

# Report

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Report to:	<b>Housing and Technical Resources Committee</b>
Date of Meeting:	<b>4 October 2017</b>
Report by:	<b>Executive Director (Housing and Technical 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
- ◆ report progress in the preparations for Universal Credit “full service” roll out 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 the ongoing preparations for the introduction of Universal Credit full service roll out, be noted.

## 3. Background

3.1. The report to this Committee on 9 August 2017, provided 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. The report also noted that on 4 October 2017 Universal Credit (UC) in South Lanarkshire will move to the “full service” model. This change will bring about a significant expansion of UC within the area. Section 6 of this report, summarises the preparatory work being undertaken 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 and 5 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 in an attempt 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 August 2017, there were 3512 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 August 2017, 187 households across South Lanarkshire were affected by the Benefit Cap with a weekly housing benefit reduction of approximately £10,779.00.
- 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. Universal Credit is the most significant change brought about by the Welfare Reform Act and replaces 6 of the main means tested benefits, including Housing Benefit. 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. Since the introduction of the first phase of Universal Credit “Live Service” within South Lanarkshire in October 2015, an average of 50 tenants have made a claim every month.
- 6.3. At the end of August 2017, 804 Council tenants were in receipt of Universal Credit. 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 August 2017, 578 (72%) SLC tenants on UC were in arrears. Rent arrears accumulated by this group since the commencement of their UC claim now total £187,500 and continues to rise as the number of tenants in receipt of UC increases. The proportion of rent collected from households in receipt of UC equates to 77% of rent due.
- 6.4. UC full service will be significantly expanded in South Lanarkshire from 4 October 2017 when it moves to “the full service model”. Under full service all new claimants will have an online Universal Credit account to manage their claim. As noted in the previous report, the move to full service will see a significant increase in caseload.

- 6.5. 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. Service arrangements have been revised within the Resource to respond to the anticipated requirements of UC “full service”. The approach is flexible and remains focused on assisting tenants to make their claim for UC, ensuring that the housing cost element is included and providing advice and information on other services to address wider issues, such as debt management
- 6.7. The Resource also 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. Future Developments**

- 7.1. 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 and the restriction of social rent sector rents to Local Housing Allowance levels based on the shared room rate.
- 7.2. As part of the process for establishing the Scottish Social Security system, the Scottish Government is introducing 2 flexibilities, these are:-
  - ◆ 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

The finalised regulations, for these flexibilities, are effective from 4 October 2017 and the Council will continue to monitor progress of their implementation.

## **8. Employee Implications**

- 8.1. There are no employee implications associated with this report.

## **9. Financial Implications**

- 9.1. 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.

## **10. Other Implications**

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

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

11.1. 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 Resources)**

11 September 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, 4 August 2017

### **List of Background Papers**

None.

### **Contact for Further Information**

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

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