HOUSING INCOME PROTECTION TASK GROUP – 24TH OCTOBER 2012

A meeting of the Housing Income Protection Task Group will be held at 5.30pm on Wednesday 24th October 2012 in Committee Room 1 at the Town Hall, Rugby.

Councillor J Roodhouse
Chairman

AGENDA

PART 1 – PUBLIC BUSINESS

1. Minutes – to approve the minutes of the meeting held on 10th September 2012.
2. Apologies - to receive apologies for absence from the meeting.
3. Declarations of Interest
   
   To receive declarations of:

   (a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;

   (b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and

   (c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Discussion of the impact of welfare reforms on Council tenants with invited representatives (briefing paper attached).

**PART 2 – EXEMPT INFORMATION**

There is no business involving exempt information to be transacted.

**Membership of the Task Group:**

Councillors Roodhouse (Chairman), Mrs Avis, Ms Edwards, Mrs Garcia, Mrs Kaur, Mrs New, Pacey-Day and Sandison.

Ms Tracey Nuttall (nominee from Tenant Representative Panel).

*If you have any general queries with regard to this agenda please contact Claire Waleczek, Democratic and Scrutiny Services Officer (Team Leader) (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.*

*If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.*
REVIEW OF HOUSING INCOME PROTECTION

ONE PAGE STRATEGY

What is the broad topic area?
Protection of the council’s housing income in the context of changes to the benefits system

What is the specific topic area?
The review will address the challenges for the collection of housing income arising from the economic downturn and impending welfare benefit reform. It will cover the following issues:

- preventative and enabling measures; for example minimising potential exposure when letting through appropriate allocations, promoting a payment culture, access to banking services, incentives and payment methods
- maximising tenants’ income
- contact with tenants: communication, help and advice

A separate scrutiny review on the impact of Universal Credit on the benefits service is planned for later in the year, and will include consideration of issues around access to the new system for all residents. This review will not therefore include consideration of those issues.

What is the ambition of the review?
To enable our tenants to sustain their tenancies and facilitate swift recovery of housing rent where necessary.

How well do we perform at the moment?
The review will establish:
- current proportion of rent collected
- number of evictions per annum
- number of council tenants likely to be affected by new under-occupancy measures from April 2013
- indication of the percentage of our working age tenants who hold a bank account
- percentage of council tenants currently in receipt of housing benefit, including a breakdown of those tenants above pension age.

Who shall we consult about the current service and about how we can improve it?
Coventry and Warwickshire Co-operative Development Agency
Rugby Tenant Representative Panel (co-opted member)
Local banks and building societies
Rugby Citizens Advice Bureau
Warwickshire Financial Inclusion Partnership
Local private sector landlords

What other help do we need?
Support from housing and benefits officers

Other sources of further information may include:
National Housing Federation
Chartered Institute of Housing
CIH Direct Payment Demonstration Projects

Task group members will need a clear understanding of the welfare benefit reforms and legislative changes.

**How long should it take?**
6 months, concluding by January 2013

**What will be the outcome?**
An action plan with clear measures in place to protect housing income in advance of the impending welfare benefit reforms.
What is this consultation about?

The government is introducing changes to Housing Benefit for people of working age (aged between 16 and 61½ years) in April 2013. The changes do not apply to people who have reached pension credit age.

A group of councillors is looking into the impact of the various changes on council tenants and considering how the council could help its tenants to prepare for these changes.

What are the main changes?

The main changes are:

- From April 2013 Housing Benefit will be reduced if you live in a council or housing association property with more bedrooms than the government says you and your family need (more details below).

- Increase in non-dependent charges from April 2011: if you have someone over the age of 18 years old living with you (including adult children), the amount of Housing Benefit you receive reduces. This is called a non-dependent charge. The amount of non-dependent charge is set to increase every April for the next three years, which means the amount you pay towards your rent will also change.

- From April 2013, there will be a 'cap' – a maximum amount that people can receive in benefits, which will include Housing Benefit. This will be limited to £500 per week for couple and lone-parent households and £350 per week for single-person households.

- Starting in October 2013 (for new claims) and over the following four years, claimants receiving some benefits will move on to Universal Credit – a single monthly benefits payment in arrears. As part of this change, Housing Benefit will normally be paid directly to social housing tenants instead of their landlord.

Who will be affected by the new under-occupancy rules?

You are allowed one bedroom for each person or couple living as part of your household, but:

- two children of the same sex aged 15 or under would be expected to share, and
- two children aged 9 or under would be expected to share, even if they are different sexes.

This could mean that a single parent with two girls aged 12 and 14 living in a three bedroom property would be treated as under occupying their home because they have an extra bedroom. The only other exception is that a disabled tenant or partner who needs a non-resident overnight carer will be allowed an extra room.

Housing Benefit will be cut by 14% for people under occupying by one bedroom and by 25% for those under occupying by two or more bedrooms.
Appendix 3a

The True Impact of Welfare Reform.
A briefing for Rugby Borough Council by Warwickshire Welfare Rights Advice Service

1 Introduction

1.1 The Welfare Reform Act received Royal Assent on 8th March 2012. A whole raft of changes are being introduced in what will be the biggest wholesale change to the modern welfare state since it was introduced by a post-war Labour government back in 1945. The main driver of the reforms, say the Government, is to simplify the benefits system; to make work pay and to incentivise work. Most of the welfare reform measures will only affect claimants of “working age” i.e. those that are under state pension age. The reforms aim to reduce expenditure in the social security budget by 26% by 2014/15.

1.2 The Act introduces a new Universal Credit from October 2013, which will replace most existing means tested benefits and tax credits and will limit the total amount of benefit a person can claim. However there will still be nearly thirty individual benefits that will remain alongside Universal Credit.

1.3 The Act also introduces a new size criteria or ‘bedroom tax’ in the social rented sector for the first time. The welfare reforms will also affect the way in which tenants receive their benefit, in many cases removing the option of having benefits paid direct to landlords. There are also significant changes to Local Housing Allowance (LHA), affecting private tenants which will generally see LHA levels driven down across the county. We will also see the introduction of the Personal Independence Payment, as the replacement for Disability Living Allowance; the localisation of Council Tax Benefit and responsibility for certain elements of the Discretionary Social Fund being devolved to local authorities.

1.4 Many of the details of the reforms will be written in secondary legislation, which makes it difficult to fully assess the true effect of some of the proposed changes even at this stage. What we do know, however, is that the wholesale impact of these reforms will bring added pressures to bear on low income families and individuals; the local economy, local communities and the voluntary and public sector agencies that support them. In particular, local councils will be under unprecedented pressure as a result of budgetary constraints and the devolution of a series of new duties and responsibilities introduced by the new Welfare Reform Act and the Localism Act.

1.5 The impact of these reforms will be even more pronounced for those councils that still hold their own housing stock as the direct and indirect effects of the new legislation will see major changes to the way in which tenants receive their Housing Benefit and
the amounts to which they are entitled will in many cases be restricted and reduced significantly.

1.6 We would argue, however, that whilst it is appropriate to specifically examine the impact of welfare reform on local councils and council tenants, the cumulative impact of the whole series of planned reforms should not be ignored as there are cross cutting themes and areas of overlap between the different benefit changes which makes it dangerous to plan strategic responses in isolation. However, for the purposes of this briefing the focus will be on how the welfare reforms directly affect council tenants. Other aspects of welfare reform will be touched on in the context of how the effects of the changes will impact on council resources and Rugby residents in a more general sense.

2 Housing Benefit Changes Affecting the Social Rented Sector

Size Restrictions

2.1 The main changes to impact on council tenants are contained within the Housing Benefit (Amendment) Regulations 2012 will come into force on 1 April 2013 for most existing and new claimants. The Government has said, as with most of the reforms, that this measure will affect only tenants of working age – i.e. those below Pension Credit age. The state pension age is expected to be 61 at the time the criteria come into effect in April 2013, and will rise in line with the women’s state pension age until equalisation with men is achieved in 2018. The Government has introduced proposals to increase the state pension age for everyone to 66 by 2020. It is likely that the Pension Credit age will follow this, leaving more people subject to the size criteria.

2.2 These changes will see Housing Benefit amounts capped for council tenants and those tenants in the social housing sector, based on the number of bedrooms that the claimant and their “family” are deemed by law to require. This brings the rules into line with those for private tenants who have had similar restrictions for some time.

2.3 The size criteria in the social rented sector will restrict Housing Benefit and allows one bedroom for each person or couple living as part of the household, with the following exceptions:

- Children under 16 of same gender expected to share
- Children under 10 expected to share regardless of gender
- Disabled tenant or partner who needs non resident overnight carer will be allowed an extra room.

2.4 The deduction will be 14% of a tenant’s eligible rent if over occupying by one bedroom and 25% deduction if deemed to be over occupying by two or more bedrooms.
Appendix 3a

3 Disproportionately Affected

3.1 The size related criteria is likely to disproportionately affect several key groups. Separated parents who share childcare may be adversely affected, as they will no longer be allowed an extra room for Housing Benefits purposes. Foster carers may also be significantly affected as foster children do not count as part of the household for benefits purposes. This could act as a significant disincentive for some foster carers, with government stating that the increased Discretionary Housing Payment budget would be there to cover such shortfalls and is one of the main reasons, together with carers and disabled people, that the DHP budget has been significantly increased.

3.2 We may also see disabled people living in adapted or specially designed properties which have more bedrooms than are permitted by the size criteria having their housing benefit reduced, unless designated as “supported exempt accommodation”. There is provision within the increased DHP budget to potentially make up such shortfalls for claimants in these circumstances, although this is not ring fenced.

3.3 Families could be forced to downsize, but this is premised on there being adequate local housing stock to accommodate them. If there are insufficient affordable properties locally, then how will tenants be able to afford to make up the shortfall in their rent? The Government is keen to incentivise work and clearly this will be an option available to some of those affected, but depends on the availability of work and the skills that the claimant possesses. Clearly this is an area that local authorities will already be exploring through existing partnerships with Work Programme providers and local employers.

3.4 The DWP admits in its impact assessment that there is a current “mismatch” between household size and the availability of suitable homes in the social sector for under-occupying claimants to downsize into. It says: “In many areas this mismatch could mean that there are insufficient properties to enable tenants to move to accommodation of an appropriate size even if tenants wished to move and landlords were able to facilitate this movement.”

4 Taking in a Lodger

4.1 The DWP has suggested that people could mitigate the effects of the “bedroom cap” by taking in a lodger to fill a ‘spare’ bedroom. Current benefit regulations allow claimants to keep the first £20 of any weekly income from renting out a room. The lodger would be entitled to claim Housing Benefit in their own right. A secure tenant may take in a lodger; the landlord’s permission is not required. While there is no statutory provision about whether an assured tenant can take a lodger, common law allows a tenant to do so unless the tenancy agreement prohibits it or states that the landlord’s permission must be obtained.

4.2 The decision to rent out a room is a personal one for the tenant: families with young children may be concerned about sharing their home with another adult who is not part of their household; some people may feel that there is not enough living space for another adult or there may be no market for the room.

5 Local Lettings Policies
5.1 In some parts of the country, families have previously been purposefully allocated properties that under the new size criteria would now be considered too large for them. This may have been in order to prevent a concentration of children on an estate, or in high rise flats, or because there is a severe shortage of suitable smaller accommodation, for example in rural areas. The new size criteria will not take into account these local circumstances.

6 How will the system be administered?

6.1 Initially, local authorities will administer the size criteria as part of Housing Benefit claims. The Government has said it intends to transfer the new size criteria into the Universal Credit so that the calculation of the element of the Credit for housing costs will be based on the actual rent of the property minus any deduction for the additional bedroom(s).

6.2 As people move onto Universal Credit, local authorities will gradually lose their responsibility for administering support for housing costs. It is not clear, as yet, what tenants will be expected to do, who will verify claims and how local authorities will deal with adjusting a large number of claims at the same time.

7 Can Discretionary Housing Payments (DHP) help?

7.1 The Discretionary Housing Payment budget for local authorities has been increased in the current year and is due to be increased above baseline up to a further £145 million in 2013/14, but this support is dwarfed by the amount the Government expects to cut from housing assistance each year. There will be a huge increase in the demands made on this budget as by 2014/15 Government estimates that it will have cut £2.1bn per year from support for housing costs.

7.2 The process for determining a DHP will remain the same and local authorities will continue to be reluctant to offer a permanent solution allowing people to remain in their home for the long term. New claimants will make demands on the cash-limited local pot and therefore any claim will be time limited.

7.3 It is imperative, however, that the local DHP scheme in Rugby is reviewed to take account of the impending changes and is properly advertised and promoted to claimants. The problem generally with DHP schemes in the past is that they have not been adequately promoted, nor efficiently administered to local tenants resulting in hugely underspent budgets being returned each year to central Government.

8 Average Deductions

8.1 The Government has said that those with one ‘spare’ bedroom will lose on average £12 per week (£624 per year) and those with two or more ‘spare’ bedrooms will lose on average £22 per week (£1,144 per year). Overall, those affected will lose on average just over £14 per week, or £738 per year.

8.2 In April 2013, the proposal will immediately affect an estimated 670,000 working-age social tenants – 32% of existing working-age Housing Benefit claimants in the social sector. The majority of these people have only one extra bedroom. Of the 670,000 estimated to be affected, 450,000 (66%) are disabled (as defined by the Disability
Discrimination Act). The number of people affected is forecast to increase to 760,000 by 2020, as the qualifying age for Pension Credit increases.

8.3 In the West Midlands 60,000 claimants are estimated to be affected by this change, which equates to 33% of all working age social rented sector tenants in the region. To put the figures in context, total housing in Rugby is around 42,000, of which council housing and housing association rented are about 9% and 5% respectively.

8.4 There does not exist at present a reliable figure for private rented stock, but in the most recent English Housing Survey, nationally there were the same proportion of private renters as social renters. Assuming that Rugby is not significantly different this would suggest somewhere in the region of 14% of housing being privately rented.

8.5 In terms of tenants on Housing Benefit, according to the latest DWP statistics there were 3,950 social tenants and 1,830 private tenants on Housing Benefit in RBC. It is important that accurate statistical modelling takes place to truly understand the real impact of these reforms on local council tenants.

9 Direct Payment of Rent

9.1 From October 2013 onwards, when Universal Credit is introduced, all tenants will receive the housing costs element of their award direct rather than it being paid to the landlord.

9.2 The National Housing Federation has raised a number of concerns about the consequence of ending the choice to have the benefit paid direct to their landlord for many tenants. These are:

- Increased level of arrears and debt for tenants already living on low incomes
- Increased costs for landlords including:
  i) Arrears recovery, slower payment times and bad debt
  ii) Legal costs
  iii) Need for additional housing management staff
  iv) Need to support tenants and establish new payment collection methods
  v) Transaction costs
- Impact on the attitude of lenders to the sector

9.3 The DWP is to establish a series of demonstration projects in various areas of the country to test out the new direct payments to tenants. There is talk of operating an automatic trigger, so that if a certain level of rent arrears is reached, there will be a switch to direct payments to the landlord. There will also be a protected group of vulnerable tenants who will have their rent payments paid direct from the landlord from the outset of their claim. The definition of vulnerable has yet to be outlined by Government.

9.4 The Family Resources Survey showed that more than 15% of local authority tenants and 13% of housing association tenants still do not have a bank account, and so would be unable to pay their rent by direct debit. The DWP is looking at the range of financial products available for low income consumers and overcoming the barriers to opening accounts. More work will need to be done with tenants who may be assisted to open basic bank accounts by local credit unions in Rugby and further work with Coventry and
Warwickshire Co-operative Development Agency could be explored in this area, if not already in place.

9.5 The council needs to identify how many tenants would currently fall into vulnerable groups by using its own definition of “vulnerable”, which could be due to disability; historical frequent occurrences of rent arrears; language barriers etc. This would then give an idea of how many tenants should be considered for automatic direct payments to landlords. As with all of the above changes, if not already in place, realistic modelling needs to be undertaken to gain a true understanding of the impact of the changes on council tenants at a local level.

10 Non-Dependant Deductions

10.1 Non dependant deductions for certain adults 18 or over living at home will be subject to increased deductions. Rates have been frozen since 2001 but will now increase over a 3 year period from 2011, resulting in a near doubling of the deduction over this period. This change affects both social rented and private sector tenants and is estimated to affect 213,000 households nationally.

10.2 We are anticipating higher incidences of adult children being forced to leave family homes and tenants forced to collect more money from other adults in the household to cover the increased shortfall. This will inevitably lead to tension, stress and uncertainty for many families. It is important that Rugby Borough Council identifies where possible, those households with non dependants who are likely to be affected by the change. Equally it is also essential that those non dependants who are exempt from such change are communicated with in order to avert any unnecessary stress for those families.

10.3 The rates of deduction are particularly harsh for non dependants earning over £200 per week. In many cases the deduction will serve to disqualify the tenant from Housing Benefit altogether. This is a catch twenty two situation which will place tenants in an impossible situation. It will lead to those tenants allowing non dependants to stay risking losing all their Housing Benefit or potentially being left with an under occupied property if they ask the non dependant to leave and then also being hit with a reduction to Housing Benefit.

10.4 There will be higher levels of rent arrears which will bring increased pressures on arrears collection and higher legal costs unless a sound strategy can be implemented by the council which will anticipate those likely to be affected and ensure early access to independent advice services and budgeting advice where necessary. Preventative, independent advice is a hugely effective tool in assisting the council to avert such situations and may help avoid unnecessary legal action.

11 Benefit Cap and Universal Credit

11.1 This is a much talked about feature of Universal Credit and will have the effect of limiting the maximum amount of Universal Credit that claimants can receive to £500 per week for couples and lone parents and £350 per week for single adult households. This will be implemented in April 2013 and prior to the implementation of Universal Credit will be administered by local authorities through deductions to Housing Benefit payments.
11.2 This will mostly affect families with children or those claimants living in areas with high rents. There are approximately seven hundred larger families in Warwickshire whom would potentially be affected by the benefit cap. The DWP estimates that average benefit loss will be £93 per week with 15% of those affected losing £150 per week. It is expected that 44% of those affected will live in the social rented sector and 56% in the private rented sector.

11.3 If not already in place, the council needs to identify those families likely to be affected by the benefit cap and full advice needs to be provided on housing and welfare benefits options. There are a number of exemptions from the benefit cap including those in receipt of Disability Living Allowance, war widowers and working families on Universal Credit.

11.4 Factors that do not appear to have been fully explored by Government in this area are the impact on kinship carers, merged families; households placed in temporary accommodation by local authorities and couples, who will all be given a strong economic incentive to separate. The impact on these groups needs to be given particular regard at a local level in Rugby and action taken at an early stage to identify those claimants who may be exempt from the cap or who would be exempt if the correct benefits were claimed.

11.5 In addition, when Universal Credit is introduced from October 2013, instead of claimants receiving their payments weekly or fortnightly, they will receive a monthly payment incorporating their main benefit payment and an amount for their rent payments. Claimants used to budgeting weekly may have significant difficulty in adjusting to this new payment method.

11.6 A recent report by Policis, commissioned by the National Housing Federation demonstrates that risk of failure within the new regime is concentrated in a key segment of vulnerable social tenants the report calls the “Troubled reform resistant strugglers”, primarily family households who manage their budget weekly and in cash. Some tenants will need access to financial capability and budgeting advice in order to manage this transition successfully.

12 Conclusions and Actions

12.1 The main focus of this briefing has looked at the impact of the Welfare Reform Act on council tenants. Appendix 1, however, provides an overview of the changes that will affect all benefit claimants in Rugby. As stated above it is our firmly held belief that all Welfare Reform changes need to be taken into account when looking at ways to assist local residents and in order to maximise the use of resources in doing so.

12.2 The changes to Housing Benefit may adversely impact on rent arrears levels; the number of abandoned tenancies; legal and court costs and could also impact negatively on the local economy due to households having less money to spend.

12.3 Local communities could become targeted by loan sharks or high cost credit providers and the local housing stock will see disproportionate demand in certain areas and for certain sized properties. Homelessness provision will be stretched and housing options teams will be under greater pressure as families turn to them for help.
12.4 Local charities, including advice agencies will be placed under huge pressures as residents will require debt, benefits and housing advice when the full impact of the reforms start to bite. This is at a time of funding reductions both nationally and at a local level. There is extremely effective partnership work taking place around the county and in the local area between the voluntary and public sector and Rugby Borough Council needs to take advantage of the mechanisms already in place to assist it in providing a range of advice and assistance to its residents to help mitigate the effects of these reforms.

12.5 Those tenants who are likely to be significantly affected by any aspect of the welfare reforms need to be identified by the Housing and Revenues and Benefits Teams as soon as possible and then a systematic strategy put in place to provide a co-ordinated action plan to communicate the changes effective. It is suggested that proactive steps should be taken by the council to identify vulnerable tenants; ensure adequate welfare rights advice and financial capability advice is available; that tenants have basic bank accounts or Jam Jar accounts set up and that they have access to affordable credit via credit unions.

12.6 Consideration needs to be given to looking at which agencies are best placed to deliver each aspect of the advice and assistance required. We also need to eradicate duplication and co-ordinate responses using existing funding streams where possible. However, serious thought needs to be given to exploring new funding streams with the aim of investing to save. It is accepted that Rugby Borough Council as with all others around the county is under considerable financial pressures but the financial impact of getting this wrong is not an option; it is an opportunity to get this right for future generations in Rugby.

Mark Stanyer
WWRAS Chief Executive
October 2012
### Appendix 1: The True Impact of Welfare Reform - Summary

<table>
<thead>
<tr>
<th>Benefit Affected</th>
<th>Change</th>
<th>When</th>
<th>Impact on people</th>
<th>Impact on Council and Partners</th>
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<tbody>
<tr>
<td>Housing Benefit</td>
<td>-Benefit will be capped by the number of bedrooms the claimant and their family &quot;need&quot;.  1 bed £250 a week  2 beds £290 a week  3 beds £340 a week  4 beds+ £400 a week  -There will be a deduction from the benefit for under occupation. Children under age of 10 will be expected to share a room with another child and children aged between 10 and 15 to share with a child of the same gender.  -Extra room allowed for non resident carer.</td>
<td>April 2013</td>
<td>Change affects Council Tenants and Registered Social Landlord tenants for the first time  Families could be forced to down size but are there houses for them to go to?  If not, how will they make up the shortfall?  Foster children do not count as part of the household so there could be an adverse impact on foster carers or a disincentive to become a foster carer in the first place.  Separated parents who share childcare will no longer be allocated an extra bedroom  Fewer properties available with rent within the benefit making affordable housing harder to find</td>
<td>Insufficient stock of suitably sized accommodation  LA's will have some funding for discretionary housing payments which will be increased above baseline by up to £145 million in 2013/14. This increased budget however is a small proportion of the overall cuts planned to housing costs.  Increased demand for income maximisation ;debt/housing advice services.</td>
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-Non dependant deductions for certain adults 18 or over living at home will be subject to increased deductions. Rates have been frozen since 2001 but will now increase over a 3 year period from 2011, resulting in a near doubling of the deduction over this period.

<p>| Benefit Cap | Maximum amount of benefit that claimants can receive capped at £500 pw for couples and lone parents and £350 pw for single adult households | April 2013 | Potentially 700 larger families in Warwickshire, whom would be most likely affected by the cap. DWP estimates that average benefit loss will be £93 pw with 15% of those affected losing £150 pw | Increased risk of slowly increasing rent arrears. Need for additional council staff to deal with communication and collect shortfall from tenants Increased demand for independent living from people who are used to share housing Tenants being less likely to care for elderly parents in their own home Increase in demand for advice services due to potential homelessness. Advice needed to explore exemptions from non dep deductions and income maximisation options. Migration of families to cheaper areas Increase in demand for B&amp;B and cheaper accommodation Overcrowding in smaller lower cost properties |</p>
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<tr>
<th>Local Housing Allowance</th>
<th>Subject to same bedroom caps as per HB but changes have been phased in since 2011</th>
<th>Started April 2011 and continues for 2 years</th>
<th>See Housing Benefit changes above</th>
<th>See Housing Benefit changes above</th>
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<td></td>
<td>LHA rates uprated annually in line with CPI as opposed to the current system where rates are adjusted monthly to reflect actual rents in the area. In preparation LHA rates are being frozen from April 2012 LHA rates for single people under 35 will only be paid at the lower shared accommodation rate. Previously this only applied to single people under the age of 25. HB payments will be based on the lowest 30% of private sector rents, rather than the lower 50% at present</td>
<td>April 2011</td>
<td>Likely that there will be greater shortfalls between LHA payments and actual rents as payments will no longer reflect local market rents. This will force people to seek cheaper accommodation which will be in short supply- potential homelessness issues. Households struggling to access private rented accommodation DWP forecasts that this change is likely to affect 88,000 people and that the average loss in benefit will be around £38 pw Movement of low income tenants from more expensive rental market areas to cheaper ones</td>
<td>Increased hardship, shown by greater demand for debt and advice services, and rising arrears Concentration of tenants in receipt of LHA in cheaper, poorer quality private rented housing Greater demand on homelessness and housing options services Potential impact on temporary and/or B&amp;B accommodation if tenants evicted are considered intentionally homeless Greater levels of overcrowding Increased number of applications to the housing register Landlords becoming less prepared to let to known benefit claimants Landlords making more</td>
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<td><strong>Council Tax Benefit</strong></td>
<td>Full amount no longer refunded to local authorities by central government. LA’s to get to design their own scheme with a non-ring fenced grant (grant will be 10% less than last year’s grant).</td>
<td>April 2013</td>
<td>Pensioners are protected, as are other vulnerable groups (currently make up about 40% of claimants) so cut must be shared across other claimants. The more people that are protected the greater the burden for those that are not.</td>
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<td><strong>Universal Credit</strong></td>
<td>Replaces and incorporates a range of benefits into one single monthly payment. Will include Jobseekers Allowance, Working Tax Credit, Housing Benefit, Income Support, Child Tax Credit</td>
<td>Starting Oct 2013 for new claimants, all recipients moved across by 2017</td>
<td>Working age tenants will receive the housing costs element of UC direct rather than it being paid to the landlord. “Vulnerable” tenants will be able to opt for direct payments, although “vulnerable” is yet to be properly defined by Government. Transitional arrangements in the short term so no immediate cash losers.</td>
<td>Higher incidences of tenants failing to pay rent and using housing costs element to pay other bills. Budgeting advice will be needed as claimants</td>
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<td><strong>Appendix 3a</strong></td>
<td>Claiming will be online by default</td>
<td>At present JSA can be claimed on-line but only 30% of claimants currently use this method. Estimated 2.7m households no change 2.8m will get more and 2m will get less 400,000 people will lose £50 pw Fewer disabled adults will get support Support for most disabled children cut in half A report by Policis, commissioned by the National Housing Federation demonstrates that risk of failure within the new regime is concentrated in a key segment of vulnerable social tenants the report calls the “Troubled reform resistant strugglers”, primarily family households who manage their budget weekly and in cash.</td>
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<td><strong>Employment</strong></td>
<td>Will be incorporated into</td>
<td>Completed</td>
<td>It should also be noted that from April Drop in income, less</td>
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<td>have received payments weekly and fortnightly up until now and housing costs have been paid direct to landlord. Claimants may need help setting up basic bank accounts or Jam Jar accounts. Direct payment of housing costs amount to claimants will impact on Council’s rent collection rates. Benefits advice needed to maximise income. With all of these changes, councils need to consider how to respond to increased demand for instant high cost credit in local areas and higher prevalence of loan sharks in areas. Increased partnership work with Financial Inclusion agencies required- Credit Unions, CAB, WWRAS etc.</td>
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<tr>
<td><strong>and Support Allowance</strong></td>
<td>Universal Credit. Following the work capability assessment people move into one of two groups. The work related activities group – temporary while people look for work or the support group for those that cannot work No automatic entitlement for disabled young people to claim</td>
<td>by March 2014</td>
<td>2012 ESA will be means tested after 12 months rather than being paid regardless of household income. Up to 300 000 will lose £95 pw Rise in appeals and demand for appeals representation will increase- WWRAS is already seeing this trend in the county.</td>
<td>money to pay for disability related costs, coupled with above reforms will mean more people will turn to local councils and charities for support.</td>
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<td><strong>Disability Living Allowance</strong></td>
<td>Will be moved to Personal Independence Payment – will be made up of different components, each of which will have two rates standard and enhanced. Claimants will have face to face assessments and periodic reviews</td>
<td>April 2013 to March 2016</td>
<td>The budget for PIP is 20% less than the budget for DLA so inevitably some people will receive less or be taken out of entitlement altogether. Will affect 3.2m people. According to a Disability Alliance report up to 400,000 people could be taken off this benefit altogether. Increase in appeals against such decisions- added pressure on disabled people and their carers.</td>
<td>Less ability to pay for care costs, impact on long-term health.</td>
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<tr>
<td><strong>Child Benefit</strong></td>
<td>Child Benefit will be withdrawn through an income tax charge from households where someone has an income over £50,000 a year. The withdrawal will be gradual for households where someone has an income between £50,000 and £60,000.</td>
<td>January 2013</td>
<td>Single earner families earning above £60k a year will be affected the most as couples who both earn up to the £60k limit will not be affected as long as earnings of one of the couple don’t exceed £50 k p.a.</td>
<td>Larger families will be affected by this change and will add to some of the other pressures brought about by welfare reform.</td>
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<tr>
<td><strong>Social Fund</strong></td>
<td>Responsibility for administering Crisis Loans for living expenses and Community Care Grants</td>
<td>April 2013</td>
<td>Confusion over where to access support. Demand for emergency support from the Social Fund is likely to increase- out of</td>
<td>LA’s need to decide how to manage the fund -risk of postcode lottery depending on whether</td>
</tr>
<tr>
<td>Definition of a pensioner household</td>
<td>April 2012</td>
<td>Resources need to be put into more benefits take up work to enable mixed pensioner households to be protected from the UC changes.</td>
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<tr>
<td>At present a household only needs to have one person of pensionable age to be counted as a pensioner household and eligible for non working age benefits such as Pension Credit. This will be changing so that both partners must be of pensionable age</td>
<td>Pensioners with working age partners will lose almost £100 pw</td>
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<td>April 2012</td>
<td>Most of the welfare reforms will not apply to pensioner households, so it is important to identify those households who are entitled to Pension Credit and not claiming it prior to implementation of Universal Credit. This is because those in receipt of Pension Credit at the time UC is implemented will continue to receive Pension Credit and thus be cushioned from the main impacts of welfare reform</td>
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<tr>
<th>passes from DWP to upper tier LA’s</th>
<th>hours provision needs to be catered for with less money to do this.</th>
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<tbody>
<tr>
<td>If Social Fund is not integrated with other forms of discretionary local support such as DHP’s Section 17 payments, unnecessary bureaucracy will act as a barrier to applications and support to the most needy will not be achieved.</td>
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<td>local councils will be responsible for drawing up their own list of eligibility criteria or whether there will be a common scheme across the county.</td>
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<tr>
<td>Resource implications for administration of scheme—very little time to decide on scheme and implement</td>
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<tr>
<td>Communication issues and training implications for staff</td>
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<td>Local charities may be put under added pressure if scheme is too restrictive.</td>
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Response from Rugby Credit Union

Rugby Credit Union has been asked to comment on other consultations conducted by Rugby Borough Council and I apologise if the response in each case is broadly similar. It is clear there are two significant issues which have prompted major reviews of the council’s services, attempting to minimise the consequences to the citizens of Rugby, particularly those who are already in difficulties.

The problems

- The worsening financial climate, resulting in a reduction in funding provided by central government to local councils.
- The change to the benefit structure, known as Universal Credit, where separate payments will be replaced by a single monthly payment, leaving the client to organise their outgoings. A great many people are not proficient in budgeting, particularly when frequency of payments varies between weekly, monthly or quarterly.

Credit Union practice

It may be helpful to outline how credit unions operate and recent experience of Rugby Credit Union.

Credit unions originated to help the ‘financially excluded’ through the provision of ethical schemes for savings and loans. They are not-for-profit cooperatives and monitored by the FSA.

In practice the operation involves taking responsibility for members’ savings, coupled with a policy of responsible lending. Unlike doorstep lenders and loan sharks we will only provide loans to people who we believe can afford to repay them. The normal practice is for members initially to save, whatever the amount, and after having demonstrated they can maintain regular payments for a period of time they can be granted a loan. The loan is usually based on a multiple of savings. It is accepted that some loans will default, but it is our responsibility to minimise the risk. In terms of interest rates the law restricts credit unions to 26.8% APR, in contrast to 290% (Provident) or 4,000% (Payday, Wonga). It follows that interest rates applicable to credit unions are incompatible with a viable business model; academic studies indicate that a minimum of 60% APR is more realistic for self sufficiency. Most credit unions rely on the work of volunteers, with income from loans supplemented by external funding or other schemes which provide an income. Rugby Credit Union has a part-time paid office manager, supported by a rota of proficient volunteers.

We have had mixed success in helping members pay off debts to doorstep lenders, replacing them with a low interest credit union loan. However these cases, known as debt consolidation, have a high risk attached to them. In extreme cases pressure from doorstep lenders and illegal lenders (loan sharks) causes people to take on further loans, leading to debt spiral. Credit Unions attempt to stabilise these situations before they become irreversible.

We have become aware, particularly in the current financial climate, that our insistence on saving ahead of a loan application excludes some of the very people who need our services. For this reason we introduced a ‘Handyloan’ scheme where we are prepared to grant a loan of up to £200 without any previous savings, provided the applicant can be vouchered for by a responsible third party. In the case of a tenant this assurance is provided by a landlord, based on an indication, or absence of rent arrears. The repayments for a Handyloan are designed so that the member also builds up modest savings to be available when the loan has been repaid.

Granting loans is about assessment of risk, with hard-earned experience indicating that loans made to complete strangers is something to be avoided. For this reason, over its eight year existence, Rugby Credit Union has managed to restrict the level of ‘write-offs’ to 5% of loans granted.

We also provide services which do not make money, the best known being school banks. In recent years high street banks are reluctant to operate these and credit unions have been expected to fill the void. As basic financial skills are being phased into the curriculum the need for school banks will increase. In a similar application we are setting up savings accounts with residents of the Mayday Trust, helping them towards independence. We also provide short-term accounts such as Christmas Savers.
Less successful projects have been the Rent Bond scheme and the Green Loan scheme, both of which were set up with Rugby Council, although either scheme could have a new lease of life with some restructuring.

We have worked with housing associations to find ways to help their tenants achieve financial stability. One scheme involved providing a small loan to help new tenants purchase basic furnishings, but such loans are known to be unreliable and it is difficult to persuade the housing association to share the risk. We have recently joined a scheme where our members can purchase goods through the Co-op Electrical Central Warehouse, using either a credit union loan or their savings. The housing associations strongly support this as it means their tenants are less likely to be involved in a high interest deal with the likes of ‘BrightHouse’, leading to excessive debts and rent arrears.

Credit Unions and Universal Credit
The subject of Universal Credit has raised many concerns, but nevertheless it seems likely to be introduced during 2013. To help people with their budgeting problems credit unions are being asked if they can provide accounts which will enable a single benefit payment to be received and necessary outgoings made on the client’s behalf, typically comprising rent, council tax and utilities. These accounts are known colloquially as ‘jam-jar accounts’ and some credit unions are already operating them. Where an account has sufficient surplus money after payments have been prioritised the tenant has an ALTO card, enabling them to withdraw cash at an ATM.

Rugby Credit Union’s preparations
In anticipation of ‘jam-jar accounts’ Rugby Credit Union has recently introduced a significant software upgrade. Clearly there are costs involved in setting up and operating such accounts and the credit union would need help with this if the client was in no position to pay. Such arrangements already exist and typically charges range from £2 to £4 per month per account and even higher when provided by a private company. Some private landlords and housing associations are prepared to pay the fee on their tenants’ behalf as this greatly improves the chances of them obtaining regular rent payments.

It is understood that RBC have almost 4,000 tenants of which more than half receive regular benefit payments, so Universal Credit is likely to pose a problem with rent collection.

In anticipation of greater demand Rugby Credit Union is in the process of moving to larger premises which will be more visible and provide improved access. Staff and volunteers have undergone training on the benefits system and the new software.

Since we operate on a not-for-profit basis we believe that we can offer ‘jam-jar accounts’ at a lesser cost than a commercial organisation. Nevertheless the skills required may be beyond the average volunteer, necessitating a suitable person be employed for whatever hours prove necessary.

Conclusions
Rugby Credit Union can support the financially disadvantaged, whether through the various savings and loans services, or provision of ‘jam-jar accounts’ and help with budgeting.

The standard credit union business model requires external funding to survive and this will be more apparent as services become more specialised.

In anticipation of greater demand Rugby Credit Union is in the process of moving to more suitable premises, has implemented training programmes and upgraded its software.

Laurie Bird
Chair – Rugby Credit Union
28/9/12
Welfare Benefit Reforms
Comments from the Benn Partnership Centre

What do you see as the main issues for council tenants affected by the new welfare benefits arrangements and potential reduction in benefits?

Being forced into a move, maybe away from family and friends and areas they know into an area that may be further from work or areas of work.

Increase in rent while council tax benefit and other benefits are reduced.

Expected reduction in rent by landlords will not happen.

Inability to budget for a month when now claimants find it difficult to manage financially.

Benefits paid straight to tenants who have pressing financial commitments will mean rent not being paid.

More poverty—the heat or eat argument

Mental health deterioration for those affected

More family pressure by forcing teenagers to share a bedroom

How do you think these issues could be addressed?

More help to find work—RBC needs to support the excellent work going on within the voluntary sector now.

Help with debt and budgeting, eating on a budget, coping with stress, relationships.

What do you see as the main support needs of council tenants affected by the changes?

Friendly and supportive council officers who show an understanding of just how people feel

Joined up referral systems to those organisations who can help—do council officers know how and who to refer to?

More joint working with all organisations—statutory and voluntary

Involve health and social care for the inevitable fallout from the legislation
How could the council work with you to assist in your existing activities supporting those affected and how could you help the council to address some of the new challenges arising from the welfare reforms?

Inevitably, I am afraid that the answer here is more money and investment from the council.

A partnership approach which is simple in design requiring less bureaucracy which brings outcomes not just an approach which ticks boxes for the council.

Meaningful help with voluntary organisations applying for grants to extend the work already going on

A strategic approach which prevents duplications of services “out there” so that money is spent wisely.
The Impact of Welfare Reforms / Rugby Borough Council Tenants / Rugby CAB

Introduction
The economic downturn has had a significant negative impact on the financial position of many low income households over the last five years. For some, this has come about by loss of a job or reduced hours of work, and for those reliant on benefits as their main household income this has not risen in line with inflation. It is more likely that those who were in work and have lost their job, or had their hours reduced, that debt is an issue as they struggle to adjust to their new financial circumstances. Very few low income households have savings that they can call on which leaves them vulnerable and some can be just one large bill away from a financial crisis.

The welfare benefits reforms will mean that many people who cannot afford to will lose income and this will have a direct impact on their households' ability to meet all of their day to day living expenses (without a reduction in their costs).

The welfare reforms programme will impact most on the poorest people in our community. This will affect both individual and community wellbeing and health. As incomes fall there is a likelihood that people will look for other sources of income. The rate of acquisitive crime is likely to rise and the growth of illegal lending (loan sharks) and entering into ‘pay day’ loans that has been seen during the recession is likely to continue as people struggle to make ends meet.

At a personal level, the pressures that these changes create on people is likely to result in more unhealthy habits and lifestyles i.e. more smoking, abuse of alcohol and drugs, less healthy eating and reduced levels of physical activity. Over time these behaviours will have a causal effect on the incidence of long term conditions. The links between income and physical and emotional wellbeing are well established and these reforms are likely to see an increase in those with mental health and the net effect will be decreased life expectancy, an increase in health inequalities and increased costs to the NHS.

The local economy will suffer as reduced incomes and rising household costs will leave less disposable income which will have a detrimental effect on Rugby’s economic prosperity. Areas that score high on measures of deprivation are likely to deepen and incidences concerning child poverty are likely to rise as are the number of separations and divorce due to financial / social pressures.

What do you see as the main issues for council tenants affected by the new welfare benefits arrangements and potential reduction in benefits?

- Being able to maintain their home where they have to contribute to their rent where Housing Benefit has been reduced and to avoid homelessness through rent arrears

- Being able to afford council tax payments when they have not had to do so previously, particularly when essential expenditure is already stretched to the limit and accounts for their total income.

- Paying an element towards their council tax in a timely manner that avoids additional collection costs which creates additional debt.
Appendix 3d

- Identifying and maintaining priority payments – housing costs, council tax, utilities
- Budgeting to make their reduced household income stretch further
- Managing debt
- Adjusting to benefits being paid monthly rather than being paid weekly or fortnightly
- Reduction in disability benefits – will affect some
- Inflation – rising prices will continue to put pressure on household budgets
- Universal Credit will introduce unified payment to just one member of the household
- Applying for benefits online
- Transition into employment

How do you think these issues should be addressed?

✓ **Increased access to welfare benefits and debt advice**
Information and advice on welfare benefits, debt and housing needs to be available and accessible to tenants to inform them of the changes that will impact on them and where they can receive support to understand the changes in their entitlements, changes in the method and frequency of payments i.e. weekly or fortnightly to monthly, and assistance to resolve existing debt problems.

✓ **Increased access to financial capability training and information**
Additionally tenants should be able to have access to financial capability training as part of a group or one to one sessions to help them build confidence in handling their financial affairs and manage their household budgets in a changing environment. Financial capability training helps people access the best deals, construct a household budget, open and manage a bank or building society account, encourages savings and borrowing appropriately according to means for instance through the Credit Union, gives information and practical help to access the best energy deals and home energy saving initiatives.

✓ **IT / internet support**
Increasingly applications for benefits and tax credits will have to be made on-line which will have an impact on those who are not IT literate or have no access to IT equipment as well as specific groups such as older people, those with mental health problems and learning difficulties to name a few. Support needs to be available to help people develop IT skills and to submit applications electronically.

What do you see as the main support needs of council tenants affected by the changes?
1. The main support needs for council tenants affected by the changes will be access to advice, information and on-going support that will help them navigate through the changes associated with welfare reforms.
2. Income maximisation – check eligibility for benefits / tax credits and grants and to apply for these (including online application support)

3. Help to manage their finances / household budgets – understand priority payments

4. Manage any outstanding debt issues

5. Help to access relevant financial services appropriate to individual need e.g. Credit Union savings account / loan, ‘jam jar’ account to assist with budgeting and paying essential bills, insurance, opening and managing a bank account.

6. Help to identify best energy deals and support to switch suppliers

How could the council work with you to assist in your existing activities to support those affected and how could you help the council to address some of the new challenges arising from the welfare reforms?

By part funding our core generalist advice service and through some additional funding from the Housing Department RBC already support our work however we predict an upsurge in demand for our advice, casework and information services once the pace of the welfare reforms quickens from next April. To be effective in meeting the additional demand extra financial resources will need to be found.

Rugby Borough Council should view funding debt / welfare benefits advice, casework and financial capability work with their tenants as an invest to save approach as this work:

- Prevents homelessness by working with our clients and their landlords to find mutually agreeable solutions saving on the costs of rehousing and the legal costs of eviction. Also provide assistance and support to access the Mortgage Rescue Scheme.

- Maximises local people’s income by helping them claim their entitlements, accessing the best deals which in turn gives them more disposable income to circulate in the local economy.

- Supports local people to find solutions to their multiple debt problems including debt write offs where appropriate through applying for Debt Relief Orders

- Financial capability work also helps reduce RBC tenants rent and council tax arrears which makes savings on collection costs and helps cash flow.

- Helps local people become more confident at dealing with their financial affairs we reduce stress and anxiety that can lead to mental health and other illnesses and promote positive self-esteem and wellbeing saving on other public service costs.

Rugby Citizens Advice Bureau offers free, confidential and impartial generalist advice on most subjects including welfare benefits, debt and consumer issues, housing, employment, legal matters, relationships, utilities, tax, community care, education, health and immigration. We are currently also able to provide ongoing casework support services to assist local
people with their complex welfare benefits issues, multiple debt and matters concerning housing arrears, eviction / repossession and homelessness matters.

We also provide financial capability group training in community settings or on a one to one basis to help people manage their money more effectively and make the best use of their income by accessing best deals. We also provide money guidance to help people access the most appropriate financial services according to their needs and circumstances.

We have extensive experience of this work which is demonstrated by independent research undertaken on a financial capability project we delivered in partnership with Orbit Housing tenants living in Rugby. The independent research undertaken by the University of Bristol established that the tenants who received information, training and advice on financial capability issues benefited from what they had learnt and were more confident about handling their personal finances than a similar group who had not had the benefit of the training. It was also interesting to note that the tenants preferred accessing and receiving this support from an independent provider rather than in-house. We have produced a video of local Rugby people talking about their experiences of receiving our financial capability training see http://www.youtube.com/watch?v=Zjs73bnisrY&feature=plcp

Our links with organisations involved with financial capability and inclusion work are extensive as we lead the West Midlands Financial Capability Forum which is a multi-agency forum for all those with an interest in the work including local authorities, Housing Associations, private and not for profit organisations. We have established a link with Secure Trust Bank which can offer through referral from us a ‘jam jar’ account service whereby once income is received all essential expenditure is paid direct and the balance loaded on a card which the account holder can access for other expenditure.

We also are leading the development of the Warwickshire Consumer Empowerment Partnership (WCEP) along with Warwickshire Trading Standards Service which aims to provide advice, advocacy and education on consumer and financial issues. We have just launched a WCEP Local Stakeholder Group in Rugby to support the work and reach more people. This work includes raising awareness about loan sharks, scams and rogue traders that operate locally. We are also a lead partner in the Warwickshire Financial Inclusion Partnership and involved in the development of services for Troubled Families in Warwickshire.

We work extensively with partners in Rugby including delivering financial capability courses through local community and children’s centres attending community and the homelessness forums and have developed strong links with other community based organisations including Rugby Credit Union, local Social Registered Housing providers and RBC’s Housing Department.

We were involved with the development of the Warwickshire Frontline Workers’ Toolkit which is a tool to help frontline workers help their service users access appropriate services. We also offer financial capability training to frontline workers that develops their skills and can be cascaded to their service users.

We therefore believe that we are well placed to provide support services that help those affected by the welfare reforms to manage the change. Services that are developed will need to be targeted effectively to ensure that those involved are able to offer the level of support to
assist the most vulnerable households as well as making information and advice regarding these issues and access to services more generally available.

The major barrier we face is that changes to the funding of the CAB due to the withdrawal of Legal Aid for social welfare law categories such as welfare benefits, debt and housing from April 2013 will limit our ability to help those who need support to manage the changes just at a time when the need for these services is increasing, and will continue to increase as local people feel the effects of the reforms. It should be noted that our funding for financial capability work is also limited and short term which also hampers development of this work.

Partnership working will be the key to success in developing a support service for tenants and local people and we believe that we can play a key role alongside RBC and other partners to develop these. We are exploring the idea of producing a series of short videos such as the one described earlier to promote the messages about the changes and how to access help and the benefits this will bring. It will need funding but would be cost effective.

For further information please contact:

David Gooding
District Manager
Bedworth Rugby & Nuneaton Citizens Advice Bureau (BRANCAB)
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david.gooding@brancab.org.uk

16th October 2012
Appendix 3(e)

Welfare Reform – Impact for Jobcentre Plus

Jacquie Hatfield
External Relations Manager
Jobcentre Plus – Mercia District
3 September 2012

Universal Credit

• Universal Credit provides a new single system of means-tested support for working-age people in and out of work. Support for housing costs, children and childcare costs will be integrated into the new benefit. It will also provide additions for disabled people and carers.

• Existing means-tested benefits that will no longer be needed include income-based Jobseeker’s Allowance, income-related Employment and Support Allowance, Income Support, Working Tax Credit, Child Tax Credit and Housing Benefit.

• The system will be simpler and more efficient and people will no longer need to be ‘benefits experts’ to find out what benefit they can get. This will lead to an increased take-up of benefit and reductions in poverty.

• For those in work, financial support will be withdrawn at a single transparent rate as earnings increase to ensure that work always pays and is seen to pay.

• It is right to ask those who are able to work to do more in return for receiving benefits while protecting those who are unable to work. Under Universal Credit, the requirements claimants will have to meet will be set according to individual capability and circumstance.
Benefit Cap

- It is not reasonable or fair that households on out-of-work benefits should receive a greater income from benefits than the average income of working households. The Bill takes powers to cap the amount of benefits a household may receive so that these are in line with average weekly earnings.
- In order to increase the incentive to find a job, those entitled to Working Tax Credit will be excluded from the benefit cap. In recognition of their additional financial needs, all households which include somebody who is receiving Disability Living Allowance, Attendance Allowance, Personal Independence Payment or Constant Attendance Allowance will also be exempt from this measure as will war widows and widowers.

Fraud and Error

- The Government is determined to stamp out fraud in the benefits and Tax Credits system. The Bill introduces tougher sanctions for people who commit fraud including:
  - A minimum penalty of £350 for benefit fraud, as an alternative to prosecution, or 50% of the amount overpaid, whichever is greater, up to a maximum of £2,000, in addition to the current loss of benefit sanction for a four week period and the requirement to repay any overpayment.
  - Increasing the period that people convicted of fraud will lose their benefit, alongside the punishment that is handed out by the courts and an immediate three years loss of benefit for a serious offence of organised benefit fraud; and
  - The Bill also introduces a £50 civil penalty for people who fail to take reasonable care of their claim and knowingly let a change in circumstance run on and incur an overpayment.
- The Bill also takes powers to enable the creation of a new single, integrated fraud investigation service that will bring together fraud investigators from across HMRC, DWP and local authorities to catch more people who commit benefit fraud and ensure that anyone accused of benefit or Tax Credit fraud is treated in a similar way.
Sanctions

- Ahead of the introduction of Universal Credit, the Bill introduces a tougher set of sanctions to more effectively encourage claimants to meet their responsibilities. This includes a new three year sanction for jobseekers who repeatedly fail to meet the most important job seeking conditions such as refusing an offer of employment.

Housing Benefit

- The Bill takes powers to restrict the increase in Local Housing Benefit rates to the Customer Price Index. This will enable greater control over the growth in Housing Benefit in the private rented sector and ensure future support for claimants will be kept at a more reasonable and realistic level.
- The Bill also introduces measure to ensure that Housing Benefit for working-age tenants in the social rented sector takes account of whether the property is a reasonable size for its occupants.
Time limiting Employment and Support Allowance

- The Bill applies a one-year time limit to the receipt of contributory Employment and Support Allowance (ESA) for people who are able to prepare for work and are in the Work Related Activity Group. This measure will not affect people in the Support Group who have the most severe health conditions or impairments and are the least likely to move into work.
- People who receive income-related ESA will not have their benefit time-limited. Claimants with low or no other sources of income can apply for income-related ESA once their contributory ESA has ended.
- This measure underlines the principle that ESA was never intended to be a benefit for the long term for claimants who are able to move towards employment. It will ensure that support for people who are severely ill and people with impairments is well targeted.
- The Bill abolishes the ‘youth’ provisions which allows certain young people to qualify for contributory ESA without having to pay National Insurance contributions. This will bring those claiming ESA ‘youth’ in line with other groups and simplify the benefit system in advance of the introduction of Universal Credit.

Lone Parents

- The Welfare Reform Bill introduces changes to the Income Support entitlement conditions so lone parents whose youngest child is five years old or over will need to claim either Jobseeker’s Allowance, if they are capable of work, or Employment and Support Allowance if they have limited capability for work or a health condition, if they want to receive support from benefits.
Social Fund Reforms

- The Welfare Reform Bill abolishes the discretionary Social Fund and amends payments on account legislation to replace Crisis Loan alignment payments and Budgeting Loans with a new national payments on account scheme.
- New local provision will replace Community Care Grants and Crisis Loans for general living expenses. The new provision will be the responsibility of local authorities.

Also included:

- **Introducing the Entitlement to Work as a condition for Contributory Benefits:** The Bill closes a loophole in the entitlement conditions for certain contributory benefits and statutory payments so that claimants will only be able to claim them if they are entitled to work in the United Kingdom.
- **Child Support Maintenance Reforms:** Parents are best placed to make the arrangements that will deliver the best outcomes for children. The Bill takes powers to encourage parents who are separating to make family-based arrangements, while ensuring that the statutory scheme is still there for those who need it.
- **Simplification of the Industrial Injuries Disablement Benefit:** To rationalise, simplify and deregulate the IIDB scheme. Will allow the removal of old and redundant legislation and designed so that nobody will lose any money.
- **Reform of the Appeals Process:** Bill will introduce changes to process so claimants must seek a revision of the disputed decision before making an appeal to the First-tier Tribunal. An increase in the volumes of Social Security appeals has led to a substantial increase in the Tribunal Service caseload and longer waiting times for appeals to be heard. These measures aim to ensure timely, proportionate and more efficient dispute resolution.
- **Repeal of Drugs Provisions in the Welfare Reform Act 2009:** Repealed because they were costly and impractical to implement. The Government’s new drugs strategy will offer support for people to choose recovery as an achievable way out of dependency.
Universal Credit and Benefit Cap – impact

ON CUSTOMERS
- Large families with high rents – how can they be persuaded they will be better off in work?
- Will customers be compelled to move into cheaper accommodation?
- Universal Credit paid monthly in arrears – major change for our benefit claimants
- Move to online claims – do our customers have the ability/access to PCs?

ON OUR STAFF
- Universal Credit – move towards online claims and customers managing own accounts – what will the role of our processing staff be?
- Cultural Change: Closer integration with other agencies – HMRC, local authorities etc – issues with pay and conditions etc
- Surpluses in Jobcentre Plus (eg transfer of Social Fund work) – people/jobs in the wrong place

Impact on time-limiting Employment and Support Allowance on our customers

- People receiving contribution-based ESA for a year (excluding the most severely disabled in Support Group) have had their benefit stopped after 12 months.
- This included many people who had previously been receiving Incapacity Benefit for many, many years.
- If means-tested ESA is not an option, eg, due to other income, partner working etc, this benefit cannot be replaced so has caused a sharp drop in income.
- They usually cannot claim JSA because contribution conditions would not be satisfied.
Fraud and Error – Sanctions - Impact

- Culture change – encouraging customers to understand their responsibilities and the implications of not meeting them. Are our staff equipped to do this?

Impact on lone parents and disabled people

- As a result of the Welfare Reform Bill, many lone parents and people who were claiming benefit due to a sickness or disability, are now joining the labour market for the first time in many years (or ever).
- They often lack skills or confidence and may not be motivated.
- How do we overcome these barriers for our customers?
- Is there sufficient provision to meet training needs etc that matches the demand of the local labour market?
- How do we encourage employers to recruit these disadvantaged customers rather than, for example, graduates, young people with relevant experience etc?
Case study: Large family in rented accommodation

• Barry has a partner and eight children. He has not worked for six years due to a back injury.
• They live in rented accommodation with five bedrooms – the rent is over £1,000 per week.
• He has moved from Incapacity Benefit to Employment and Support Allowance and placed in the Work Related Activity Group.
• He has received a letter to alert him that he is likely to be affected by the Benefit Cap. He is stressed about how he is going to manage and worries his family will be homeless.
• Barry’s last job was in a colliery mine. He does not feel he is fit enough to work or that he has any skills that are of any use to an employer.

Case study: homeless single parent

• Harj is a single parent with three children aged five, seven and eight.
• She recently left her partner after years of abuse and she is currently living in a refuge.
• The local authority has offered her accommodation but it is completely unfurnished. Other than the clothes they were wearing at the time she and her children have no money or personal belongings.
• She has made a claim to Jobseeker’s Allowance and has been told she needs to be seeking work.
• She is frightened because she has never worked in the past, cannot think of any skills she has.
• She doesn’t know who she will manage until her first payment of benefit is due.
Jobseekers

Jobcentre Plus programmes and services

Search for a job or voluntary opportunity
Search online for the latest jobs and volunteering opportunities - volunteering can help you develop and learn new skills while you're looking for a job

Search for a job
Search for volunteering opportunities

The Work Programme

The Work Programme can help you prepare for, find and stay in work. If you're already working part-time, it could help you to increase your hours

Work Clubs - support to help you find work
If you are unemployed and looking for work, a Work Club will give you support to help you find the work that's available locally

Enterprise Clubs - help to become self-employed or start a business
An opportunity to get information and advice if you are unemployed and thinking about setting up a business, or becoming self-employed

Help with drug or alcohol problems that prevent you working
Help if your drug or alcohol dependency prevents you finding or keeping work and you're not already getting treatment

New Enterprise Allowance -
**business support for jobseekers**

If you've been getting Jobseeker's Allowance for at least six months, you could get help and financial support to set up your own business

**Sector-based work academies - training, work experience and a guaranteed job interview**

Gives you the chance to take part in training that's relevant to the type of work available in your area

**Work experience - placements for jobseekers**

Gives anyone aged 16 to 24, who is getting Jobseeker's Allowance, the opportunity to take part in a voluntary work experience placement

**Work Trials and Employment on Trial**

A trial in an actual job vacancy and encouragement to try a new job without affecting your entitlement to benefit

**Work Together - volunteering opportunities for jobseekers**

Work Together gives you the opportunity to volunteer with a local voluntary organisation. This can help you learn new skills and improve your chances of finding work

**European Social Fund support for families with multiple problems**

Training, employment and other opportunities if you're unemployed or have not worked for a long time

**Work schemes and programmes for disabled people (disabled people section)**

Help for disabled people including the Access to Work and Pathways to Work programmes
See also...

Looking for work (disabled people section)
Work and careers (young people section)
Work and families (parents section)
Childcare (parents section)
Carers and employment (caring for someone section)
1 What do you see as the main issues for tenants affected by the new welfare benefits arrangements and potential reductions in benefits?

The issue of overcrowding/under-occupancy will become more apparent. For example, where a tenant in a three bed house with two children, one of each gender under 10 years old, they would currently be deemed to be adequately housed. Under the proposed changes, the family would be “under-occupying”. However, from the customer’s point of view, nothing has changed apart from the 14% drop in HB payments! This will inevitably lead to financial hardship in the family, and may lead to an increase in stress-related illness.

For older customers (not of retirement age), there has been a fundamental shift in the “home for life” policy of the past few decades. As we are aware, there is a shortage of smaller homes – so where are these “empty nesters” meant to go? Secondly, if someone has lived in their home for a considerable period, they are part of the community outside their front door, and they may not want to move away from friends, family and peers. Again, this may lead to financial hardship as people struggle to make up the shortfall.

Some customers who are “under-occupying” may be doing so for medical reasons, for example a couple may have a bedroom each as one room is used for medical equipment or treatment. It is unclear what provision will be made in these circumstances, although the council will have the ability to make discretionary HB payments to cover any shortfall.

Reduction in HB allowances for under 25 year olds (and the latest proposals to deny this age group any HB) may have an adverse effect on family life where families may be living in overcrowded/unsuitable accommodation for many more years than previously. This may not encourage younger adults to live independently, and may lead to a situation where they cannot access accommodation unless they are working.

The most obvious effect of the changes will be a reduction in overall household income for people who are already impoverished. People will be left with stark choices: pay the rent or pay for heating; pay the rent or buy a new school uniform; pay the rent or put food on the table. Where people lack financial skills, this may lead to an increase in doorstep lending and the cycle of poverty will continue.
Allied to financial hardship are the people without access to a bank account as they may never have had the need or requirement in the past to be “financially included”. Accessing low cost or free banking facilities may be seen as a huge challenge, and increasing the capabilities of these customers is vitally important.

Access to the internet may be a huge issue for some people, particularly those in rural locations and those who are digitally excluded for any other reason (age, disability etc.). The impact on these people may be harder to judge as they may not be able to make their claim for UC in the first instance, or if they do so, stand more of a chance of getting the claim wrong.

Allocation policies and local letting initiatives will have to be reconsidered. In the past, many 2 bed flats (particularly above ground floor) were let to childless couples/singles and people with access to children form a previous relationship. Where this continues, there will be a clear division between those who can afford the “luxury” of a spare room, and those that cannot.

As with any change, we also have to consider the “known unknowns”. We are aware that the changes will have an affect on people’s lives, but we are not entirely sure what this will be until the changes have been fully rolled out. We do not know what the social impact of these changes may be, the outcome could be wholly positive, but the likely reality will be that a section of society becomes even more marginalised than it is at present.

2 How do you think these issues could be addressed?

In the most simple terms, helping people into work so they they increase their household income is the most effective remedy to reforms.

However, it is acknowledged that the UK is currently in the midst of a major economic downturn, where jobs and opportunities are scarce. We have a number of schemes specifically designed to assist people back into work.

- In this financial year we have recruited (or are aiming to recruit) around 16 apprentices to work in various locations in our organisation. Initial feedback suggests that almost half of the apprentices we have recently recruited are from Orbit properties, with the others being from properties where we have an influence.

- Through partnership working, we employ Employment Development Officers in some of our offices. The results have been so successful that we are looking to increase this provision moving forwards so that more of our customers have access to this initiative.
We also work on a local level with job-clubs where these are provided by other agencies.

Secondly, financial education is paramount. Teaching people to manage their finances effectively: moving away from doorstep lending and using credit unions or banks; setting up direct debits for fuel and utility bills and being able to budget effectively are all important issues.

With reference to overcrowding/under-occupancy, the solution lies in increasing people’s choices though schemes such as mutual exchanges and using existing stock in a more realistic manner. This, however, needs to be tempered with the desire to build sustainable communities.

3 What do you see as the main support needs of tenants affected by the changes?

Tenants’ needs will vary from one situation to another.

We work on the “personalised” approach. Each office has Community Housing Officers who can deal with most queries, and also can call upon more specialist support from the team-based Tenancy Support Worker.

For new tenants, each customer/household is assessed against our “vulnerability assessment matrix” which takes into account a number of different factors including age, income and expenditure, support needs and known vulnerabilities. Using this tool we are able to target appropriate support to each of our customers, either though in-house provision (by our Tenancy Support Workers) or by referral to specialist local agencies.

Where the issues are more financially deep-rooted, we can also make referrals to our specialist in-house money advice service.

In general terms, the main support will be accurate and timely information, coupled with an “open door” approach so that customers know they can approach us at any time to discuss any issue they are facing.

Orbit Heart of England is taking the lead in welfare reform in the housing sector. We have produced a simple to use guide for welfare reform, and this is now being used (under licence) by several other RPs. Furthermore, we have had a recent enquiry about the publication from the Citizen’s Advice Bureau.

Our action plan for keeping our customers informed has been seen as a market leader, and it is being adopted as a model by other organisations.
4 How could the council work with you to assist in your existing activities to support those affected and how could you help the council to address some of the new challenges arising from the welfare reforms?

Planning: the council must consider what properties are appropriate to build and where. This is not just about the planning application process, but about how people actually live and circulate within communities.

For example, on larger “out of town” housing developments, the council should insist on a balance of house types and sizes, from 6 bed executive homes to 1 and 2 bed flats to bungalows and this should also include local facilities that people need. Having a balance of property types in one area should assist when people want to move on: they will be able to stay in their local area, and contribute to a sustainable community.

Partnership: the council needs to act as an enabler, drawing together all the relevant parties in the area to ensure that the housing stock is adequately used.

Looking outwards: local authority boundaries are not marked on the ground. Many people live in communities which are marked by geography and proximity rather than politically defined. To enable the free movement of people from one “area” to another, councils need to work together with their contiguous partner authorities.