1 Purpose of Report

1.1 To update and consider the impact and future implications arising from the Government’s Welfare Reform agenda upon Council housing tenants.

2 Recommendations

2.1 That the contents of the report is noted;

2.2 That monitoring of the impact of the Social Sector Size Criteria and Overall Benefit Cap continues;

2.3 That further mitigation measures and best practice emerging from Department for Work and Pensions publications are considered.

3 Key Issues and Reasons for Recommendation

3.1 The Housing Policy Development Committee has previously considered two reports on the housing implications of the Government’s Welfare Reform Agenda. An initial report on 10 January 2012 set out the measures to be implemented by the Welfare Reform Act 2012. A further report on 19 March 2013 provided an update on the (then) current position and initial impact of the Government’s welfare reform agenda.
3.2 The 19 March 2013 report had particular regard to the two measures predicted to have the most significant impact on Council housing tenants: Social Sector Size Criteria and the Overall Benefit Cap. The Social Sector Size Criteria (SSSC) was the first to come into force on 1 April 2013. The overall benefit cap was due 1 April 2013 but roll out was delayed and all households identified as being appropriate to be capped were capped at the end of September 2013. This second update report is therefore timed to provide the first assessment of the impact of these two measures.

3.3 The SSSC was predicted to have the most significant effect of all the Government’s welfare reform measures on Council housing tenants. In February 2014 there were 390 tenants affected by the SSSC who under-occupied their Council property by one or more bedrooms. This is a reduction of 184 tenants prior to the SSSC coming into force. 320 tenants under-occupy by one bedroom resulting in an average £13.96 a week deduction in housing benefit, whilst 70 tenants under-occupy by two or more bedrooms and have an average £21.72 deduction.

3.4 The 19 March 2013 report suggested that whilst the Overall Benefit Cap was not predicted to have a widespread effect it would have significant implications for the small number of households affected. Currently eight Council tenants exceed the Overall Benefit Cap (as at February 2014). Two have clear rent accounts, whilst six tenant households are in arrears. Three have arrears less than £150 and two have arrears between £200-300 but agreements have been made with these households to make repayments. The remaining tenant does however have significant arrears and is subject to court action.

3.5 The two measures have not had the expected impact on rent arrears. At 1 April 2013 when the SSSC came into force current rent arrears were £234,794; at 1 January 2014, current arrears are £181,739. However, the SSSC has reduced the demand for some three bed houses on certain less popular estate areas. This may be a “temporary” situation and so it is proposed that the impact of SSSC and the Overall Benefit Cap are continued to be monitored.

3.6 The introduction of Universal Credit, and in particular direct monthly payments, is predicted to have a significant impact for Council tenants and the Council’s rent collection procedures. The effects will however impact at a later date as the implementation of Universal Credit has been delayed and is not expected to be rolled out in Cannock Chase before 2016. The Government are currently running 12 pilot projects for Universal Credit to explore how local expertise can support residents under Universal Credit, and provide examples for other local authorities across the country. Much of the evaluation work is still in progress and it is therefore proposed that the findings from the pilot projects continue to be monitored.

3.7 The Welfare Reform Act 2012 also contained provisions for the abolition of Council Tax Benefit. A new local scheme for Cannock Chase was approved by Council on 23 January 2013, which delivers the £780k saving from a reduction in Council Tax Benefit support to working age claimants. The majority of households affected by the Local Council Tax Reduction Scheme would be faced with a reduction of between £2 and £4 a week. This means that for the
majority of council tenants subject to SSSC and the new LCTRS a weekly
deduction of between £18 and £26 to the sum of their Housing and Council Tax
Benefit prior to 1 April 2013.

4 Relationship to Corporate Priorities

4.1 The proposed actions in relation to the Welfare Reform agenda will contribute to
the following housing service aims which form part of the agreed 2013-14
“Place” Priority Delivery Plan:

(i) Manage the Council’s housing stock;
(ii) Support vulnerable households to live independently in their homes;
(iii) Provide housing advice and homelessness services.

5 Report Detail

5.1 The Housing Policy Development Committee initially considered the housing
implications of the Government’s Welfare Reform Agenda on 10 January 2012.
The Welfare Reform Act 2012 was given Royal Ascent on 8 March 2012 and a
number of measures are now in force:

- Reduction of Local Housing Allowance (LHA) rates to the 30th percentile level
  of local rents;
- Deduction of housing benefit for non-dependants;
- Shared accommodation rate of housing benefit extended to single persons
  under 35;
- Social Sector Size Criteria (SSSC);
- Overall Benefit Cap.

5.2 An update report to Housing Policy Development Committee on 19 March 2013
established that the welfare reform measures most likely to have a significant
impact on Council tenants were the Social Sector Size Criteria, the Overall
Benefit Cap and Universal Credit. This second update report details the impact
of SSSC and Overall Benefit Cap which have now been in place for a period of
time; SSSC for almost a year and the Benefit Cap for almost six months.

5.3 Identifying the number of tenants affected by each measure can only be a
snapshot in time. Households can “move in and out” of the overall benefit cap
depending on the amount of benefits claimed as a result of changing family
situations, working for a period of time or benefits amounts being altered.

5.4 The overarching approach to assessing the impact of the welfare reform
measures is to examine the level of rent arrears before and after the measures
were implemented. At 1 April 2013, when the SSSC came into force, current rent
arrears were £234,794; after 40 weeks, at 1 January 2014, current rent arrears
stand at £181,739. As rent arrears have reduced 23%, the expected impact of welfare reform on rent payments has not materialised.

**Social Sector Size Criteria**

5.5 The Social Sector Size Criteria came into force on 1 April 2013 and has implications for all social housing providers. The SSSC was predicted to have the most significant effect of all the Government’s welfare reform measures on Council housing tenants.

5.6 At the time of the last report, it was estimated that 574 Council tenants were under-occupying their Council property by one or more bedrooms. 446 tenants were under-occupying by 1 bedroom and were subject to a 14% cut in their housing benefit, whilst 128 tenants were under-occupying by two or more bedrooms and were subject to a 25% cut.

5.7 The table below demonstrates the number of tenants being affected by the Social Sector Size Criteria as at February 2014.

<table>
<thead>
<tr>
<th>Under-occupancy</th>
<th>No. Tenants</th>
<th>Deduction</th>
<th>Average HB deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>One bedroom</td>
<td>320</td>
<td>14%</td>
<td>£13.96</td>
</tr>
<tr>
<td>Two or more bedrooms</td>
<td>70</td>
<td>25%</td>
<td>£21.72</td>
</tr>
<tr>
<td>Total</td>
<td>390</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.8 A total of 390 tenants are currently subject to the SSSC, a decrease of 144 tenant households from the start of April when the SSSC came into force. 320 tenant households now under-occupy by one bedroom and are required to cover an average deficit of £13.96 in their weekly housing benefit; whilst 70 tenant households under-occupy by two or more bedrooms and need to cover an average £21.72 a week deficit.

5.9 An interim analysis in December 2013 showed the following analysis of tenants affected by the SSSC:

<table>
<thead>
<tr>
<th></th>
<th>1 bed (14%)</th>
<th>2 or more bed (25%)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clear rent accounts</td>
<td>151</td>
<td>30</td>
<td>181</td>
</tr>
<tr>
<td>Arrears</td>
<td>158</td>
<td>41</td>
<td>199</td>
</tr>
<tr>
<td>DHP Claimants</td>
<td>75</td>
<td>27</td>
<td>102</td>
</tr>
<tr>
<td>Intend to move - Registered</td>
<td>50</td>
<td>20</td>
<td>70</td>
</tr>
<tr>
<td>Intend to move - not registered</td>
<td>18</td>
<td>4</td>
<td>22</td>
</tr>
<tr>
<td>Not moving – paying</td>
<td>153</td>
<td>25</td>
<td>178</td>
</tr>
<tr>
<td>Not moving – not paying</td>
<td>69</td>
<td>20</td>
<td>89</td>
</tr>
</tbody>
</table>

5.10 The table shows that of tenants not intending to move the majority are paying the deduction: with 178 paying compared to 89 not paying. 92 tenants have expressed an interest in downsizing to a property with fewer bedrooms to avoid paying the SSSC deductions. The proportion in arrears and not paying is slightly
higher for those in the 25% deduction category as a result of the larger deduction being more difficult to cover.

5.11 181 tenants (48%) affected by the SSSC have clear rent accounts, whilst 199 (52%) have some level of arrears. It should be noted that the arrears range from small amounts to more significant sums, and as this measure is only a “snapshot” will include those households who may have paid slightly late one week or those continually in arrears.

5.12 During the Autumn 2013, after the SSSC had been in force for six months, six tenants were identified who had ignored the issue of being deducted housing benefit and building up significant arrears. These households have had intensive support to ensure their arrears were “under control”, including financial advice from the Citizens Advice Bureau and Tenancy Support from Bromford. At present, Tenancy Services are working intensively with five further households with significant payment issues.

5.13 Despite the view that many tenants are prepared to cover the costs of deductions due to SSSC, there has been an impact on the demand for larger properties, in particularly three bed houses. There are more three bed houses (1556) than two bed houses (594) within the Council stock, and demand has always been greater for two bed houses than three bed houses, however a decrease in demand for three bed houses has been noted over the last year. In 2012-13 three bed houses were the second most “in demand” property type after two bed houses with almost 49 expressions of interest (EOI) per property, but during 2013-14 this has reduced to under 15 EOI per property.

5.14 Some difficulties have also been experienced in letting a small number of three bedroom houses, located on certain “less popular” estates. The situation may, however, be “temporary” and it is considered that further research is required before any significant policy change is made. It is proposed that the issue is addressed as part of a “full” review of the Council’s Allocations Policy programmed for September 2014.

5.15 In order to address the issue Cabinet on 20 March 2014 are being asked to consider interim measures to address letting difficulties in respect of certain three bedroom houses.

**Overall Benefit Cap**

5.16 The benefit cap was applied from 15 April 2013 in the pilot areas of Bromley, Croydon, Enfield and Haringey Local Authorities. Remaining Local Authorities applied the cap between 15 July 2013 and 30 September 2013. All households identified as being appropriate to be capped in Cannock Chase were capped by the end of September 2013. The overall benefit cap is the amount at which the total sum of welfare benefits paid cannot exceed; i.e. £350 per week for a single person and £500 per week for couples and those with dependant children. This applies to all working age claimants and applies to the majority of benefits with the exception of families claiming working tax credit.
5.17 The initial assessment of the impact of the benefit cap in the 19 March 2013 report suggested that it would be minimal in Cannock Chase. It was considered that as a result of lower rents in Cannock Chase (compared to other parts of the Country) and housing benefit being the major element of a total benefit claim, fewer claimants were likely to reach the benefit cap. Cannock Chase households who reach the cap are therefore likely to have a large number of children or be in receipt of significant disability allowances.

5.18 In February 2014 there were eight tenant households who exceed the benefit cap and are experiencing deductions in housing benefit. Two households have clear rent accounts whilst six are in rent arrears. In relation to the latter six households:

- Three have arrears of less than £150;
- Two households are in arrears of between £200 and £300, with rent repayment agreements in place;
- One household has significant arrears and court action has commenced.

5.19 A DWP report, “Benefit Cap – households capped and off flows, data to December 2013”, found that a total of 15 households in Cannock Chase had been subject to the overall benefit cap up to December 2013. This is similar to the level experienced by neighbouring authorities as shown below:

- Cannock Chase – 15
- Stafford – 12
- South Staffordshire – 11
- Lichfield – 17

5.20 The impact of the overall benefit cap has been as expected. However households fall under and above the cap at various periods of time as household situations change, resulting in benefit payments dipping above or below the cap. Since the cap came into force the rent situation of affected households has been monitored and an estimated 5-10 tenants are generally affected at any one time.

**Universal Credit**

5.21 Since the 19 March 2013 report there has been a delay in the national roll out of Universal Credit. Universal Credit was introduced in Ashton under Lyne on 29 April 2013 for single, newly unemployed working age claimants and in July 2013 Universal Credit was extended to include unemployed claimants living in Wigan, Oldham and Warrington. Between October and December 2013 Universal Credit was extended further to Hammersmith, Rugby and Inverness. By spring 2014, Universal Credit will be rolled out to Jobcentres in Harrogate, Bath and Shotton.

5.22 DWP’s latest position statement suggests that that from summer 2014 the new service will progressively take new claims for couples and, in the autumn, from families. Once it is further tested Universal Credit will then expand to cover more of the North West of England. DWP state that their plans will enable Universal Credit to be available in each part of Great Britain during 2016. New claims to existing benefits (replaced by Universal Credit) will close down, with the vast majority of the remaining claimants moving onto Universal Credit during 2016 and 2017.
5.23 Due to the delay in the roll out of Universal Credit, publication of good practice and updates of the pilot projects will continue to be released. These will be monitored and further considered leading up to the planned 2016 implementation.

**Universal Credit Pilot Projects**

5.24 Twelve pilots in local authority areas across the Country were announced in Autumn 2012 to explore how local expertise can support residents under Universal Credit, setting examples for other local authorities across the country. “Local Authority Led Pilots: A summary of early learning from the pilots”, published by DWP in July 2013, presents the early findings (October 2012 to March 2013) from the Local Authority Led Pilots Projects. Much of the pilot evaluation work is still in progress and the summary findings presented below only represent an early insight into the pilot process.

5.25 The following challenges were identified in the early stages of the pilot projects:

- Not all customer groups have access to the internet;
- Resistance from some customers to using online services and to making online benefit claims;
- Many tenants have problems with debt and rent arrears, compounding problems they might have with personal budgeting;
- Reluctance among tenants to attend group financial management sessions;
- Concern that some tenants are poor money managers and they will face additional problems as a result of welfare reform changes;
- Providing work access support encourages customers to focus on employment as a way of maximising income;
- Effective triage processes are essential in allowing authorities to identify customer groups most likely to be affected by welfare reform and who require additional support services;
- Authorities report difficulties in getting people to engage with the welfare and benefit changes that are likely to affect them;
- Some authorities report that existing partnership arrangements do not facilitate the effective joint delivery of local services. More work is needed to understand the core business and service delivery processes of each partnership agency;
- Local authorities report that data sharing amongst partners is a significant problem and the lack of shared data is limiting their ability to identify and target particular customer groups.

5.26 In response to the identified challenges the following actions were implemented by some of the local authority pilots:

- Placing easy access Internet terminals in council premises;
- Running financial management sessions with local partners;
- Developing online budgeting tools to assist in the development of monthly budgeting schedules;
- Working in partnership with Jobcentre Plus and other relevant agencies to provide joined up services;
• Providing internet access points in council premises to support customers’ job search role;
• Developing effective customer triage process to identify customers who are most in need of support services. Working in partnership with other agencies to provide a joined up consistent service;
• Actively engaging customers in discussion about welfare changes – including home visits;
• Mapping the activity of partnership activity across a given locality to ensure that duplication of services is reduced and effective signposting is developed.

5.27 The DWP is also running Direct Payment Demonstration Projects in six areas across Great Britain covering an initial period of payments of housing benefit directly to tenants. The projects are testing different “switchback triggers” and a range of tenant support processes. The aim of the projects is to produce a wide range of practical learning to help ensure the right support for tenants and landlords is in place, to support the full implementation of Universal Credit.

5.28 The lessons from operating the “arrears triggers” is that no two tenants act or pay their rent in the same way. As a result it is not possible for landlords to predict who might have financial difficulties or choose not to pay their rent. Whilst the initial assessment may identify obvious issues, and enable support interventions to be put into place, the projects show that rent arrears result from people with no obvious vulnerabilities or issues that end up in arrears.

5.29 Support is considered essential to many people receiving direct payment. Of the tenants within the projects, around 85% required guidance, assistance or support. This support ranged from a discussion about finances or budgeting to detailed case work regarding addictions, relationship problems or housing issues.

5.30 The DWP has now announced (as a result of the early work of the Demonstration Projects) three levels of protection for tenants and, ultimately, landlord rent collection:
• Decisions about whether tenants should receive direct payments will be made in collaboration with social landlords;
• If arrears build up to the equivalent of one month’s rent the decision to make direct payments will be reviewed;
• If arrears reach the equivalent of two months rent, the claimant will have housing payments made direct to the landlord.

Local Council Tax Reduction Scheme

5.31 The Welfare Reform Act 2012 contains provisions for the abolition of Council Tax Benefit, paving the way for new localised schemes. From 1 April 2013, the national Council Tax Benefit scheme was abolished, in respect of Working Aged claimants, and the Council was given a duty to create its own local scheme to replace it. Whereas the national scheme was fully funded by Central Government, a 10% cut in funding was applied to the new scheme (equivalent to around £780K in Cannock Chase).
5.32 As Pensioners are protected from the new rules, and represent around one half of all Council Tax Benefit claimants, Working Aged claimants effectively face a 20% reduction in the amount of money available to support their Council Tax.

5.33 Following a project, in which, Council officers worked with colleagues from other Staffordshire Districts/Boroughs and the County Council, the Council complied with its duty to create a local scheme, which was approved by Council on 23 January 2013. The scheme will deliver the £780K saving from working age claimants and whilst the most vulnerable groups are afforded some protection, in the scheme, many residents will face an increase in the amount of Council Tax that they are asked to pay, and indeed some will be required to pay Council Tax for the first time. The main features of the scheme are:

- Maximum entitlement will usually be based upon 80% of Council Tax Liability (capped at the Band D rate);
- Claimants with a child under the age of 5, may receive up to 100% entitlement (capped at the Band D rate);
- Severe disabled claimants may receive up to 100% entitlement (capped at Band D rate);
- Second adult rebate will no longer be available under the local scheme;
- Anyone with more than £6,000 capital will not be able to claim Local Council Tax Support;
- Child benefit and maintenance, will be included in the assessment of the claim;
- The first £25 per week of earned income will not be taken into account in the assessment of the claim;
- There will be a £5 per week deduction made for any non dependants in the property who are not working. The amount of this deduction increases to £10 per week of the non dependant is working;
- A discretionary fund, equivalent to 1% of the 2012/13 Council Tax Benefit subsidy was created to help support claimants demonstrating particular difficulties or hardship.

5.34 The following table, compares the amount of Council Tax Benefit that was paid to recipients at the end of 2012/13 and the comparable amount payable at the start of 2013/14, thereby analysing the increases faced by local residents as a result of the introduction of the LCTRS. The table also includes columns to show where the claimants are also affected by the restrictions on Housing Benefit, resulting from the Social Sector Size Criteria rules.

<table>
<thead>
<tr>
<th>Increase in amount of Council Tax payable (between 2012/13 – 2013/14)</th>
<th>Number Affected</th>
<th>Number ALSO affected by 14% SSSC</th>
<th>Number ALSO affected by 25% SSSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>£20.00 per week or more</td>
<td>17</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£15.00 - £19.99 per week</td>
<td>54</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>£10.00 - £14.99 per week</td>
<td>280</td>
<td>27</td>
<td>1</td>
</tr>
<tr>
<td>£9.00 - £9.99 per week</td>
<td>79</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>£8.00 - £8.99 per week</td>
<td>81</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>£7.00 - £7.99 per week</td>
<td>111</td>
<td>15</td>
<td>0</td>
</tr>
<tr>
<td>Increase in amount of Council Tax payable (between 2012/13 – 2013/14)</td>
<td>Number Affected</td>
<td>Number ALSO affected by 14% SSSC</td>
<td>Number ALSO affected by 25% SSSC</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>----------------</td>
<td>-------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>£6.00 - £6.99 per week</td>
<td>112</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>£5.00 - £5.99 per week</td>
<td>119</td>
<td>17</td>
<td>5</td>
</tr>
<tr>
<td>£4.00 - £4.99 per week</td>
<td>388</td>
<td>56</td>
<td>11</td>
</tr>
<tr>
<td>£3.00 - £3.99 per week</td>
<td>1,168</td>
<td>185</td>
<td>45</td>
</tr>
<tr>
<td>£2.00 - £2.99 per week</td>
<td>1,339</td>
<td>120</td>
<td>43</td>
</tr>
<tr>
<td>£1.00 - £1.99 per week</td>
<td>100</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>£0.00 – £0.99 per week</td>
<td>88</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>NIL</td>
<td>757</td>
<td>72</td>
<td>3</td>
</tr>
<tr>
<td>Paying Less in 2013/14</td>
<td>119*</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

* Where claimant is paying less in the 2013/14, this will usually result from their circumstances having changed, rather than a direct result of the change of schemes.

5.35 The table above includes all residents of the District, no split can be derived for Council tenants, however those in the “affected by SSSC” columns will be social housing tenants and the majority of which are Council tenants. The vast majority of people affected by the change to LCTRS will have to cover a deficit in Council Tax of between £2 and £4 extra a week. Those tenants also affected by the SSSC could therefore be subject to a deduction of between £18 and £26 a week from the total Housing and Council Tax Benefit they received prior to 1 April 2013.

5.36 It should be noted that the LCTRS for 2014/15 has been amended in order for child maintenance to be fully disregarded from 1 April 2014 bringing the scheme in line with the Housing Benefit scheme. All claimants who received Council Tax Benefit as at 31 March 2013 but do not receive LCTRS have been contacted to encourage take up and this will include all claimants who receive child maintenance.

5.37 The changes to Council Tax Reduction Scheme, and particularly the reaction of claimants affected did influence the workload and performance of the Local Taxation and Benefits Section in 2013/14. In the early part of the year the effect of increased enquiries contributed to a reduction in staff resources available to process claims and changes. This in turn reduced the Council’s processing times in the early part of the year. These transitional difficulties have been dealt with and performance of the Benefit team has exceeded target performance for several months now.

5.38 There is no doubt that Council Tax collections have been affected by the welfare changes and the increased amounts that people have needed to pay. It is difficult to specify the amount of Council Tax arrears that are directly attributable to welfare reform and Benefit Services expect some of the impact to be of a transitional nature, as claimants accommodate their new or increased liabilities under the LCTRS. It is also difficult to isolate the impact on rent arrears as a result of working age tenants experiencing a loss in Council Tax through the new
LCTRS. As 5.4 detailed, the level of rent arrears at 1 January 2014 have decreased since 1 April 2013 when the LCTRS came into force, therefore no obvious impact on rent arrears has been observed.

**Discretionary Housing Payments**

5.39 A Discretionary Housing Payments scheme is available which provides the Council with some flexibility to “top up” benefit payments to all housing and council tax benefit claimants who would have considerable difficulty in paying their housing costs. Total national funding available from DWP for 2014-15 is £165m; of which £101,520 has been allocated to the Council.

5.40 There has been a significant increase in demand for DHP since 1 April 2013; 363 applications for DHP have been received up to 18 February 2013. This compares to 114 applications in 2012-13, an increase of 218%. In 2013-14 to date a total of £61,478 has been spent in comparison to a total spend in 2012-13 of £9,814. The 2014-15 allocation of £101,520 is expected to be sufficient to cover the demand for payments during 2014-15.

**Update on Proposed Actions from 19 March 2013**

5.41 The Housing Policy Development Committee report on the 19 March 2013 detailed the following proposed actions:

(i) More intensive use of HomeSwapper and promotion of mutual exchanges;
(ii) Consideration of mitigation measures emerging from pilot projects and best practice publications;
(iii) A review of the Council’s 50 week rent year.

5.42 In April 2013 356 tenants were registered with HomeSwapper, which decreased to 280 tenants registered in January 2014. HomeSwapper is continually publicised to tenants through various channels, such as Hometalk magazine, tenancy officer visits, Council website, letters and other circulations to tenants. Tenancy Services has also held three mutual exchange open days in November 2013 to advertise mutual exchanges and HomeSwapper.

5.43 Since SSSC came into force on 1 April 2013 and up to 31 December 2013 100 Mutual Exchange requests have been received. Compared to the same period the year before (1 April 2012 to 31 December 2012), the number of requests has increased by 56%, as a result of 46 additional requests. 14 mutual exchanges have been completed during April – December 2013, where a participating tenant household has downsized as a result of the SSSC. There have also been 70 downsize transfers during the same period as a result of the SSSC.

5.44 The Department for Work and Pensions have released a number of guidance documents and pilot project updates around Universal Credit and direct payments since the last HPDC update report in March 2013. These include:

- Local Authority Led Pilots: A summary of early learning from the pilots, July 2013;
• Preparing for Universal Credit Implementation: Key Questions and Answers for Local Authorities, December 2013;
• Direct Payment Demonstration Project: Learning and Payment figures, December 2013;

5.45 The findings from these documents are detailed and are being analysed. However, the delay in the national roll out of Universal Credit and the ongoing implementation of the pilot programmes means further information will emerge and potentially supersede the information and best practice collated already. As the roll out of Universal Credit in Cannock Chase is not expected before 2016, further monitoring of emerging mitigation measures is recommended.

5.46 Universal Credit will be calculated on the basis of rent paid over 52 week year, whereas the Council profile required rent payments over a 50 week year, with two “rent free” weeks during the Christmas period. As a result, the rental element of the monthly Universal Credit payment will not fully cover the monthly rent. To better accord with the monthly Universal Credit payment regime HPDC recommended on 21 October 2013 that the Council moved to a 52 week rent year. This was agreed by Cabinet on 21 November 2013 and is being implemented for 2014-15.

6 Implications

6.1 Financial

A Discretionary Housing Payments scheme is available which provides the Council with some flexibility to “top up” benefit payments to all housing and council tax benefit claimants who would have considerable difficulty in paying their housing costs. The total funding available from DWP for 2014-15 is £165m; of which £101,520 has been allocated to the Council. The Housing Benefit department manage the DHP fund and monitor the spend and reasons for application.

There has been a significant increase in demand for DHP since 1 April 2013; 363 applications for DHP have been received up to 18 February 2013. This compares to 114 applications in 2012/13, an increase of 218%. In 2013/14 to date a total of £61,478 has been spent in comparison to a total spend in 2012/13 of £9,814. The 2014/15 allocation of £101,520 is expected to be sufficient to cover the demand for payments during 2014/15.

The delay in the national roll out of Universal Credit and the ongoing implementation of the pilot programmes means more details will emerge and potentially supersede the information and best practice collated already. As the roll out of Universal Credit in Cannock Chase is not expected before 2016 further monitoring of emerging mitigation measures is recommended.
An overarching approach to assessing the impact of the welfare reform measures is to look at the level of rent arrears before and after the measures were implemented. At 1 April 2013, when the SSSC came into force, arrears were recorded as £234,794; after 40 weeks, at 1 January 2014, arrears stand at £181,739. Therefore rent arrears have reduced 23%, which seems to suggest that welfare reform has not impacted on rent payment as expected.

Tenancy Services report that at the start of February 2014 there are eight tenant households that exceed the benefit cap and are experiencing deductions in housing benefit. Two households have clear rent accounts and six are in rent arrears. Of the six:

- Three have arrears of less than £150;
- Two households are in arrears of between £200 and £300. Agreements are in place for those households to make repayments and they are actively doing so;
- The remaining household has significant arrears and court action has unavoidably commenced.

The Local Council Tax Reduction scheme will deliver the £780K saving from working age claimants and whilst the most vulnerable groups are afforded some protection, in the scheme, many residents will face an increase in the amount of Council Tax that they are asked to pay, and indeed some will be required to pay Council Tax for the first time. There is no doubt that Council Tax collections have been affected by the welfare changes and the increased amounts that people have needed to pay. It is difficult to specify the amount of Council Tax arrears that are directly attributable to welfare reform and Benefit Services expect some of the impact to be of a transitional nature, as claimants accommodate their new or increased liabilities under the LCTRS. It is also difficult to isolate the impact on rent arrears as a result of working age tenants experiencing a loss in Council Tax through the new LCTRS. As 5.4 detailed, the level of rent arrears at 1 January 2014 have decreased since 1 April 2013 when the LCTRS came into force, therefore no obvious impact on rent arrears has been observed.

6.2 Legal

There are no direct legal implications arising from this report.

6.3 Human Resources

None

6.4 Section 17 (Crime Prevention)

None

6.5 Human Rights Act

None

6.6 Data Protection
6.7 Risk Management
None

6.8 Equality & Diversity
The Government Welfare Reform measures were subject to equality and diversity impact assessments by DWP.

6.9 Best Value
None

7 Appendices to the Report

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Background Papers