

Housing



Draft

Sustainable Tenancies Strategy

**Strategy responding to welfare
reform and incorporating financial,
digital and economic inclusion**

2013 - 2015

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Executive summary

The Welfare Reform Act 2012 has brought about the biggest changes to the welfare benefits system since it was first created. The act aims to:-

- § create a fairer benefits system
- § streamline processes
- § reduce national public spending over the next five years
- § make work pay.

Councils are crucial in the behaviour change the government seeks.

Our Sustainable Tenancy Strategy will help minimise tenancy breakdown, and support tenants to cushion the impacts of potentially reduced household incomes.

The main outcomes we expect to achieve are:-

- § To increase tenants' confidence in managing personal finance, through a range of support activities
- § To avoid tenants accruing debt, through initiatives such as increasing mutual exchanges
- § To protect our revenue stream to enable investment in homes.

The welfare reforms commenced in April 2012 with the main changes being:-

- § Housing Benefit reduction where there is under occupation
- § Council Tax Benefit localisation
- § changes to benefits to people with disabilities
- § Benefit cap
- § Universal Credit.

They have already led to many challenges for residents and for the council.

The reduction in household incomes has already resulted in higher rent arrears which could ultimately lead to more evictions, and a rise in homelessness in the city. As well as this, our preventative and supportive work means there is an increasing pull on already stretched resources.

Some of the most impacted people are also known to be living in the most deprived areas of the city, to be long-term unemployed, have low education attainment and have health issues. As a result we have to respond more dynamically, stretching to non-traditional housing related support.

We aim to rise to the challenges presented by welfare reform and sustain tenancies wherever possible - and this will be through a mix of measures that support financial, digital and economic inclusion.

Ensuring tenants are financially included is one of the vital elements to sustainable tenancies. It goes far beyond being able to access financial products

and services. A range of research data gathered by the Financial Inclusion Centre demonstrates that social housing tenants are more likely than other residents to be impacted by financial exclusion. Our work in Housing fits with the council's Financial Inclusion Strategy for 2013 to 2016.

Research suggests that many people on low incomes prefer to manage on a cash basis as this gives them a better sense of control over their finances. In this way they can avoid the inflexibility and punitive bank charges relating to eg failed direct debits. Tenants are being supported in making the best decisions for them through the work of our Inclusion Team, our independent contract with a local money advice service, and through council wide work on a community banking partnership in the city.

It is widely recognised that digital exclusion significantly hinders people in different of ways - eg in obtaining employment, having access to cheaper goods and services, and developing and maintaining social contacts. Supporting tenants to be digitally included requires intensive work, especially when accounting for issues such as numeracy and literacy difficulties. Tenants are being encouraged to visit libraries where there has been an increase in public access computers, and there is support to use them.

Measures we have already taken to support tenants through welfare reform changes include:-

- § communications, visits and contact with impacted residents in council and temporary accommodation
- § encouraging tenants to downsize through the transfer scheme or by mutual exchange
- § giving information and advice around eg take in lodgers maximising incomes, applying for Discretionary Housing Payments
- § staff training
- § employment support through our new Inclusion Team .

As well as the individual impacts for tenants affected by the welfare reforms, the Housing Revenue Account (HRA) will potentially be directly or indirectly affected by each of them. The reduction in Housing Benefit for under occupying tenants alone could result in a loss to the HRA of almost £700k in the first year, with the Benefit Cap resulting in a loss of around £66k . The total potential loss, without accounting for the impacts of Universal Credit, is estimated to be in excess of £1.8 million.

A range of ongoing actions to support tenants to sustain their tenancies are already in place. As the cumulative impacts of the welfare benefit changes become clearer, further actions are being developed to respond to the specific needs of impacted tenants.

Introduction and context

The Welfare Reform Act 2012 represents the most radical reform of the welfare system since its inception. The government intends that the reforms will:-

- make income, out of work, housing and disability related benefits fairer and more streamlined, and help reduce administrative costs
- reduce UK public spending on welfare benefits by £18 billion over the next five years (plus a further £3.75 billion announced in the 2012 Autumn statement)
- create the right incentives to get more people into work by ensuring that work is always more financially rewarding than claiming welfare benefits.

Brighton & Hove City Council is working to ensure that tenants are supported through these government changes, and has created this Tenancy Sustainment Strategy to capture our work to focus on sustaining tenancies.

What is sometimes referred to as the 'perfect storm' has been brewing for a number of years now and include:-

- Unemployment and under employment
- The condition of the local and national economy
- Public spending cuts – including cuts in legal aid services and funding to the voluntary sector
- Higher living costs – rents, fuel, food
- The welfare reform changes to benefits
- Limited access to affordable banking services.

The ingredients of the 'perfect storm' has generally led to an increase in demand for public services at a time of decreasing resources; and one of the coping strategies for individuals has been an increase in debt, particularly debt taken on with very high interest rates. While we continue to do everything we can to keep evictions to an absolute minimum, the other consequences of debt can be the threat of eviction, tenancy abandonment and relationship breakdown.

Purpose

This strategy sets out our aims, initiatives and actions to maintain sustainable tenancies in response to welfare reform.

It will help us minimise the personal, social and financial costs of tenancy breakdown and help build resilience against the challenges that the changes present. Significant impacts for the city are the reduction in household incomes, the way that rent related benefits will be paid direct to tenants with the introduction of Universal Credit, and the personal support some tenants will need around money management and online benefit claims.

The strategy is aimed at staff, Council Members and tenant representatives in pursuit of maintaining tenancies and communities in which people thrive.

Council context

This strategy responds to the council's priorities as set out in the Council's Corporate Plan:

- Tackling inequality
- Creating a more sustainable city
- Engaging people who live and work in the city
- Modernising the council

The work being undertaken in respect of this strategy is in accordance with the council's overall approach to managing the changes brought about by welfare reform, and in line with the council's core values of:

Respect by working with residents and being mindful of their specific situation

Collaboration by working effectively with others to ensure tenants have access to the services and support they need

Efficiency by eg seeking to maximise tenant incomes, avoid duplication and ensure resources are used effectively

Openness by communicating effectively and ensuring tenants are aware of the support and advice available to them

Creativity by considering a range of ways of mitigating against the impacts of welfare reform

Customer focus by working with residents and increasing our use of customer profiling to ensure we deliver targeted and tailor made approaches.

Outcomes expected from this strategy

The main outcomes we want to achieve through this strategy are to have:-

1. Increased tenants' access to and confidence in managing financial information and products
2. Maximised household incomes through a range of activities including benefits advice, employment and learning support, fuel switching
3. Reduced uncontrollable and unmanageable personal debt
4. Protected our revenue stream to enable investment in homes
5. Increased access to transactional bank accounts and suitable financial products
6. Increased access to and confidence in using the internet and online services
7. Reduced the number of tenants accessing high interest and unaffordable credit
8. Increased the number of residents moving by mutual exchange

9. Remained agile in the use of our staff and other resources to enable us to be flexible and respond accordingly to the changing environment and to tenants' changing needs
10. Continued to sustain tenancies.

Timetable of main welfare reforms

April 2012	Employment and Support Allowance (ESA)
April 2013	Council Tax Support - localised council tax reduction scheme, and abolition of Council Tax Benefit
April 2013	Housing Benefit reduction from under occupation in social housing
April 2013	Discretionary Housing Payments (DHP)
June 2013	Personal Independent Payments (PIP) - new claims
August 2013	Benefit cap
April 2014	Universal Credit - initially only new claims

Residents will also be impacted by increased **non-dependant deductions** - although this is not a change resulting from the Welfare Reform Act 2012.

Most of the reforms apply only to people of working age.

Main impacts of the changes

As well as the lower incomes and increase in levels of poverty within the city, the organisational impacts on the council include:-

- Inevitable increase in rent arrears
- Increase in resources to collect rent
- Increased cost of rent collection charges - more people paying and from various sources (rather than around 70% of rent income coming from HB)
- Increase in resources to support residents in a range of traditionally non-housing issues – eg in setting up bank accounts, seeking work, improving financial and digital capabilities
- Potential impact on other services offered to tenants – especially if resources are diverted to manage the impacts of welfare reform

- Potential impact on Housing's investment and regeneration programmes
- Potential increase in homelessness
- Increased workload for many teams eg Housing Options, Homelessness, Homemove, Customer Service, Sheltered
- Potential increase in tenancy fraud

The financial risks to the Housing Revenue Account (HRA) are explored in more detail in Appendix 1.

Financial inclusion

Increasing financial inclusion is an important factor in sustaining tenancies.

The definition of financial inclusion the council has adopted is:-

“Having enough resources to meet basic needs adequately and to be able to make choices over a prolonged period to maintain physical and mental well-being and participate in community life.”

This definition reflects how financial inclusion is broader than simply having access to financial products and services, and encompasses considerations to mitigate a range of issues residents are facing.

Good progress was made towards promoting financial inclusion for our residents through a number of services and initiatives detailed in the Housing Management Financial Inclusion Strategy and Action Plan 2009 - 2012, including:

- Working with local specialist advice providers to refer tenants for money and debt advice
- Introduction of eBenefits, an on-line claims system which prevents rent arrears by reducing the time it takes to process claims to two days.
- Piloting the Housing Pre-action Advice Scheme in 2009/10, a project managed in partnership with Brighton County Court and BHT (Brighton Housing Trust) which aims to avoid possession action and prevent evictions and homelessness.
- Carrying out a Financial Health Check for all new tenants, covering advice and information on bank accounts, welfare benefits, affordable credit and savings; low-cost insurance; low-cost furniture; and energy efficiency.

A committee report initially taken to Housing Management Consultative Sub Committee on 19 March 2012 outlined further work to increase financial inclusion by adopting a Community Banking Partnership model. In summary the model proposed a seamless service to tenants which integrate the **ABCDE** of financial inclusion ie:

Advice - specialist advice casework to assist tenants to deal with problems related to debt, money and fuel poverty

Banking - access to basic banking, bill and debt repayment services

Credit - access to affordable loans

Deposits - access to savings facilities and incentives to save

Education - improving financial capability and budgeting skills, increased awareness of the dangers of loan sharks and illegal money lending, payday loans and loans with extortionate interest rates. This includes tenant training to become peer to peer money mentors.

With the very close linkages between the work we've been doing on financial inclusion and our current work to sustain tenancies, this strategy supercedes our previous Financial Inclusion Strategy and incorporates any ongoing actions.

In addition, Housing is working with colleagues across the council to achieve the actions in the council-wide Financial Inclusion Strategy for 2013 to 2016 which sets out **ABCDE** of financial inclusion, and now includes **F**, to address fuel and food poverty.

A range of research data gathered by the Financial Inclusion Centre demonstrates that social housing tenants are more likely than other residents to be impacted by financial exclusion:

- Of the poorest 10% of households in the UK, over half live in social rented housing
- 61% of social households have no-one working within the household, compared to 35% nationally
- Social housing residents earn on average half as much as private renters with a median annual income of £10,900
- 81% have no savings account
- 91% have no insurance cover
- According to Citizen's Advice, the proportion of social rented residents amongst their debt service users is twice as high as in the general population
- Lower income households are more likely to be exposed to unfair practices in the sub-prime lending sector - 20% of people in social housing have used doorstep lenders, and 94% are making poor financial product choices.

There is also a body of research evidence that makes the link between debt and mental health and wellbeing. For example, the Royal College of Psychiatry asserts that debt can cause and be caused by mental health problems, and estimates that one in four people with a mental problem is also in debt; and that one in two adults in debt also have a mental health problem. Debt prevention or management is an important aspect of supporting tenancy sustainment.

Transactional bank accounts and direct debit payments

A report published by Social Finance titled 'A new approach to banking; extending the use of jam jar accounts' provides national research information on a variety of issues relating to transactional bank accounts, the 'unbanked' and the 'under-banked'. Some of the national statistics it revealed includes:-

- 1.54 million UK residents do not have access to a transactional bank account
- 0.95 million have a basic bank account but choose to manage their money in cash
- 6.6 million pay more than £100 a year in banking fees
- 9 million are missing out on the benefits that transactional banking offers.

With the advent of Universal Credit, the general trend is that housing organisations are focussing on direct debit as the preferred method of rent payment in order to minimise rent arrears. The benefits for organisations are clear - it is the most cost effective payment method, and once set up, tenants do not have to remember to pay rent, nor do they have to go anywhere or do anything for it to happen.

There are also clear benefits of having transactional bank accounts for tenants:-

1. Affords better access to more keenly priced utilities
2. Enables internet shopping and the discounts that this can offer
3. Widens access to financial products and services
4. Reduces the 'poverty premium' which is assessed as being approximately £1,200 a year
5. Saves time, and in some cases money, travelling somewhere to pay bills
6. Offers psychological benefits in terms of peace of mind from not having to worry about falling into arrears
7. Removes the practical and sometimes psychological barrier to finding employment.

However, it is also useful to appreciate the reasons people on low incomes with bank accounts prefer to manage their finances on a cash basis. They are that it:-

1. Enables them to have control of their finances
2. Gives control over timing of payments – eg to fit in with variable dates when household monies come in, particularly where benefits are paid 4 weekly rather than on a set day every month
3. Avoids high and punitive penalty charges for missed direct debits or unauthorised overdrafts – which can represent a significant percentage of a households weekly disposable income
4. Offers transparency – "you know where you are"
5. Works well for people on variable incomes (eg irregular shift workers, casual labour)

6. Offers flexibility where direct debit arrangements do not
7. Responds to the mistrust of banks
8. Provides a workable alternative where people have experienced previous problems with banks

Locally, the above reasons for not considering direct debit payments were echoed by the Manor Place study respondents who do have transactional bank accounts but prefer not to use them because:-

- Their wages/benefits are paid into their accounts on variable pay dates
- They pay their rent when they collect their pension
- Benefit is paid 4 weekly, whereas direct debits go out monthly so they are not aligned
- They need to avoid bank charges

A Social Finance survey found that of the 1.5 million people in the UK who are 'unbanked':-

- 89% are on means tested benefits
- 79% are in households with no working adult and live in social housing
- There are high levels of single parents, disability, literacy and numeracy difficulties
- There are low levels of internet access
- However 84% do have a mobile phone.

The reason for including this information in this paper is that careful balancing will be required of our need to collect rent income in the most cost effective ways against the needs of some of our most vulnerable tenants. The majority will certainly be required to have a transactional account into which their benefit is paid in the future - but if we're to support them, we will need to be mindful of the pitfalls that this might present for tenants on very low incomes. A sensitive approach will be required from us.

Work currently being undertaken regarding transactional bank accounts

As part of the council's Financial Inclusion Strategy, the council is in dialogue with the East Sussex Credit Union – looking at the role it can play within our Community Banking Partnership in response to the banking offer, credit offer (affordable source of credit), deposits (encouraging residents to build up savings for 'lumpy' expenditure, and savings against which they can potentially borrow should the need arise).

The council is also in dialogue with the high street banks to see what they can offer locally - especially as many are talking about pulling their basic bank account offer and charging for use of other banks' cash machines. Both of these

measures will disproportionately impact on low income residents, especially our tenants who already have very limited access to cash machines.

Through our Financial Inclusion Officer, our Rent Accounting Team and the money advice contract we have with MACS, tenants can receive support for setting up transactional bank accounts. Information and advice is also offered on direct debit payments, and we are looking to offer such payments on any day of the month – as this will alleviate some of the concerns around the day on which payments are taken from bank accounts.

Levels of deprivation in the city

- 22,000 households (1 in every 5) in the city have someone with a support need
- There are high levels of mental health, physical disability, drug use
- 68% of the city's areas are in the most deprived 50% of England
- 12% of the city's areas are in the bottom 10% of deprivation
- Only 0.6% of the city is in the top 10% of England
- 23% of children are in poverty (9,488), and this increases to
 - 52% in East Brighton
 - 46% in Moulsecoomb & Bevendean

In addition, the demand for housing is high in the city with around 17,000 registered on the Homemove allocation scheme. Within the council's housing stock of almost 12,000 properties, less than 500 (or 4%) became empty during the last financial year.

Brighton & Hove's five most deprived Lower Super Output Areas (LSOAs)

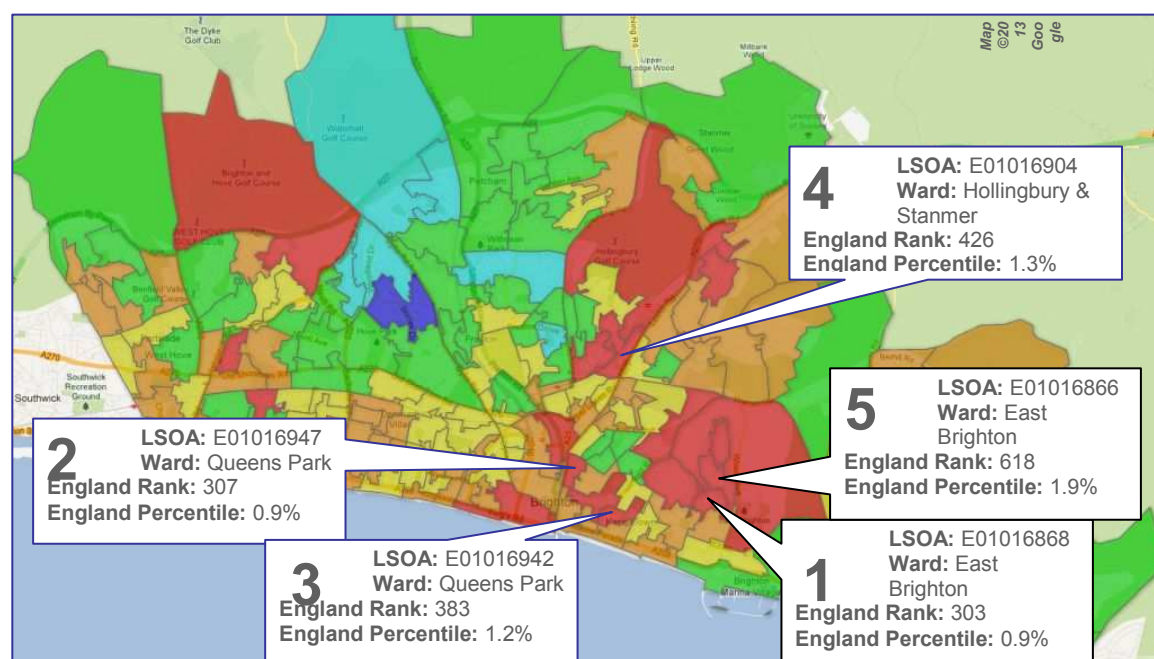
The table and map below show that the five most deprived areas in the city are also those where there are high numbers of council housing.

The ranks and percentiles are out of 32,482 LSOAs in England, where rank 1 is the most deprived, and rank 32,482 is the least deprived.

There are 164 LSOAs in Brighton & Hove, each representing an average of 760 homes, or 1,500 people, or 700 households.

Table 1 Ranking of the five most deprived lower super output areas in Brighton & Hove

	LSOA	Ward	Index of multiple deprivation rank	England Percentile
1	E01016868 South Whitehawk and Manor Hill area	East Brighton	303	0.9%
2	E01016947 Lower Albion Hill	Queens Park	307	0.9%
3	E01016942 Eastern Road area, Kemp Town	Queens Park	383	1.2%
4	E01016904 Saunders Park and SE Hollingdean	Hollingbury & Stanmer	426	1.3%
5	E01016866 Central Whitehawk	East Brighton	618	1.9%



Specific indices of deprivation

The table below looks at a few specific indicators of deprivation for our 5 most deprived super output areas, and ranks their position amongst Brighton and Hove's 164 lower super output areas. 1 is most deprived.

Table 2 Deprivation indicators for the most deprived lower super output areas in Brighton & Hove

	LSOA	Income poverty	Employment poverty	Child poverty	Health deprivation and disability	Estimate % living in fuel poverty
1	E01016868 South Whitehawk and Manor Hill area	1	3	4	4	13.5%
2	E01016947 Lower Albion Hill	6	2	15	20	13.8%
3	E01016942 Eastern Road area, Kemp Town	3	1	19	2	9.5%
4	E01016904 Saunders Park and SE Hollingdean	4	7	2	5	13.4%
5	E01016866 Central Whitehawk	5	9	6	6	10.0%

Research studies suggest that the following are characteristics of people living in the most deprived areas of the country. They are likely to:-

- Be long-term unemployed or in low paid jobs – likely to be seasonal, of a transient nature and/or in the service industry
- Have low education attainment, or have poor access to education
- Have health issues – eg low birth weight babies; coronary, pulmonary or mental health conditions
- Be a victim of crime or a young offender.

The maps above show that the areas of highest deprivation in the city are also those where council housing is concentrated.

Welfare reform changes in more detail

Aspects of the welfare changes will have a significant impact on our residents' household incomes and therefore their ability to pay their rent to sustain their tenancies. Some of the financial consequences on our business are difficult to quantify because they will not be known for some time.

1. Housing benefit reduction – social rented size criteria (also referred to as the 'under occupation charge')

Government objective: To support the overall reduction of welfare costs, to ensure best use is made of social housing stock, and to bring housing benefit into line with regulations in the private rented sector.

This reform became effective from April 2013, and reduces HB payments (and later the housing cost element of Universal Credit) for working age households who under occupy their homes by 14% for one bedroom, and by 25% for two bedrooms or more.

All households where the tenant or partner is over state retirement age under Housing Benefit rules are exempt.

One bedroom is allowed for each of the following:

- a couple
- a person who is not a child (aged 16 and over)
- two children of the same sex
- two children who are under 10
- any other child, (other than a foster child or child whose main home is elsewhere).
- a carer (or group of carers) providing overnight care

An additional bedroom is also allowed for:

- an overnight carer who doesn't normally live in the household
- approved foster carer who either have a foster child/children living with them or are waiting for a child/children to be placed with them
- children are unable to share a bedroom because of severe disabilities – individual circumstances will need to be assessed
- adult child or children who are away from home serving as a member of the Armed Forces, and who intend to return to the home.

Factors that are not taken into account are:

- the size of bedrooms
- separated parents with shared custody – only the main carer or parent in receipt of child benefit will be allocated a bedroom for the child
- couples using the 'spare' room due to illness of one partner
- disabled people living in an adapted property that has additional bedrooms.

Our baseline data prior to the change being introduced showed we had almost 950 people of working age under-occupying council accommodation. This represents a total reduction of almost £700k in Housing Benefit for the tenants affected.

Table 3 Size criteria – impact from HB reduction

Under-occupation level	No. of households	Average wkly HB reduction per household	Estimated overall weekly HB reduction	Estimated overall annual HB reduction potential loss to HRA
1 bedroom	809	£12.12	£9,805	£520k
2+ bedrooms	140	£23.72	£3,321	£176k
Total	949	£13.83	£13,128	£696k

Source: Revenues & Benefits (April 2013)

As at the end of September 2013, the number of under occupying households impacted by the changes had reduced to approximately 750.

Tenants' options

- Transfer to a smaller property
- Mutual exchange
- Increase work hours if in work
- Seek employment if not in work
- Consider the possibility of non-dependant to make a higher contribution to household costs
- Take in a lodger
- Apply for additional help through the Discretionary Housing Payment (DHP) Fund
- Maximise income through eg ensuring all benefit entitlement is being claimed (eg Disability Living Allowance), and getting better gas, electricity, landline phones, mobile phone, and broadband deals.

Transfers

There is a shortage of appropriately sized accommodation for tenants wanting to move through transfers. During the last financial year 160 tenants moved by way of transfer, and by the end of September this year 129 have moved. Of this year's figure, 35 were impacted by the under occupation reduction in Housing Benefit and have downsized.

Table 4 Council house lets and transfers

	All council lets	...of which were transferring tenants	% of all lets to transferring tenants	No. let to impacted under occupiers (ie working age)	% of tenant transfers to impacted under occupiers
2012/13 year total	454	160	35%	17	11%
April - Sept 2013 6 month total	305	129	42%	35	27%
April - Sept 2013 monthly average	51	22	-	6	-

Source: Locata

From the table above, it can be seen that in the first five months of this year, the number and proportion of council properties let to impacted under occupiers had significantly increased. Although the number of under occupiers at the end of August has decreased, based on the March figure of 949, and assuming that a pattern of approximately 6 properties per month are let to impacted under occupiers, it can be projected that it would take just over 14 years to move all under occupiers through transfers alone.

Mutual exchanges

Mutual exchanges provide a good alternative to transfers for tenants wanting to move home.

Tenants advertise their properties in a variety of ways, but mainly online. Our webpage www.brighton-hove.gov.uk/mutual-exchange gives details of the scheme and online sites for tenants. There are also measures being adopted to offer more support to tenants who are not online, and to take a more proactive approach to matching potential mutual exchange applicants.

Table 5 Mutual exchanges

2013/14	Applied in					Total	Projected
	April	May	Jun	Jul	Aug		
Applications received in that month that went on to exchange	17	27	26	25	15	110	281
... of which, applications that were under occupiers	6 (35%)	7 (26%)	4 (15%)	8 (32%)	4 (27%)	29 (26%)	70 (25%)

Source: Tenancy Team spreadsheet

It is anticipated that the number of tenants moving through mutual exchange will increase as we increase our tailored approach to providing assistance to tenants – particularly those without access to the internet. There are significant numbers of overcrowded households to help achieve this. However, there are far fewer overcrowded tenants in a one bedroom flat needing a two bedroom, as there are over occupying tenants in a two bedroom flat needing a one bedroom property. This is further illustrated in Appendix 3.

Lodgers

For a sub-tenant or lodger (no meals are provided) – the first £20.00 of the rent charged is ignored then all the rest is treated as income. A separate £20.00 is disregarded for each boarder/lodger.

This changes when Universal Credit is introduced. The tenant will be considered as under-occupying and their entitlement to the housing cost element of their benefit will be reduced by the 14% or 25%, however all their rental income will be disregarded when assessing entitlement to the housing cost element of Universal Credit.

Discretionary Housing Payments

Discretionary Housing Payments (DHP), administered by the Revenues & Benefits Service, is a fund allocated each year by the government. The allocation for the council for 2013/14 is £1.01 million, and represents less than 10% of the estimated £12 million total shortfall between housing benefits to and rents due from residents of the city.

Vulnerable people in exceptional circumstances can apply for DHP for extra help with their housing costs. Most commonly this means topping up their housing benefit where the amount they receive is less than their rent. Historically this has been most commonly used for people renting in the private sector because their housing benefit was more likely to be restricted to an amount lower than their rent. From April 2013, the introduction of the under-occupation reduction in housing benefit has seen an increase in demand for DHP from council and housing association tenants who are applying for assistance with eg the shortfall in their rent or removal costs.

For reasons mentioned in the two paragraphs above, a Housing Revenue Account (HRA) sum of £70k has been set aside on a one off basis to minimise the risk of evictions and enable tenancies to be sustained. This sum of money represents only around 10% of the projected shortfall in housing benefit in 2013/14 to council tenants who are under occupying. The decision was agreed at Housing Committee on 8 May 2013.

The additional funding will be administered by the council's Revenues and Benefits Service using current DHP guidance, and decisions on applications will remain discretionary and made on a case-by-case basis looking at health, appropriateness of accommodation, age of children, indebtedness, risk of homelessness, duration of support need, sustainability of tenancy, and other indices of vulnerability.

The Revenues and Benefits Service monitor the expenditure and report back to Housing on a regular basis detailing amounts paid to council tenants and cases where a DHP has been refused. This will enable us to be proactive in contacting tenants who will potentially fall into arrears.

As at end August 2013, approximately £33k has been awarded to 107 council tenants, with approximately £24k being awarded to 73 households for reasons directly relating to the under occupation charge.

Research finding: under occupation impacts on disabled under occupiers

Housing magazine, 24dash.com reported in July 2013 on research commissioned by the National Housing Federation, and conducted by the Charity Papworth Trust.

The report revealed that of under occupying disabled tenants refused Discretionary Housing Payments:

- 90% are cutting back on food or bills
- 37% are cutting back on specialist mobility transport
- 27% are cutting back on medical expenses such as medication, therapies and monitoring health conditions.

In addition, data collected from 24 local authorities shows that three in ten (29%) disabled people hit by the charges have been refused DHPs so far.

Arrears impacts arising from under occupation at the end of September 2013

753 tenants under occupying, of which 578 (77%) are in arrears

Average rent arrears for all under occupiers is approximately £160

Arrears attributable to under occupying tenants increased from £84k to £120k - an increase of £36k or almost 43%.

By comparison, arrears for all tenants increased by 20% in the same period.

By the end of this financial year, it is projected that the arrears of under occupying households will reach around £197k. This is more than double the base amount of £84k before the HB changes.

Of the 578 tenants in arrears, 359 (62%) did not have arrears before the changes came into effect in April.

People of pensionable age who are under occupying

While the government's current proposals relating to under occupation do not include people over pensionable age, it has indicated that this will be reviewed, with their possible inclusion after 2015. In the event of this happening, a review of potential impacts has been undertaken.

In addition, when Universal Credit is introduced, both the tenant and partner must be above the state retirement age in order to be exempt from the reduction in the housing cost element.

The number of under occupiers at or over pensionable age is currently 1,201.

Table 6 Under occupying households at or over pensionable age

Excess bedrooms	Number of households (whether on HB or not)
1	1,370
2	601
3	27
4	3
Total	2,001 (51% of all pensioner households)
% of all council households	17%

Source: OHMS

Table 7 Tenants at or over pensionable age

Pensioner households under occupying	2,001
Pensioner households not under occupying or overcrowded	1,802
Pensioner households overcrowded by 1 or more bedrooms	102
Total pensioner households	3,905
... of which are pensioner only households	2,936
... of which are pensioners living with people of working age and/or children	969
Pensioner households claiming HB	3,327
Estimated annual HB claimed	£1.2m

Sources: OHMS, Revenues & Benefits

2. Council Tax Benefit localisation

Government objective: To reduce government funding to local councils for council tax from 100% to 90% - while maintaining the benefit paid to claimants of pensionable age at 100%.

This change, introduced in April 2013 see all working age residents who previously received 100% council tax benefit now having responsibility for making a payment towards their council tax.

The maximum extra any claimant will have to pay in the first year will be £3pw, with the average contribution at approximately £1.70 per week. Those in severe hardship may be eligible for discretionary support, but there is a limited budget.

The council has an obligation to do all it can to collect council tax for the provision of local services, and has already needed to send notices of non-payment to residents who have defaulted on their payments. This can result in an additional charge if the bill is unpaid.

Table 8 Council Tax impacts

Welfare reform change	Impact on tenant	No. tenants potentially affected	Indirect potential impact on HRA
Council Tax Benefit to be abolished and replaced by Council Tax Reduction Scheme	All working-age households will now need to pay something towards their council tax, even if they received 100% benefit prior to April 2013. The maximum extra payable will be around £3pw. Pensioners are exempt from changes.	5,000	Indirect impact of tenants' reduced incomes by £780,000 (£3 x 5,000 x 52 weeks)

The Housing Income Management Team started piloting a new service with Council Tax and the Housing Benefit Recovery Team in February 2013, targeting those tenants under-occupying by 2 or more bedrooms who already have a housing or council tax debt. The idea is to provide one point of contact in order to create a sustainable agreement to cover all the debts, referring to money advice where appropriate. The DWP's Debt Management service has agreed, that where tenants fall into 4 weeks full rent arrears due to the reduction in benefit, we can apply for deductions from other benefits of 'rent' plus arrears, currently £3.55 per week.

This pilot has been successful, and is now being rolled out to all arrears cases.

Discretionary Fund for Council Tax Reduction

Council Tax Benefit was abolished from April 2013 and replaced with a local Council Tax Reduction scheme, for which the council has created a discretionary

fund. This allows vulnerable people in exceptional circumstances to be assisted with extra help towards their council.

3. Benefit cap

Government objective: To ensure households on benefit do not receive more than the national average wage, and to increase the incentive for people on out-of-work benefits to enter the labour market.

This part of the reform will limit the total amount of household benefits for out of work working age households to a maximum of £350 a week for single people and £500 a week for couples and families.

The cap was initially trialled in four London boroughs. Implementation began in Brighton and Hove on 12 August 2013, and all currently affected households have had personal visits or contact about the changes.

Until Universal Credit is rolled out, the reductions in people's benefit will be taken directly from Housing Benefit (HB). The impact of the cap on individual HB claims ranges from a cut of less than a pound to the loss of their entire housing benefit. If the cap takes all of the household's HB, 50p will be left in payment to enable eligibility for Discretionary Housing Payment applications.

NB: If a claimant or partner is eligible for Working Tax Credit (including underlying entitlement) then the household is exempt from the cap. They will also be exempt if a claimant, partner or dependent child is in receipt of:

Disability Living Allowance	Attendance Allowance	Personal Independence Payment	Industrial Injuries Benefit
Employment Support Allowance (support component)	Armed Forces Compensation Scheme Payments (AFCS)	Armed Forces Independence Payment (AFIP)	War Pensions Scheme Payments (WPS)

The number of BHCC tenants impacted by this is 19 (July 2013), and the reduction in their housing benefit ranges from £5.44 to £102.99 per week. The average weekly HB reduction is £58 and represents an average annual household reduction of £3,016.

The number of residents in temporary accommodation impacted by the Benefit Cap is 107 (July 2013), and the reduction in their housing benefit ranges from £1.50 to £280.32 per week. 29% of these households lose £100 or more of their weekly housing benefit. The average weekly loss for all temporary accommodation cases is almost £82 and represents an annual HB reduction for each household of around over £4,250.

There will be a constant fluctuation of the numbers of households affected, as households fall in and out of the Benefit Cap levels.

Observations from our benefit cap cases

Council tenants

All potentially impacted households initially identified by the DWP were contacted by letter with a follow up phone call and were offered a home visit or office interview. The majority were seen at their home by a Money Advice Worker and a Housing Benefit Officer to discuss the changes face to face. During these Benefit Cap meetings a financial health check was carried out (including benefit entitlement check, budgeting/financial assessment, housing needs assessment, assistance with finding work offered) as well as a cap questionnaire.

Some of the DWP reported cases were not actually affected by the cap because they are in receipt of Disability Living Allowance or Employment Support Allowance.

The majority affected are single mothers (62.5%) - most of whom are eligible for the free child care scheme to assist them when looking for and obtaining work. Seven referrals were made for this scheme.

Three households were open to children's services and were jointly seen with their social worker or family support worker.

Many of those who had the lowest shortfall said they would struggle under the cap and accepted money advice referral. Some of the larger families were already budgeting well due to the size of family making this necessary. However this tended to be couples rather than single parents.

A small number were assisted with registering with Homemove and applying for the Transfer Incentive Scheme, as they were also under-occupying.

Results of cap questionnaire:

- 87.5% households said they planned to meet the shortfall
- 43.75% planned to find work/increase hours (*18.75% took up referral to the Inclusion Team)
- 75% had a bank account

Temporary accommodation residents

Of the 107 households affected by the cap, 38 are new cases that are being contacted; 50 have been contacted and given support and advice about their options; and 29 are households from whom we have not had a response from our contacts to date.

Several of the households contacted are seeking work or looking to increase work hours, and some may transpire to be exempt if they are eligible for Disability Living Allowance or Employment Support Allowance.

NB: For all residents, the numbers affected by the cap will fluctuate week by week.

4. Benefits to people with disabilities

The changes outlined below potentially reduce disabled tenants' household incomes from between £4 to an estimated £28pw. However, the true impacts of the possibility of fewer tenants being eligible for the new Personal Independence Payments will need to be monitored over time.

Employment Support Allowance (ESA) was introduced in October 2008 to replace Incapacity Benefit (IB)– with claimants being phased onto it between 2010 and 2014. Stricter criteria are applied, and people not eligible for it might be eligible for Job Seekers Allowance (JSA) instead.

However current IB levels for a single person over 25 range from £74.88 to £99.15 depending on the length of their claim, whereas the JSA level is £71. This results in a possible loss of benefit of around £4 to £28 per week.

The Department for Work and Pension's own analysis revealed that after appeals process have been accounted for, 53% of previous IB claimants were found not to be eligible for ESA and deemed to be fit for work – with the consequential loss of the figures mentioned in the paragraph above.

Personal Independence Payments

This new benefit replaced Disability Living Allowance (DLA) for working age claimants from June 2013, and applies to working age people. The new payments are targeted at those whose disabilities impact upon their ability to carry out day to day activities independently, and will see most claimants being invited for an assessment on their ability to carry out a range of tasks before being awarded. Existing DLA claimants will not be automatically transferred and will be invited to make a claim for PIP – which must be done within a prescribed time.

DLA has a 'day' and a 'night' element paid at different rates, but PIP is assessed over the whole day. PIP has two parts - 'Daily Living' and 'Mobility'; and each part has two rates – 'Standard' and 'Enhanced'. Claimants who receive the 'Daily Living' part are entitled to apply for Carer's Allowance'.

DLA is awarded for a minimum of 2 years up to an indefinite period, whereas PIP can be awarded for less than two years up to a maximum of 10 years. Disabled children under 16 years and people aged 65 and over on 8 April 2013 will continue to receive DLA if they have an existing claim.

Table 9 DLA to PIP impacts

Welfare reform change	Date from	Impact on tenant	No. tenants potentially affected	Potential impact on HRA
DLA becoming PIP	Impact on DLA recipients from June 2013	Changed rules regarding the awarding of benefits to people with disabilities.	Approx 1,000	@ £4pw £208k to @ £28pw £1,456k

5. Universal Credit

Government objective: To simplify the current system of benefits to make it easier for claimants and more cost effective to administer.

This change introduces a single integrated benefit payment, replacing out of work and in work benefits for working age households. It will include the housing costs element, and in most cases will be paid by **direct monthly payments** in arrears to the account of one member of the household.

People over pensionable age will receive a housing credit as part of their pension credit, but there are no firm dates for this as yet.

The dates for migration to Universal Credit are not yet clear, although it might be:-

- October 2013 for new unemployed claimants in a further 6 pilot areas
- April 2014 through to 2017 as yet unspecified rollout for remaining existing claimants

For all claimants, benefit entitlement will be means tested, based on the income and circumstances of all members of the household, rather than an individual claimant. They will also need to have a bank account into which payments will be made.

The government expects 80% of claims to be made online, but acknowledges that this will present difficulties for many claimants and is therefore implementing a program of digital inclusion assistance to support this.

In recognition of the challenges some claimants might face by receiving all their monthly benefit entitlement (including housing costs) in one lump sum and needing to budget over a month period, the government has agreed to some flexibilities around payments. They include:-

- Some households being paid at more frequent than monthly intervals, eg 2 weekly for a period of time to give claimants an opportunity to develop different budgeting skills
- Direct payments to landlords where a claimant is vulnerable - the DWP estimate this might apply to 10% of claimants
- Payments made to landlords and the balance apportioned between claimant partners in cases of eg domestic or financial abuse.

Table 10 Housing Benefit (HB) payments to Housing Revenue Account

		No. of h'holds	% of all h'holds	Average weekly HB	Yearly HB expenditure £m	% of £50.7m rent roll
Working age	Full HB	3,015	26%	£79	£12.6m	-
	Partial HB	2,040	17%	£62	£6.7m	-
	Total on HB	5,055	43%	£72	£19.3	38%
Pension age	Full HB	1,888	16%	£81	£8.1m	-
	Partial HB	1,439	12%	£67	£5.1m	-
	Total on HB	3,327	28%	£75	£13.2m	26%
Total all households on HB	-	8,382	71%	£73	£32.5m	64%
Working age - not on HB	-	2,840	-	-	-	-
Pension age - not on HB	-	578	-	-	-	-
Total all households not on HB	-	3,418	29%	-	-	-
All households	-	11,800	100%	-	-	-

Source: Revenues & Benefits

Risks from Universal Credit - impact on HRA

It is difficult to precisely predict the behaviour of tenants will adopt when Universal Credit is introduced. Around 2,000 of working age households in receipt of HB already make partial rent payments to us. Our concern centres more on the 3,000 households that will be responsible for making payments directly to us the first time – although a small proportion will be exempt on the grounds of vulnerability.

The BBC published findings in March this year of the government's direct payments demonstration projects <http://www.bbc.co.uk/news/uk-21756567> which have experienced increases in arrears from 11% to 50%.

Using the above percentages, the table below shows that the introduction of Universal Credit could see our arrears increase from between £71k and £322k.

Table 11 Arrears risk from Universal Credit

Current tenant arrears as at April 2013	Percentage increase	Estimated additional arrears from direct payments	Total arrears
£644k	11%	£71k	£715k
£644k	50%	£322k	£966k

Source: OHMS (arrears figures as at April 2013)

NB: Former tenant arrears figure (baseline £532k) will also fluctuate as new debt is added, and income recovered is removed.

Other financial impacts

- Universal Credit will be paid monthly in arrears - so we will experience an increase in debt of almost £2.8 million (full and partial HB) in the first month.
- £19.3 million annual HB currently paid directly to us in respect of working age tenants will need to be received from them.
- Increased administrative costs/management costs.
- Risk of non-payment from those who will be new to making rent payments, and who will need to travel to do it if they're not suitably banked.
- Tenants likely to be used to budgeting weekly or fortnightly; with different benefits/wages paid at different times, and thereby effectively doing 'jam-jar' budgeting. With one monthly household Universal Credit benefit payment, tenants will have to manage much larger sums of money over a longer period of time than they currently do, and are therefore likely to need support to develop new monthly budgeting skills.

Redirecting payments to landlords in arrears cases

The DWP can also make payments directly to the landlord where the tenant falls into arrears. It is expected that this will be at the eight week arrears level. Research carried out amongst social sector tenants by **Policis** on behalf of the National Federation of Housing found that two thirds of respondents thought they would be likely to manage under the new regime, but a third thought they would get into difficulties. They feared they would be unable to prioritise rent within their budgets and around half of them are already struggling to afford food, shoes and clothing. If the pattern is similar in Brighton and Hove, it might be reasonable to predict around a third of people falling into arrears or having higher arrears.

Increases to non-dependant deduction

This is not a change introduced by the welfare reform agenda, but is mentioned here because of the changes it will potentially have on tenants and their incomes.

A non-dependant is someone who normally lives with a tenant claiming Housing Benefit such as an adult son, daughter, relative or friend. It doesn't include joint tenants or boarders.

From 2010 there has been an annual increase in the rates charged of about 20% per year, and this is expected up to April 2014. The rates are currently in six income bands from £11.45pw (non-working or earning up to £124) up to £73.85pw (where the non-dependant earns £394 or more per week).

There are several exemptions - where either the claimant or the non dependent receives Attendance Allowance or higher rates of DLA; or where the non dependent receives pension credit, or is a lone parent with a child under 5, or is a carer, or is a prisoner.

Table 12 Non-dependant charges

Welfare reform change	Date from	Impact on tenant	No. tenants affected	Potential impact on HRA
Non-dependant charge	Current	Reduced Housing Benefit	401	£45k - £290k

Assessing the impact of increased non dependant charges

The 2012/13 rates within the six bands ranging from £11.45 to £73.85 increased in April 2013 to £13.60 to £87.75.

If all tenants with a non-dependant have their Housing Benefit reduced by the minimum amount, they would need to find an additional £2.15pw, which represents an annual loss of money to the HRA of £45k when multiplied by the 401 tenants.

However, if the Housing Benefit reduction was at the highest rate, this would represent a weekly loss of £3.90, totalling a loss to the HRA of £290k.

Regardless of whether the non-dependant pays the money to the tenant, the tenant is responsible for making up any difference between the amount of Housing Benefit they are eligible for and their gross rent.

The introduction of Universal Credit will see a flat rate non-dependant charge of around £15 per week for all non dependants aged 21 and over.

Digital inclusion

Housing providers are increasingly being tasked with supporting the government's drive to get more people online as a means of developing the economy and enabling people to better informed, obtain employment, have access to cheaper goods and services, and develop or maintain social contacts.

'Digital by default'

The government anticipates that the majority of claims for Universal Credit will be made online – and mentions a level of 80%. It also expects the majority of claimants to manage their incomes more formally through transactional bank accounts, rather than simply Post Office Card Accounts.

This will pose significant challenges for tenants who do not have a computer and have never used one, as well as those who do have access to computers but do not have the confidence, skills or predisposition to carry out financial matters online.

The inability of tenants to make their applications for benefits in the prescribed manner or in a timely way will affect their benefit entitlement, and ultimately impact our income stream.

Data from the Office of National Statistics (ONS) Internet Access Quarterly update for January to March 2013 shows that age, disability and income are key factors as to whether an individual has used the internet. In particular, the following groups have never been on line:-

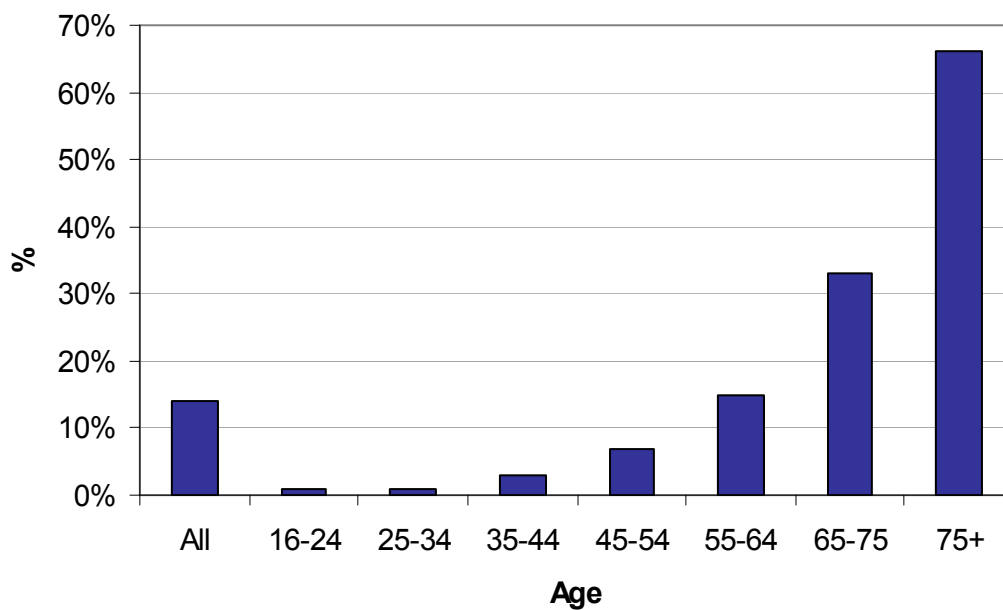
- 14% of UK adults
- 33% of people age 65 – 74 (compared to 1% age 16 – 34)
- 66% of people age 75 or over
- 5% of people over 16 in paid employment earning less than £200 gross per week (compared to 0% earning £1,000 or more)
- 32% of people with a disability* (compared to 9% who have no disability)

* Refers to those who self-assess that they have a disability in line with the Disability Discrimination Act (DDA) definition of disability

The ONS data also shows that Brighton & Hove compares well against national and regional averages, with the lowest percentage of people who have never used the internet at 4%, compared to 14% nationally and 11% for the South East. This also compares well against Southampton at 10%, Portsmouth at 16% and East Sussex at 16% of people who have never used the internet.

Tables 11a and 11b Use of internet

Never used the internet by age



Never used the internet by income



Source: Office for National Statistics (ONS) national data

While the geographical comparison above is somewhat encouraging, it however remains that people amongst the most digitally excluded (ie those who are older, living with a disability or living on low incomes) are also prevalent among social housing tenants. And importantly, these people are missing out on the social, financial, educational and employment opportunities that internet access affords - hence the link between digital inclusion and other aspects of inclusion, and the pivotal role that digital skills and access can play in addressing these issues as well as contributing to overall wellbeing.

For example, research by Race Online ('Digital by Default' 2012) found that:

- You are 25% more likely to find work online
- You are likely to earn up to 10% more with digital skills than without
- 4.1m offline adults in social housing could save £530 million every year by paying bills and doing shopping online - that's an average of £129 per person.

We will need a range of ways in supporting tenants in making their claims, especially when we factor in those with numeracy and literacy difficulties. In addition, our general offer to support tenants in becoming digitally included will need a tailored, 'hand-holding' approach to meet specific needs rather than simply the provision of generic computer training.

The main way we can support tenants with no access to the internet is through the council's libraries. The library service is a UK online centre and can offer free access to all online services, and can also help people to use the internet.

The computers within libraries already conform to the relevant legislation for public access PCs and are able to monitor who is accessing specific sites. There is a programme of work underway to increase the number of computers available to the public from council offices that meet legislative requirements, and it is hoped to complete this work before Universal Credit comes into force for new claims in April 2014.

Housing staff are encouraging residents to join the library service, and helping them to do so online whenever they are in touch with our main frontline services. We will also be running specific 'getting online' courses for tenants who we know are not currently using online services, and are therefore missing out on key financial savings.

Equalities considerations

The full impacts of the welfare reforms are yet to be realised, however it is recognised nationally that the groups most impacted are:-

- Large families – benefit cap
- People with disabilities – who are likely to face significant reductions in their total household incomes
- Single parents
- BME households – often larger families; certain groups where there are cultural implications for children sharing bedrooms

The Ipsos Mori study found that the following groups were most likely to be impacted. People in/with:-

- Low paid work
- Precarious jobs
- Part time work
- Literacy difficulties
- No access to computer
- English as a second language or language difficulties

We also need to consider people who are:-

- Unemployed and under-employed
- Retired under retirement age with disabilities
- In arrears, with other council debts, or with other debts
- Foster carers
- Transgender residents – face multiple disadvantage

Within BHCC, we have a relatively small number of council tenant households impacted by the benefit cap, however they face significant reductions in their income.

Of the initial 949 under occupying households, 316 (39%) live in the east of the city – Whitehawk and Moulsecoomb. These areas have high numbers of family size accommodation and the chances of moving to smaller accommodation within the area are limited. These areas of the city are also very high on the index of multiple deprivation.

While one of the stated aims of welfare reform is to move people into employment and off welfare altogether, some of our tenants are amongst those who are furthest away from the job market. We already know that the city has a high proportion of students, with many remaining in the city following their study, who will often compete more favourably against local people lacking in qualifications or job market experience in eg the service industries. With limited vacancies, this issue is even more acute.

So, overall, at a time when the economy is unstable and employment opportunities are limited, the welfare reform changes may further marginalise the most impoverished and deprived groups within the city – ie BME groups, single parents, people with disabilities, and young people.

Mitigating actions taken by Housing

What we've done so far

We have established which tenants will be impacted by this aspect of the reform, and sent a letter regarding the change to all of them. In addition some existing officers (Neighbourhood Officers and Housing Service Advisors) along with three newly appointed officers, have been trained to carry out a programme of home visits to ensure tenants have understood the changes, are aware of their options, and have the opportunity to get additional advice.

1. Created a profile of tenants affected by the reduction in Housing Benefit, affected by the cap in benefits, and potentially impacted by Personal Independent Payments
2. Written to all tenants known to be under occupying or affected by the benefit cap
3. Included comprehensive information for tenants affected by the changes on our website – which is constantly updated as new information comes in
4. Recruited and trained three specialist visiting staff who have carried out visits to every household affected by the under-occupation change to Housing Benefit. They have ensured tenants are aware of the changes, of how much they will have to pay from April, and of the options available to them (listed at www.brighton-hove.gov.uk/hbchanges) - as well as giving advice on:-
 - how to pay
 - how to contact if they get into arrears or are already in arrears
 - how to contact the local and independent money advice service – MACS
 - the impact of other welfare reform changes, focussing on the Council Tax Reduction (which will affect all of these tenants), and the changes to Disability Living Allowance, (for disabled tenants)
 - claiming Discretionary Housing Payments for those in particular hardship - but advising tenants that this is a limited fund which will have increasing demands because of all welfare reform changes and that there is no guarantee of assistance.
5. Visited all council tenants initially known to be affected by the benefit cap to offer detailed and person-specific advice and support, and to consider their eligibility for DLA (later PIP) or Attendance Allowance. This work is constantly under review as the numbers of impacted households can change on a weekly basis.
6. Credit Control Officers have developed a programme of visits to temporary accommodation tenants known to be impacted by the benefit cap to advise of housing options, work and learning support, and welfare benefit matters

7. Attended various tenant's association meetings and given presentations at the last two City Assemblies
8. Published articles in the last three editions of our Homing In magazine which is sent to every council tenant in the city
9. Established a new Inclusion Team within Housing including two Work and Learning Officers and a Financial Inclusion Officer, which is helping people to: manage their budgets; get online; overcome any barriers they may face to learning, up-skilling and seeking work; find work; and access learning, skills and training
10. Recruited a Money Advice Worker to help tenants to maximise their incomes and access the support and advice they need
11. Set up a dedicated money service through MACS (the Money and Advice Counselling Service) to help tenants experiencing financial hardship. In the first nine months of the contract (as at end of June) 377 tenants have been referred, and MACS has achieved financial outcomes for those seen of just over £350,000. The financial benefit includes unclaimed or additional annual benefit payments (£260k), compensation or other payments (£27K), debt write off (47k), debt renegotiation (£9k) and charitable payments (£3k).
The government estimates that nationally around £20 billion worth of means tested benefit and tax credits went unclaimed last year.
12. Embarked on a programme of staff training led by the BHCC Welfare Rights Team – over 50 staff have so far attended
13. During this financial year, we have so far supported 29 applicants to move using the Tenants' Incentive Scheme. The total for 2012/13 was 46 releasing a total of 72 bedrooms; and for 2011/12 it was 56, releasing a total of 118 bedrooms.
14. Recruited two dedicated Mutual Exchange Officers to better support tenants to move through this method by eg taking a proactive approach to identifying potential exchange partners, and to manage the increasing number of applications.
15. Held a mutual exchange event to which all under occupying tenants and those seeking larger accommodation were invited, and where they could view details of prospective properties, meet with other tenants, and receive advice from staff from a range of associated service areas – eg repairs, money advice, rent arrears, tenancy management, housing benefit etc.
16. Regarding PIP, we have talked with the Tenants with Disabilities Network and asked them to help keep their members informed, and to act as advocates at medicals for other tenants. They will need more training from Welfare Rights Team.
17. Instigated council-wide discussions with high street banks, building societies and the Credit Union regarding increasing access to fully transactional basic bank accounts

18. Contributed £22.5k of emergency funding to support Brighton Housing Trust and the Citizens' Advice Bureau for help to council tenants around maximising benefits, applying for benefits, household budgeting, making money go further etc.
19. All housing staff are promoting our Customer Online System (COS) for those with access to the internet so that they can keep a track on their rent and other housing other accounts, to prevent them getting into debt. For those tenants who do not have internet access we are promoting the Council Connect facility at libraries, and referring them to our Housing Inclusion Team for help to get online.
20. Working on a range of early interventions to prevent or minimise arrears – eg information provision to new tenants from our Rehousing Team, work and learning advice especially targeted at households likely to be losing significant sums through welfare reform.
21. Implemented the new policy decision taken at Housing Committee on 8 May 2013 regarding tenants in arrears as a direct result of under-occupation. The committee agreed:-
 - “That for a transitional period until 1st April 2014, where
 - (i) all other avenues have been explored
 - (ii) transfer is the only option but there are no suitable properties to transfer to
 - (iii) where it is possible to clearly identify that arrears are solely due to the under-occupancy penalty
 officers will use all means other than evictions and bailiffs to recover rent due.”

Additional actions of the Council to mitigate the impacts of welfare reform include:

1. Communications – eg regular website updates and visits to some impacted households.
2. Collaborative multi departmental and multi agency working to adopt strategies to support impacted residents – eg with Job Centre Plus.
3. Additional funding for two years for the council's own Welfare Rights Service as agreed at Budget Council
4. In addition to the money advice contract commissioned for by Housing for council tenants, a council contract has been commissioned for households in all sectors who will be affected by the introduction of Council Tax Reduction. This support is to be delivered as a coordinated approach by Money Advice and Community Support (MACS) to the value of £180,000.
5. Creating a Community Banking Partnership to deliver banking, savings and advice with other organisations in the city (including banks) to ensure a consistent approach and to support people with their finances.

6. Commissioning organisations to help people make the most of their money by going online (digital inclusion).
7. Created a Council Tax Reduction Discretionary Fund (£300,000 for 2013/14)
8. Has a local Discretionary Social Fund (£630,000 for 2013/14) and Discretionary Housing Payments budget (£1 million for 2013/14) administered by a single team.
9. Set aside a further £300,000 to top up any of these discretionary budgets under particular pressure.
10. Undertaking work to understand the cumulative impacts of the welfare reform changes on individuals, and on the city and it's services.

Actions going forward

There is a range of ongoing and planned future actions to mitigate the impacts of welfare reform, which can be summarised under the following headings:-

Supporting tenants – work, learning, minimising debt and income maximisation

- New tenants and those in arrears to have detailed income and expenditure assessments
- Advice and communications on taking in lodgers
- Support sheltered residents under 65 with transition from DLA to PIP
- Maximise access to, and provide support for, setting up bank accounts
- Direct Debit campaign and support on mutual exchanges
- Increase access to welfare advice
- Digital inclusion – IT access and training
- Promote household contents insurance

Tenant communications

- Maximise use of communications methods and targeted messages
- Encouraging take-up of benefit entitlement
- Community based group briefing sessions
- Promoting the customer online system (COS)

Policy and process

- Proactive mutual exchange support and matching service
- Pre-tenancy sign up work
- Customer profiling to know our tenants better

Use of information technology

- Support for public access computers
- More customer profiling and analysis of impacted groups
- Automated arrears and rent due date text alerts
- Investigate developing a housing rents smartphone app
- Support for mobile working on estates
- Website updates

Data analysis

- Preparation for Universal Credit for new claimants from Oct 2013
- Analyse payment methods and costs
- Consider varied payment frequencies

Staff matters

- Resources for eg money management, budgeting advice, a tenant peer mentoring programme, supporting new tenancies
- Increased staff resources to proactively support mutual exchanges
- Refocus the work of the Resident Involvement Team
- Ongoing staff training

Appendix 1

Summary of potential financial impacts to council tenants and the Housing Revenue Account resulting from welfare reform

Change	Impact on tenant	Approx no. tenants potentially affected	Estimated benefit reductions
Under - Occupancy April 2013	Average £12.12 1bed £23.72 2bed+	949	£696k
Benefit cap August 2013	NB: higher impacts in future years as rents are likely to rise by more than benefits will	19	£60k
Non-dependent deductions April increase	Reduced Housing Benefit. Assuming the total of the previous year's lower amount is paid	401	£45k - £290k
Council Tax Benefit abolished April 2013 - new Council Tax Reduction Scheme in place	Maximum additional contribution capped at £3pw for first year. Reduction in tenants' disposable income	5,000	£780k
Disability Living Allowance for adults changing to Personal Independence Payment (PIP) June 2013	Potential loss or reduction in benefit - £4 - £28 per week reduction in tenants' disposable income. (The Government's budget reduction target is 20%).	1,000	£208k - £1,456k
Universal credit April 2014 -new claim Existing claims transferred up to 2017	Direct payments of all benefits to tenants monthly in arrears. Pilot projects saw arrears increase by up to 50%	5,100	-
Total potential reduction in benefit (excluding Universal Credit)			£1.8m - £3.3m
The impact of Universal Credit is difficult to quantify, but annual Housing Benefit paid to HRA for working age households is approximately £19.3 m. An 8% rent collection shortfall as a result of Universal Credit could add an extra £4.1m to this figure.			

Potential impact on income collection

Key points

- If our collection rate reduces to the average in the DWP direct payment demonstration projects of 92%, the 8% shortfall would represent £4.1m.
- A minimum of 10% of the HB lost as a result of under-occupation may remain unpaid.
- The 6 demonstration projects pilots assess that 20 – 30% of tenants will struggle to pay their under-occupation charge.

From the studies and analysis so far undertaken, there is a range of views on the impact of the welfare reform changes on rent arrears and therefore on revenue to the HRA.

Some factors clearly remain unknown – eg which tenants and how many of them will indeed manage to pay their rent, which and how many will struggle and fall into arrears, and the level of our ability to support people to manage their budgets effectively, or our ability to recover rent arrears.

Potential impact on rent arrears

Feedback from the Department for Work and Pension's six direct payment demonstration projects indicate an average rent collection rate of 92% - with the six areas varying from 88% to 97% collection. These figures need to be treated with some caution as each housing organisation within the pilot effectively selected tenants for involvement. So not all tenants were included – and those who were excluded might have been those who were vulnerable, already in financial difficulty or arrears, or those without transactional bank accounts.

Housemark, in its May 2013 Welfare reform club benchmarking report, has assessed that even if housing organisations performed at the level of the best demonstration project sample (ie 97% collection rate), it would put them at the bottom 10% of the 237 benchmarked organisations. In addition, the report estimates that if all organisations performed to the DWP average of 92% collection rate (ie a drop of 7 percentage points on average national performance), then the social housing sector will lose £1.4 billion of rental income a year, or £27 million a week.

The pilot undertaken by London & Quadrant Housing Association which has 66,000 homes found that arrears doubled – however there were no mitigating interventions.

An Ipsos Mori baseline survey reported that amongst the housing associations surveyed, 84% expected to see an increase in their arrears. The average increase anticipated was 51%, with 15% of associations expecting their arrears to at least double.

Currently, we achieve a collection rate of 98.49% of the £50.7m of rent due for the year, which is our rent debit for the year (£50.1m) plus our arrears carried forward (£644k as at 1 April).

As of September 2013, the shortfall in our collectable rent (ie the 1.63%) represented around £826k arrears. However if our collection rate was to reduce to the average rate of 92% experienced by the DWP direct payment demonstration projects, the 8% shortfall would represent £4.1million (based on 8% of our collectable rent of £50.7million).

Additionally, we are not yet sure of the level of arrears at which the housing cost element of UC payments can switch back to being paid directly to the landlord – although eight weeks is often mentioned.

Additional costs for the HRA relating to income management

Potential extra costs need to be considered for example :-

- Hardship funds
- Communications
- Additional staff to carry out welfare reform visits
- Transaction and banking costs associated with the increased numbers paying rent (eg Paypoint) - and possibly new transaction methods (eg Credit Union charges/costs). Housemark estimate additional transaction costs of £48 per unit per year – for us totalling almost £47k factoring in everyone impacted by under-occupation (however some of those are paying already – partial HB recipients)

Interesting to note that from the **Manor Place closure review** one year on – 17 of the 21 residents spoken to have a transactional bank account, of which 2 switched to direct debit, 2 would consider it, 1 wasn't sure, but 12 would not consider it. So time needs to be factored in for talking through with and supporting tenants to adopt more cost effective payment methods.

- Additional debt prevention/advice/rent recovery/arrears staff - we'd need to do some analysis factoring in preparation for Universal Credit
- Supporting staff – information, advice, financial inclusion, digital inclusion, economic inclusion, money management/budgeting skills (our Inclusion Team)
- Financial support for independent welfare advice (MACS, CAB, BHT)
- IT costs
- Legal and court costs (although it will be counter intuitive or counter productive to increase tenants' debt by adding court costs)

The Ipsos Mori baseline survey found that housing associations with 10,000+ properties expected to spend an average of an additional £200,000 to prepare for welfare reform, and that this figure was likely to nearly double in 2014.

Cash flow

Payment of HB is currently in advance, yet Universal Credit will be paid a month in arrears. This will reduce our monthly cash flow by around £2.8m (HB receipts for working age households).

Other impacts

1. A reduced HRA balance will impact on our ability to invest in building more homes, and potentially investment in our properties generally.
2. Potential increase in tenancy fraud eg if people sublet or 'sell' their keys and decide to move
3. Increased homelessness - this might not necessarily be significant numbers from social housing because of the provision for payments to be made directly to landlords after possibly 8 weeks arrears. However the cumulative impacts of welfare reform might increase eg relationship breakdown and private sector evictions.

Provision for council tenants debt

The HRA has a provision for doubtful (potentially uncollectable) debt, which is £1.015 million as at the 1st April 2013 and is based on setting aside 20% provision for current tenant arrears and 95% provision for former tenant arrears. In the 2013/14 HRA revenue budget an amount of £0.208 million is set aside as the annual contribution to the doubtful debt provision. This budget provision budget is regularly monitored as part of financial budget management of the HRA.

Appendix 2

Profile of under-occupying tenants - as at April 2013

	1 bed	2 bed+	Total
	809	140	949
Average weekly HB reduction	£12.12	£23.72	£13.83
Annual lost HB to HRA	£520k	£177k	£696k
Total rent debit for these properties	£3.7m	£704k	£4.4m
No. soon to become pensioner	4	4	8
Bedroom need if wanting to transfer			
Require 1bed	486	123	609
Require 2bed	285	14	299
Require 3bed	29	3	32
Require 4bed	9	0	9
Total	809	140	949
Location			
Central	155 (19%)	13 (9%)	168 (18%)
East	316 (39%)	63 (45%)	379 (40%)
North	190 (24%)	22 (16%)	212 (22%)
West	148 (18%)	42 (30%)	190 (20%)
Household			
Vulnerability HB claimants with a vulnerability alert code	118	13	131
Disability Person in household receiving DLA, Severe Disability Allowance and/or Attendance Allowance	336	52	388
With children	159	10	169
...of which, child with disability At least one child receives DLA (care component or mobility component)	27	0	27
1 child	73	4	77
2 or more children	86	6	92

	1 bed	2 bed+	Total
Arrears/debt			
No. with any arrears	233	44	277
...of which are over £100	125	22	147
...of which are over £300	62	15	77
...of which are over £500	34	7	41

Source: Revenues & Benefits

Size criteria – household profile

Under-occupation level	No. of h'holds	With children in h'hold	H'hold member on a disability related benefit	With current rent arrears	With arrears of £500+
1 bedroom	809	159	336	233	34
2+ bedrooms	140	10	52	44	7
Total	949	169	388	277	41

Source: Revenues and Benefits (April 2013)

Appendix 3

Stock, rent, relets, and potential need for council tenants

Bedroom size	Approx average rent 1.4.13	Stock number	No. relet during 2012/13	No. potentially needed for under occupiers	No. potentially needed for those over crowded	Number needed by all on housing register
Bedsit	£61	724	58	-	-	-
1	£70	3588	188	609	-	9,524
2	£80	4550	150	299	184	4,355
3	£93	2693	65	32	274	1,735
4	£99	221	2	9	180	201
5	£115	44	1	0	55	18
6	£108	2	0	0	14	1
	£79	11,822	464	949	707	15,834 (total on register 17,218)

Sources: OHMS (col. 2-4), Revenues & Benefits (col. 5-6), Locata (col. 7)

Bedroom size in, bedroom size 'needed'

(ie according to welfare reform changes, and not accounting for disability etc)

Currently in	Need 7bed	Need 6bed	Need 5bed	Need 4bed	Need 3bed	Need 2bed	Need 1bed
6	0	N/A	0	0	0	0	0
5	2	2	N/A	9	3	2	1
4	0	6	16	N/A	29	12	4
3	0	5	38	150	N/A	285	118
2	0	1	1	29	268	N/A	486
1	0	0	0	1	6	184	N/A
Under-occ Total 949	0	0	0	9	32	299	609
Overcrowded	2	14	55	180	274	184	N/A

Source: Revenues & Benefits

From the table above it can be seen that there are many instances where overcrowded households needing one extra bedroom outnumber those who are under occupying by one bedroom. This means that if we were able to put people

in touch with each other, the households impacted by the under occupation reduction in Housing Benefit would potentially have several swap options to choose from.

This reverses however when we look at under occupiers currently in a 2bed property, where there is a big mismatch in numbers and they triple those who are overcrowded and need two bedrooms.

Just over 600 households 'need' to downsize to 1bed accommodation, 486 of which are currently occupying a 2bed property. If all under occupiers currently in 2bed properties successfully carried out a mutual exchange with the 184 overcrowded households in a 1bed property who need a 2bed property, there would still be a shortfall of around 300 1bed properties for under occupiers. In the last year to April, we had less than 200 1bed flats become vacant, and there are over 9,000 households on the housing register awaiting 1bed properties. This, coupled with the impact of a percentage of empty properties being prioritised for households who are 'working or making a social contribution', means that there will be a considerable number of tenants who will have a slim chance of moving to a 1bed property in the coming year.

Appendix 4

Some citywide welfare reform impacts - all tenures

Council Tax

17,000 people in Brighton & Hove (across all tenures) have to pay more council tax than they did in 2012, of which 10,000 previously did not make any contribution. The minimum they are required to pay is around £1.20 and the maximum is around £3.

Discretionary Housing Payments

Within the city, residents across all tenures will lose around £12m in total in housing benefit payments. While Discretionary Housing Payments will make up some of the shortfall for some people, the total amount given by the Government is a subsidy of around £1.017 million which is less than one tenth of the total benefit lost in to the city's residents.

Benefit cap

Headline figures as at September 2013

Tenancy type	Number of cases
Private rented	85
Housing association	5
Council tenants	11
Temp accommodation	93
Total	194

Appendix 5

Feedback from work of the Housing Inclusion Team

Learning & Participation Service (2 full time equivalents)

Operational from October 2012.

Focus is to engage and progress tenants into learning, training, education and employment.

Funding is through the Interreg Learning Cities until Sept 2014.

Referrals come from in-house teams, self referrals, external teams and agencies.

Most referrals are from the Tenancy Sustainment Team.

October to March 2013

68 referrals

14% non-engagement (10 cases)

64% progressing into courses, training, volunteering or employment

April - June 2013

43 new referrals

20% non engagement (9 cases)

18 into courses/training

3 into volunteering

3 into employment

3 being helped with job search/cv writing.

Barriers to work

Mental and physical health issues

Lack of confidence/motivation

Lack of skills/qualifications - major barrier is access to funding for college courses as there is no provision for 24 years plus - only student loans available

Progression opportunities - difficult to get work placements, volunteering opportunities, into college without funding, childcare/carer costs

Lack of money for equipment, books etc or job search eg clothes for interview, specialist clothing eg H&S, haircuts, dental appointments

Employment opportunities - "Brighton factor" - competing with graduates for entry level employment; zero hour contracts; low hours available - benefits trap

What are we doing about barriers

Mental health/physical health - tend to be less work ready and require longer term intervention with the team.

Set achievable goals, build confidence and motivation, use work focused coaching techniques, link into services eg libraries, adult learning providers Community Hubs eg Bridge, Portslade Adult Learning, Whitehawk Inn,

Hangleton and Knoll, Friends Centre, Brighton Unemployed Families centre, the Fed etc

Get them into activities and courses. Work proactively with other services to ensure support needs are met and identify ways to overcome physical barriers.

Referrals to employment support programmes such as the Progress to Work; Work Programme Providers eg Avanta, Maximus, RBLI, JCP

College Fees: Funding course fees through the Tenant Training budget

Equipment/resources: set up a small funding pot to pay for one off expenses related to employment or college.

Case Study

Miss X. TSO referral, mental health issues, depression/anxiety - had not been out of the house for 6 months.

Working with the Learning & Participation worker initially on confidence and motivation. Initially met at home but progressed to meeting up in community settings. Found out interested in photography - got her onto a short photography course and then encouraged her to go out on her own to take photographs. Set up a work shadowing opportunity via the press office - went out with the photographer to cover shoots. Signed up for photography course at college, and volunteered to take photos at community events. Started to get offers of paid work but didn't have all the equipment she needed - we purchased a flash gun for her through the small funding pot - currently doing paid assignments for 3 local schools and covering a number of community events over the summer. Has offered to cover resident events such as city assembly for us.

Welfare Reform

Need to become more proactive and start targeting households affected by Welfare Reform.

Target groups should include

- ESA WRAG /JSA cases where entitlement to benefits has ended or is due to end (time limited claims)
- Benefit cap cases - cap doesn't apply if one adult is working 24 hrs plus or is registered self employed
- DLA/PIP claimants who want to work

Financial Inclusion

MACS contract performance information as at end of May:

No. of referrals 304

Rejected: 26 (non eligible)

Current caseload 168

Financial outcomes for tenants: £365,500

Referrals have doubled since April 2013 - main reason for referrals: arrears and benefit issues.

MACS is prioritising all cases marked as urgent from the Financial Inclusion Team and Housing Income Management Team. All court action cases are referred to MACS automatically.

Financial Inclusion Team (1.2 full time equivalents)

Referrals to this team have doubled since April. The main source of referrals is from the Welfare Reform Visiting Officers; and other sources include in-house teams, external teams and agencies citywide.

Areas of work

Referrals to MACS - 221

(Triaging, questionnaires, updating computer systems, budgeting advice and support etc)

Referrals to food banks (approx 5 per month) and delivering food parcels to housebound tenants

Telephone advice and support

Home visits

Energy comparisons and energy advice packs

Moving home advice packs

Budgeting, money management

Training provided since January

- Energy Efficiency 55 staff and 10 residents
- Loan shark advocacy - 30 staff 5, residents
- Although no take up for group money matters sessions

Work in progress

Setting up and delivering Money Mentors programme

One Planet Energy Pilots – working with Property & Investment Team and others

Food Partnership - growing projects and food poverty awareness training

Need to prioritise

Early intervention with arrears cases

Supporting and promoting access to banking and affordable credit

Support with benefit applications and appeals

Access and support to be online

Building financial capability