



Social Services, Housing, and Public Health Overview & Scrutiny Committee Review - Witness Session 2

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

1. REVIEW OBJECTIVES

The initial scoping report set out the following review objectives and terms of reference:

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.

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

The last report presented a table detailing the following welfare reforms:

- Universal Credit (UC)
- Benefit Caps
- Under-occupation

- Local Housing Allowance (LHA) Restrictions
- Discretionary Housing Payments (DHP) funding
- Social Rent Restriction to LHA levels

Witnesses attending the first session provided evidence from a front line service perspective. The second witness session considers how reforms to Housing Benefits fit within a wider policy framework for housing.

3. HOUSING POLICY FRAMEWORK

Homelessness Reduction Bill

The Government is supporting Bob Blackman's Private Members Bill. Under the Bill, councils in England will be required to help all eligible people, whether they are single or a family, for 56 days before they are threatened with homelessness. Those who are already homeless will get support for a further 56 days to help them secure accommodation. Information and advice will be required to be tailored to specific groups and other public services will be required to refer homeless people or those at risk of homelessness to local authority housing teams.

£61m of new burdens funding is being made available for local government. A Steering Group will oversee work strands to be completed ahead of the Bill going live, including refreshing the Code of Guidance.

The Homelessness Reduction Bill shifts the focus to prevention giving local councils a duty to take steps to prevent anyone eligible threatened with homelessness from actually becoming homeless. This will be difficult to achieve in areas with high housing demand. The main reason for homelessness is private sector eviction.

There is an increasing disparity between Local Housing Allowance (LHA) in the private rented sector and the actual rents charged by landlords and there is an increased risk of homelessness due to evictions of households unable to meet rental costs following the application of the lowered Household Benefit Cap. This has implications for the supply of housing and the steps that can be taken to assist potentially homeless households.

Changes to Funding of Supported Housing

Changes to the funding for supported housing, including hostels and refuges, will reduce funding via the benefits system and include a 'top up funding pot' for local authorities.

The Government recently closed a consultation looking at the design of the new housing costs funding for supported housing, as well as how funding for emergency and short term placements should work.

Supported housing is targeted to groups who are considered to be particularly vulnerable including disabled people, people with learning difficulties, people with a history of drug or alcohol dependency problems, or young people more generally.

From 2019-2020 onwards, core rent and service charges will only be paid up to the LHA rate (through Housing Benefit or Universal Credit), with the difference to be made up by Local Authorities through a discretionary fund. A Green Paper is expected this Spring on the detailed arrangements. Supported housing providers are keen to see uncertainty in the funding of Supported Housing resolved.

Removal of automatic entitlement to benefit for 18-21 year olds

On 3rd March 2017 the Government published regulations to remove the automatic entitlement to housing costs in Universal Credit Full Service for some 18 to 21 year olds. There are a number of exemptions to protect vulnerable claimants. It is intended to encourage young people who can stay at home to do so, as they will not be able to move out by simply passing the cost on to the taxpayer.

The policy will not apply where the claimant is an orphan or their parents live abroad, or where it would be inappropriate for the claimant to live in the parental home including where there would be a serious risk to the claimant's physical or mental health, or the claimant would suffer significant harm. To protect those who are vulnerable, the policy will not apply where the claimant:

- Is responsible for a child or a qualifying young person;
- Was a care leaver before reaching the age of 18;
- Receives the care component of disability living allowance at the middle or highest rate or the daily living component of personal independence payment;
- Is subject to active multi-agency management (arrangements for managing risks posed by certain offenders)
- Is in temporary accommodation provided by a local authority pursuant to their homelessness duties
- Has been subject to, or threatened with, domestic violence by their partner, former partner, or a family member.

Exemptions also apply in a variety of circumstances where the claimant is not expected to work full time, or to those in full time work earning above (£89.60 from April 2017 or £56.00 for apprentices).

These regulations only apply in Universal Credit Full Service areas, which are being gradually rolled out across the country. Roll out in Hillingdon is scheduled to begin in July 2018.

Temporary Accommodation Management Fee

A new funding model for management of temporary accommodation will replace the existing system with upfront funding for local authorities to respond to homelessness pressures.

From April 2017 the Temporary Accommodation Management Fee paid by DWP to local authorities for each placement in some types of Temporary Accommodation will be replaced by a new DCLG grant - with increase overall funding - which will give local authorities greater flexibility in managing homelessness pressures

The housing cost element will continue to be paid by DWP. This will move to standard Local Housing Allowance rates as Universal Credit rolls out. Allocations are expected to be announced very shortly.

The new grant is an upfront flexible payment which can be used by local authorities for the full range of homelessness measures. Allocation will be according to a formula which reflects relative homeless pressures, while at the same time ensuring that high pressure local authorities are protected.

Housing White Paper - Fixing our broken housing market

The overall emphasis of the Housing White Paper is on increasing the supply of housing over the longer term, primarily through changes to the planning system. The planning changes will take time to deliver and the housing elements set out how the Government will help people now including confirming support for the Homelessness Reduction Bill. The White Paper makes it clear that Starter Homes are but one form of affordable homeownership and like shared ownership, they will only be available to households with an annual income below £90,000 in London. Cash buyers will be excluded. The proportion of Starter Homes on developments will be decided locally.

There is a move in the White Papers towards tenure diversification rather than home ownership at all costs. A multi-tenure approach is seen as being able to deliver development faster. The Government aims to attract major institutional investment in new large-scale housing which is purpose-built for market rent.

A combination of welfare and affordability issues, along with a buoyant housing market means that accessing an adequate supply of suitable housing is increasingly problematic. The focus of the white paper is on increasing and speeding up delivery.

Homes for Londoners - Affordable Homes Programme 2016-21

The majority of homes under this programme will be:

- London Affordable Rent
- London Living Rent
- London Shared Ownership

Most London Affordable Rent homes are expected to be let at substantially below 80% of market value.

London Living Rent is a Rent to Buy product with sub-market rents on time-limited tenancies. Rents are based on one third of the borough median income with limited variations. Eligibility for this produce is limited to social or private tenants with a maximum income of £60,000. Affordability of housing interacts with welfare benefit changes, particularly in relation to the freezing of LHA rates.

Debby Weller - Policy & Strategy Manager, Housing (Ext 6281)