



# Social Services, Housing, and Public Health Overview & Scrutiny Committee Review Scoping Report

The impact of changes to Housing Benefits on residents  
and the Council

## **1. REVIEW OBJECTIVES**

### **Aim and background to review**

To look at the recent and forthcoming changes to Housing benefits on Hillingdon residents and the Council, and at how the Council has continued to inform and support residents through these changes.

As the policies that govern changes to Housing and other benefits are national in nature, it is recognised that the opportunity to influence what happens at a local level may be small. However, a review could look at how the Council is engaging with residents to raise awareness of the changes, and ensure that the Council has sufficient measures in place to support residents affected by the changes. Possible outcomes for a review could be:

- Tackling digital exclusion by providing internet access
- Promotion of direct payments
- Dealing with rent arrears
- Addressing Homelessness
- Working with other Services
- IT capability (Online HB Services)
- Managing rent arrears and Council Rent Income

## **Terms of Reference**

1. To understand what changes have been made, and why;
2. To examine the impact of these changes on Hillingdon residents and the work of the Council;
3. To look at options available, and the development of a strategy for Cabinet review, if appropriate;

## **2. INFORMATION AND ANALYSIS**

### **Current context**

#### **Housing Benefit and the Council Tax Reduction Scheme**

Housing benefit (HB) is a Department for Work and Pensions (DWP) benefit administered by the Local Authority. It is a means tested benefit to assist residents on a low income with their rent. The Council Tax reduction Scheme is a local scheme which replaced Council Tax Benefits in April 2013. This scheme offers financial assistance to low income households to help pay council tax.

LB Hillingdon has 23,500 households currently claiming Housing Benefit and/or Council Tax Reduction (CTR). In 2015/16 Hillingdon paid £151 million in HB and £14.8 million in CTR. The Benefit service also operates two reception areas, which see an average of 5000 customers a month.

#### **Universal Credit**

Universal Credit (UC) is the new DWP benefit designed to provide the support needed to prepare individuals for work, to move into work, or earn more. UC will replace six existing benefits:

1. Income based Jobseeker's Allowance
2. Income based Employment and Support Allowance
3. Income Support
4. Working Tax Credit
5. Child Tax Credit
6. Housing Benefit

UC was implemented within Hillingdon in November 2015, for the most straightforward cases (e.g. single people claiming for the first time).

In May 2016 the full UC service, using a new digital system, was rolled out for all claimant types nationally (beyond London). In July 2016 it was announced that this

rollout will be complete by September 2018. Rollout in Hillingdon is not due to start until July 2018.

After the rollout process is completed, DWP will begin moving all remaining existing benefits claimants to the full Universal Credit service. The managed migration of the existing benefits claims will not start until July 2019, and will not be completed until March 2022.

The impact on Hillingdon to date:

- 61 UC claimants claiming CTR
- 76 HB claims cancelled as applicant now claiming housing cost as part of their UC
- 54 HRA tenants on UC, of which only 19 cases have alternate payment arrangement set up (direct payments to rent accounts)
- Less than 1% reduction on HB caseload

The DWP have confirmed that it will not begin the incorporation of HB for pensioners into Pension Credit until the completion of the UC timetable. Local Authorities will therefore be expected to be delivering HB for pensions until the next Parliament, beyond 2020.

## **Benefit Caps**

The benefit cap is a limit on the total amount of income from certain benefits a working household aged 16 to 64 can receive. If the household received more than the benefit cap allows, then their HB or UC will be reduced to the cap.

Until 7 November 2016, the benefit caps for couples and families was £500 per week, and for single people with no children the cap was £350 per week. From 7 November 2016, the benefit cap was reduced and has been set at a different level depending on whether claimants lived inside or outside London:

- £442.31 a week for couples and families that live in London
- £384.64 a week for couples and families that live outside London
- £296.35 a week for a single person that lives in London
- £257.69 a week for a single person that lives outside London

Impact on Hillingdon to date:

- Prior to 7 November 2016, there were 175 households affected
- Following the change to benefit cap levels after 7 November 2016, 369 households were affected, of whom:
  - 316 were Private tenants
  - 34 were Council tenants
  - 19 were in Temporary accommodation

## **Under-Occupation**

HB changes for tenants who are under-occupying social housing (This rule only affected people of working age i.e. did not affect pensioners).

The amount of rent that can be claimed for BH will be reduced by:

- 14% if they have one extra bedroom
- 25% if they have two or more extra bedrooms

Impact on Hillingdon to date:

- 847 households affected, of whom:
  - 462 are Council tenants
  - 385 are Housing Association tenants

## **Discretionary Housing Payments (DHP)**

DHP is a short term emergency payment to help with the paying of rent shortfalls (i.e. the difference between your rent and your HB payment). The aim of the payment is to give claimants time to move or reassess their finances. It is not awarded indefinitely.

DHP Payments can also be made in respect of rent deposits and rent in-advance to assist claimants to move to more affordable accommodation.

DHP cannot be paid:

- If the claimant is not entitled to HB/UC with housing costs
- For service charges that do not qualify for HB/UC \*e.g. heating charges and hot water charges)
- Until a HB/UC claim has been fully assessed

Who can claim DHP?

DHPs are available to claimants who are entitled to HB/UC with housing costs and require further financial assistance in order to pay their rent. DHPs' are not classed as payments of HB.

Hillingdon Council is limited by Central Government in the total amount that it can pay in DHPs in any financial year. Therefore, unless a claimant can show an above average need for further financial help with their rent, they will not receive this extra payment.

To help Local Authorities manage the impact of the HB reforms announced in the Summer Budget 2015, the overall DHP funding nationally will be £150 million for 2016/17, an increase of £25 million (20%) compared to 2015/16 funding. This

comprises funding for four separate areas of support; Core funding, Local Housing Allowance (LHA), removal of the Spare Room Subsidy (RSRS) and Benefit Cap.

The Distribution of the DHP funding is based on the effect of each element on individual LAs.

A table setting out the changes, those affected, impact on the Council, and measures taken, is included as Appendix A.

### **Responsibilities**

This review will concern a number of Council services within Finance and Resident's Services. The services which support the Benefits function are covered under the Portfolios of the Cabinet Member for Social Services, Health & Housing, and the Cabinet Member for Finance, Property and Business Services.

### **Current intelligence, best practice and research**

A number of other local authorities have undertaken studies and reviews which could help the review in terms of consideration of recommendations and best practice.

### **Further information**

Throughout the review, Members will be made of aware of publications and studies which will help inform Members during the review.

## **3. EVIDENCE & ENQUIRY**

Information will be provided on how Housing Benefits have changed, why they have changes, and how these changes have impacted on Hillingdon residents and the work of the Council. Information on the practices of surrounding Boroughs will also be presented to Members to help the review formulate suggested recommendations.

### **Witness testimony**

Witnesses will be invited from Council services such as Housing, and Tenancy services. In addition contact could be made with other neighbouring local authorities to look at their how they have supported their residents through the changes, and to look at best practise which this Council could adopt.

### **Lines of enquiry**

How has LB Hillingdon changed its working practises to implement the changes?

How is LB Hillingdon working to support residents affected by these changes?

What are other local authorities doing differently to this Council in terms of implementing the changes and supporting residents?

## **Emerging conclusions or themes for development**

These will emerge and become apparent as the review progresses.

## **4. REVIEW PLANNING & ASSESSMENT**

Proposed timeframe & milestones for the review up to Cabinet and beyond in terms of monitoring:

<b>Meeting Date</b>	<b>Action</b>	<b>Purpose / Outcome</b>
21 February 2017	Agree Scoping Report and Witness Session 1	Information and analysis plus witness evidence from internal sources
23 March 2017	Witness Session 2	Evidence & enquiry - witness evidence from internal sources and other local authorities
TBC	Draft Final Report	Proposals – agree recommendations and final draft report

## **Resource requirements**

None.

## **Equalities impact**

The review will give consideration to those residents affected by the changes to benefits, and the subsequent impact on the working practices of the Council.

## APPENDIX A

### Welfare Reforms impact on Hillingdon Residents - Housing Benefit (HB)

Welfare Reforms	Change	Who is affected	Impact	Measures taken by Council	Who is responsible
<b>Universal Credit (UC)</b>	<p>UC is new DWP benefit for people of working age on a low income and is administered by DWP. It is a single monthly income which will eventually replace:</p> <ul style="list-style-type: none"> <li>Income Support</li> <li>Income based Jobseeker's allowance</li> <li>Income based Employment &amp; Support Allowance</li> <li>Working Tax Credit</li> <li>Child Tax Credit</li> <li>Housing Benefit</li> </ul> <p>UC was implemented within Hillingdon in November 2015 for the most straightforward cases. Full roll out for Hillingdon is not due to start until July 2018. Migration of existing benefit claims will not start until July 2019 and will not be completed until March 2022</p>	<ul style="list-style-type: none"> <li>All working aged residents</li> <li>Hillingdon residents already claiming any of the benefits listed are not affected yet. They will be told when UC will affect them.</li> <li>Social Landlords</li> <li>Registered Social Landlords</li> <li>Private Landlords</li> </ul>	<ul style="list-style-type: none"> <li>High percentage of residents that are affected to date are single people claiming housing costs for the first time</li> <li>Less than 1% reduction on Hillingdon Housing Benefit caseload</li> <li>55 Council tenants are on UC at the end of January 17</li> <li>23 applications have been made for 'Alternative Payment Arrangements' as at the end of January 17</li> <li>The average uplift in rent debt per case is £453 since the date of claim. This represents an average of 4 weeks rent.</li> </ul>	<ul style="list-style-type: none"> <li>HRA arrears is on the Council's Corporate Risk Register linked to the impact of Welfare Reform and is regularly monitored.</li> <li>Tenancy Services was restructured in 2015/16 to bring forward a number of specialist teams to manage the increasing risks of tenancy failure.</li> <li>Comprehensive 'Welfare Reform roll-out and Mitigation Plan' is in place across Tenancy Services with updates reported to Housing Board Quarterly. The plan has three key workstreams; Support &amp; Awareness, Communication and ICT &amp; Processes.</li> </ul>	<p>Service Manager - Tenancy Services for Council tenants. Income [Rent] is managed by the two Risk Management Teams within Tenancy Services.</p>
<b>Benefit Caps</b>	<p>The Benefit cap was first introduced from April 2013 and applies to the income from main out-of-work benefits. The benefit cap is a limit on the total amount of income a working household aged 16 to 64 can receive. Cap levels in Hillingdon were:</p> <ul style="list-style-type: none"> <li>£500 pw for couples and families</li> </ul>	<p>The Benefit cap is limited on the total amount of income from certain benefits a working aged household aged 16 to 64 can receive.</p> <p>Number of residents in</p>	<ul style="list-style-type: none"> <li>Homelessness</li> <li>Potential Rent Arrears</li> <li>The number of capped HRA tenants is small [34 as at December 16] in proportion to tenants in the private rented sector. The clear differential here is linked low</li> </ul>	<ul style="list-style-type: none"> <li>Contact made by letter with all affected applicants</li> <li>Face to face surgeries held with multi-agency presence</li> <li>Follow up calls made to those who are or were</li> </ul>	<p>Service Manager - Tenancy Services for Council tenants. Income [Rent] is managed by the two Risk Management Teams within Tenancy Services. Supporting</p>

	<p>(in London)</p> <ul style="list-style-type: none"> <li>£350 pw for single people (in London)</li> </ul> <p>From November 2016 the amount of benefit cap has been reduced further to:</p> <ul style="list-style-type: none"> <li>£442.31 for couples &amp; families (in London)</li> <li>£296.35 for single people (in London) .</li> </ul>	<p>Hillingdon affected to date: 401 households affected; of whom:</p> <ul style="list-style-type: none"> <li>343 Private tenants</li> <li>36 Council tenants</li> <li>22 Temporary accommodation</li> </ul>	<p>social housing rents.</p> <ul style="list-style-type: none"> <li>Affordability in the Private Rented Sector</li> <li>Increased pressure on social care in particular children services</li> <li>Potentially Increased evictions from private rented sector properties</li> <li></li> </ul>	<ul style="list-style-type: none"> <li>not engaging</li> <li>Detailed housing advice provided to those that attended and personal housing plans prepared for each client advised.</li> </ul>	<p>tenants to downsize is managed by the Tenancy Management Teams in Tenancy Services.</p> <p>Homeless Prevention Team leader supported by caseworker from the Homeless Prevention Team and Service Manager Homeless &amp; lettings</p>
<b>Under-Occupation</b>	<p>The Under-Occupation change came into effect from April 2013. HB tenants who are under-occupying social housing, This rule only affects people of working age (pensioners are not affected).</p> <p>The amount of rent that can be claimed for HB is reduced by:</p> <ul style="list-style-type: none"> <li>14% if they have one extra bedrooms</li> <li>25% if they have two or more extra bedrooms</li> </ul>	<p>This change affects social housing working aged tenants.</p> <p>Number of Hillingdon residents to date: 864 households affected; whom:</p> <ul style="list-style-type: none"> <li>472 Council tenants</li> <li>392 Housing Association tenants</li> </ul>	<ul style="list-style-type: none"> <li>Potential rent arrears / risk of homelessness</li> </ul>	<ul style="list-style-type: none"> <li>Targeted work to support and encourage Council tenants to downsize into more affordable and manageable accommodation.</li> <li>Package of downsizing incentives available up to £4,500 based on the number of bedrooms released plus practical help and support in moving</li> </ul>	<p>Service Manager - Tenancy Services for Council tenants. Income [Rent] is managed by the two Risk Management Teams within Tenancy Services. Supporting tenants to downsize is managed by the Tenancy Management Teams in Tenancy Services.</p>
<b>Local Housing Allowance (LHA) Restrictions</b>	<p>LHA is not a benefit in its own right – it is the way in which the rent element of Housing Benefit (HB) is calculated for tenants living in the deregulated private rented sector. LHA rates were based on the 30th percentile of market rents in an area for dwellings with different numbers of bedrooms and subsequently were planned to increase in line with CPI.</p> <p>From April 2016 the Government has frozen the LHA rates for 4 years. The</p>	<p>Anyone who rents their home, from a private landlord, who makes a new application and is entitled to Housing Benefit is paid under the LHA scheme rules.</p>	<p>There is an increasing disparity between the LHA and the actual rents charged by landlords and this is a very significant issue in accessing the private rented sector. While LHA has been frozen, rent levels have increased substantially and are expected to continue rising.</p> <p>There has been a rise in middle income households receiving housing benefit and the</p>	<ul style="list-style-type: none"> <li>Revised incentives to agree rent levels with landlords and secure properties</li> <li>Advice on housing options including rent and LHA levels in different areas</li> <li>Additional affordable housing supply, for rent and low cost home</li> </ul>	<p>Landlord Engagement Team</p> <p>Homelessness Prevention Team</p> <p>Asset Management Team</p>



	rates for 2016/17 are the same as for 2015/16 and they will not change until at least April 2020.		<p>proportion of LHA recipients in work has increased.</p> <p>Where the Council has a statutory homelessness responsibility, private rented sector evictions are by far the most common reason for homelessness.</p>	ownership) through new build, purchase (RTB buy backs) and releasing under occupied housing	
<b>Discretionary Housing Payments (DHP) funding</b>	To help Local Authorities to manage the impact of the HB reforms DHP funding was increased to £150 million nationally for 2016/17. LB Hillingdon allocation was £831,393.	<p>DHP can only be paid to people who have a rental liability and are in receipt of HB.</p> <p>DHPs are paid from a limited fund, they are usually awarded as a short-term measure to help people while they make efforts to resolve their difficulties and the Council targets payments to those in the greatest need.</p>	As at 2nd Feb 2016, LB Hillingdon has received 1,379 DHP applications of which 65% have been awarded a DHP payment. Total DHP expenditure spent/committed to date is £683,580 and are projecting to spend the total allocation by 31st March 2017..	To encourage claimants to downsize, move to affordable accommodation or find employment.	Benefit department is responsible for setting the DHP Policy, administering the DHP applications and monitoring the spend.
<b>Social Rent Restriction to LHA levels</b>	<p>From April 2019, the amount of benefit will be restricted to the Local Housing Allowance (LHA) level for that size of household.</p> <p>If the tenant is single and under 35 years old the benefit eligible rent and service charge will be capped to a shared accommodation rate (SAR) unless an exemption applies.</p>	<p>Anyone with a social sector tenancy that receives housing benefit or the housing component of Universal Credit and has a rent payable above LHA level.</p> <p>Includes those of pensionable age. Also extends to the supported housing sector where changes to funding arrangements that extend beyond welfare reform are also planned</p>	Most likely affected are single people under 35 and under-occupying households.	Work need to understand extent of impact	Service Manager - Tenancy Services for Council tenants. Income [Rent] is managed by the two Risk Management Teams within Tenancy Services