2. The policy context in relation to UC remains extremely dynamic. Significant developments which have taken place since the last update to Committee include:-
 - ◆ the period to complete a UC claim has been extended from 7 days to a maximum of 30 days
 - ◆ the claimant's choice to have rent paid directly to a landlord and paid twice monthly are now available within Scotland
- 6.3. The Chancellor of the Exchequer's budget announcement on 22 November 2017, also included a number of significant changes to UC, namely:-
 - ◆ the 7 day waiting period will be removed from February 2018 meaning that claimants will be paid 5 weeks after they make their claim
 - ◆ from January 2018, claimants will be able to get a one month advance payment within 5 days of their claim
 - ◆ the period over which the advance payment requires to be repaid is being extended from 6 to 12 months

- ◆ from April 2018, UC claimants who are in receipt of housing benefit will be entitled to continue to claim it for a further 2 weeks from the point they make their UC claim

The statement also noted that UC “taper” rates will be kept under review and that the UK Government will act to make it easier for claimants to have their rent paid directly to their landlord. The latter commitment, in relation to payment of rent direct to the landlord, is in addition to the position within Scotland (see 6.2 above) where claimants have the choice to opt for rent to be paid to their landlord. Developments will continue to be monitored.

- 6.4. At the end of October 2017, 812 Council tenants were in receipt of Universal Credit under live service. 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 October 2017, 600 (74%) SLC tenants on UC live service were in arrears. Rent arrears accumulated by this group since the commencement of UC now total £196,580.
- 6.5. In the report to this Committee on 9 August 2017, it was noted that based on information from the DWP and the experience of other Local Authorities, it was anticipated that under full service, approximately 350 South Lanarkshire Council tenants will make a claim for UC every month. While in this area, full service is very much at an early stage, 230 Council tenants applied between 4 October and 31 October 2017. These cases are all within the assessment period and no first payment of housing costs has been awarded. The approach remains focused on assisting tenants to ensure that the housing cost element is included in their claim as well as providing advice on making regular rent payments. While the Council has managed to maintain a relatively high level of rent collection in the period since the roll out of UC commenced within South Lanarkshire, it is clear that the move to full service presents a significant challenge.
- 6.6. A significant development has been the ‘Trusted Partner Landlord’ status applied to the Council. This allows access to the DWP electronic Landlord Portal to verify tenants’ housing costs and apply for direct payments and is intended to reduce the time taken to process a claim.
- 6.7. The Resource continues 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.
- 6.8. The Resource also continues to communicate directly with tenants who are already claiming UC and work more broadly with partners to promote awareness of the changes and their implications.

7. Scottish Flexibilities

- 7.1. As previously reported to this Committee in October 2017, as part of the process for establishing the Scottish Social Security system, the Scottish Government introduced 2 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

- 7.2. These flexibilities will only be offered to claimants once first payment has been made (6/7 weeks following initial claim). The Council will continue to monitor progress of their implementation.
- 8. Local Housing Allowance (LHA) – Restrictions of Social Rented Sector Rents**
- 8.1. Another significant change signaled since the last report to Committee occurred on 31 October 2017 when the UK Government announced that the LHA rate would not be applied to social rented housing rents.
- 9. Future Developments**
- 9.1. The Department for Communities and Local Government and DWP are currently undertaking a consultation on the future funding of supported housing. While this mainly relates to England, there are implications for supported housing in Scotland, specifically around the definition of sheltered/extra care housing, rent levels and the administration of funding for short term supported housing.
- 9.2. As previously reported in August 2017, work is also being progressed to prepare for the introduction of other welfare reforms including the restriction of entitlement to housing costs for single people aged 18 to 21. The Council will continue to monitor developments in a South Lanarkshire context and reflect in service arrangements.
- 10. Employee Implications**
- 10.1. There are no employee implications associated with this report.
- 11. Financial Implications**
- 11.1. Provision has been made within the Housing Revenue Account in 2017/2018 to reflect the anticipated impact of UC “full service”, this is a UC bad debt provision of £1.187 million 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.
- 12. Other Implications**
- 12.1. 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.
- 12.2. There are no implications in terms of sustainability contained within this report.
- 13. Equality Impact Assessment and Consultation Arrangements**
- 13.1. 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)

13 December 2017

Link(s) to Council Values/Objectives

- ◆ Tackle disadvantage and deprivation
- ◆ Improve the quality, access and availability 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

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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