

LONDON BOROUGH OF BROMLEY

PART 1 – PUBLIC

Briefing for Care Services Policy Development and Scrutiny Committee
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UPDATE ON THE IMPACT OF THE WELFARE REFORM CHANGES

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1. Summary

- 1.1 The report provides an update on the work currently being undertaken in Bromley to prepare for the welfare reform changes that come into force in April 2013.

2. Briefing

- 2.1 The two key changes taking place in April 2013 are:

Benefit Cap

From 15th April 2013 a limit will be placed on the amount a working age household can receive in total benefits. The benefits cap will be set at £350/week per week for singles & £500 per week for a couple/family. Households who are in receipt of working tax credit or disability living allowance are exempt.

The personal allowance is protected, meaning that any shortfall is taken from the housing element of their benefits.

In December 2012, the Government announced its intention to delay implementation of the benefit cap until summer/autumn 2013, with only 4 'pathfinder' boroughs to now launch in April 2013: Bromley, Croydon, Enfield and Haringey.

The four boroughs are working together with London Councils, the DWP and JCP to project manage the implementation of the benefit cap in those 4 boroughs from April 2013.

Social Housing Size Criteria

Social housing tenants of working age will see reductions in the amount of their rent that is eligible for housing benefit:

- 14% for underoccupancy by one bedroom
- 25% for underoccupancy by two or more bedrooms

Households who are in receipt of working tax credit are exempt.

2.2 Potential Impact/Numbers Affected:

Work has been undertaken across the DWP, Council and housing associations to identify those households affected by the benefit cap and social size criteria:

2.2.1 Benefit Cap: Data cleansing of the latest DWP claimant scan has identified 302 households affected by the benefit cap. A further 26 households placed in temporary accommodation have been identified as affected by the cap but not included on the original scan.

Of the above households:

- The amount of benefit reduction ranges from £0.13 to £400.23 per week
- 57 households are placed in temporary accommodation, facing a combined total weekly shortfall of £11,222 (this reduction will be a rental loss for temporary accommodation increasing the already growing budget pressure for this accommodation)
- 29 households are currently facing eviction from private rented sector accommodation with open or accepted homeless applications and are awaiting placements into temporary accommodation. The total combined weekly reduction is £2,831 which will again show as a rental loss for temporary accommodation.
- 29 private rented sector tenants will see their benefits reduced by more than £50 per week, and 18 by more than £100 per week. A significant proportion of these households already have a shortfall in their rent following the reduction of the local housing allowance rates from 50 to 30 percentile last year.
- 27 social housing tenants will see their benefit reduced by more than £50 per week, and 12 more than £100 per week

2.2.2 Bedroom Size Criteria: Data analysis with housing associations has to date identified in the region of 2,500 tenants (1,492 within Affinity Sutton stock) likely to be affected by the social size criteria.

2.3 Work is underway to better understand the profile of those affected including identifying foster cares (5) and those in adapted accommodation who are likely to require assistance via discretionary housing payments to enable them to remain in their home. This work will also identify any tenants who should be exempt.

2.4 There is obviously still much speculation about the level & extent of impact of welfare reform, but it is undisputable that the changes will have a profound and disproportionate impact on housing affordability in London, which in turn could result in implications across local government services, in particular housing, children and adult social care and education

2.5 The work being undertaken therefore aims to gain a more comprehensive understanding of the potential implications in order to enable these to be best managed to mitigate any resultant negative impacts.

2.6 **Work being undertaken:**

There have been a number of challenges to overcome in preparing for and implementing the changes:

- Understanding the volumes, resources and local needs
- Reviewing provision, levels and funding
- Data sharing between the local authority, DWP and housing associations
- Adopting multi-agency/partner approach to the delivery of services
- Developing a coherent customer journey/messaging and seamless service across agencies
- No standard model - new system – process and IT which cannot be fully tested until go live
- Handling 'fall out'
- Supporting claimants needs
- Distribution of the discretionary housing payment.

2.8 **The benefit cap pathfinder:**

Extensive work is being undertaken in preparation for being one of the 4 pathfinder authorities for the benefit cap. This has included:

- Work to try and ensure that the 4 boroughs and their residents are not financially or otherwise disadvantaged by the decision to implement in these 4 boroughs several months earlier than the rest of England, Scotland & Wales
- Developing clear process and operating models across services to implement the changes and support those affected through the change and beyond, including single points of contact and co-location of officers.
- Data cleansing to identify those affected and also to ensure accurate and timely assessment once the system goes live.
- Developing a model to monitor impacts and enable lessons to be learnt from the pathfinder period

2.9 **Preparing households and mitigating risks:**

2.9.1 A welfare reform task group has been set up across the local authority, DWP and JCP. The task group have developed a clear profile matrix of those affected by the changes to enable them to target and prioritise those cases most affected and those quickest to help.

2.9.2 A comprehensive programme is in place to contact and visit those affected by the benefit cap to make sure that they understand the changes, how they will be affected and the options they have to mitigate the impact of the changes, including:

- In the case of smaller reductions, making up the shortfall from their personal allowance element of their benefit;
- Negotiating with landlords to reduce rental obligations;
- Money management and debt advice;
- Training and advice to gain employment;
- Moving to less costly accommodation;

- 2.10 A similar model is in place for those affected by the social size criteria. In these cases the lead for the options advice is provided by the housing association landlord.
- 2.11 A wider awareness raising campaign is also in place including;
- Leaflets and website dissemination about the changes and who to contact for advice and support
 - Focus groups, drop-in sessions and presentations to a range of agencies and forums including landlords, claimants and partnership groups.
 - Training and briefing sessions

Discretionary Housing Payments (DHP)

- 2.12 DHP has been in existence since before welfare reform was implemented and typically can be used to make up a shortfall in rent or payments to assist in starting a new tenancy. The amount of DHP has been increased to reflect welfare reform from £226,883 for 2012/13 to £700,174 for 2013/13.
- 2.13 The use of DHP is being reviewed in light of welfare reform to ensure that it is fully aligned to homeless prevention, prioritises those households most affected and at risk by the changes and reduces the potential call on other Council budgets such as social care.
- 2.14 Within this a number of priority groups have been identified including foster carers, tenants in adapted properties and households in temporary accommodation.
- 2.15 Systems are in place to ensure effective processing of these DHP claims at an early stage.
- 2.16 In addition the distribution will also consider conditionality, such as time-limited payments pending a move to smaller accommodation or accessing employment.

The longer term

- 2.17 It is critical that monitoring takes place during the pathfinder phase not only to test the new systems to ensure their effective implementation, but also to develop robust processes and good practice in order to lessen potential impacts and to then enable assessment of any actual increased pressures and costs that cannot be mitigated.
- 2.18 This model will not only be used in relation to the benefit cap and social size criteria but also to consider full range of welfare reform measures both individually and cumulatively, including Local housing allowance levels, universal credit, council tax support and so on.