

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Finance and Staffing Portfolio Holder  
**AUTHOR/S:** Executive Director, Corporate Services

18 January 2011

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### HOUSING BENEFIT – CHANGES

#### Purpose

1. To advise the Portfolio Holder of the effect of the budget changes and the amendment to these changes prior to regulations being laid in parliament on 30 November 2010.
2. There are also numbers of significant proposals with regard to provision of the service over the next 7 years and the Local Authority involvement.
3. This is not a key decision and the report is for information only.

#### Recommendation

4. To note the contents of the report including the implications for the Council.

#### Background

5. The government announced in both the June 2010 budget and the Spending Review, a significant number of changes to Housing Benefits in order to reduce the budget nationally, following the significant growth of expenditure over the last few years.
6. The legislation was laid before parliament on 30 November 2010; there have been a number of significant amendments made to the original proposals.
7. There are numerous revisions and new proposals which have been announced and these changes will be introduced between April 2011 and April 2017.
8. April 2011, the Local Housing Allowance will be capped for new claimants at:-
  - £250 per week for a one bedroom property
  - £290 per week for a two bedroom property
  - £340 per week for a three bedroom property
  - £250 per week for a four bedroom or more.

There will no longer be a rate for a 5 bedroom for local Housing Allowance.

#### ***April 2011 Changes new or revised***

9. Local Housing Allowance will be restricted to the claimants rent liability or the local Housing Allowance. The current arrangements where if rent liability is less than the Local Housing Allowance, the claimant can be paid the difference between these, subject to a maximum of £15, will be discontinued.
10. New Claimants or current claimants who move property will have their rents based on the 30<sup>th</sup> percentile of local rents rather than the median.

11. Transitional arrangements introduced for current claimants of Local Housing Allowance . Current claimant's will have their benefit based on the old median calculation of Local Housing Allowance and will not change to the 30<sup>th</sup> percentile calculation until January 2012 although some claimants will be protected until December 2012.
12. New arrangements for Subsidy from 2011/12 for Private Sector Leasing Scheme will ensure the future of the scheme until March 2013.
13. The direct payments to landlords will extended; currently most payments are made directly to claimants

***January 2012-December 2012***

14. New Local Housing allowance rate will apply to current claimants between January 2012 and December 2012, which will reduce the amount of benefit payable.

***April 2012 Changes***

15. Benefit will be restricted to single room rate for the majority of single people up to the age of 35, currently restriction apply only if claimants are under 25.

***April 2013 Changes***

16. Benefit will be restricted for working age customers' not receiving disability benefits or working tax credit to £500 weekly. There is little information with regard to how this will be implemented apart from it will be the local authority who will be administering the cap and restricting housing benefit if required.
17. Housing Benefit Fraud Investigations will be transferred to a Single Investigation Service run by Department of Works and Pensions (DWP)
18. Pilot of Universal credit – The replacement of Housing Benefit will commence.
19. Local Council Tax Benefit Scheme introduction. There has been little detail about this scheme except that it is expected to cost 90% of the current scheme. It is an expectation that some prescription by DWP will apply but there are no details available at present.

***October 2013- April 2014 Changes***

20. Introduction of the Universal Credit for new claimants. The DWP will be introducing Universal credit for residents who have never claimed any benefit before.

***April 2014- April 2017 Changes***

21. It is expected that current housing benefit claims will be migrated from Housing Benefits to the Universal Credit. There is no detailed information about the technicalities of how this will happen except that cases will be transferred in tranches.
22. The local authority may be left with more complicated Housing Benefit cases to administer such as temporary or supported accommodation, although this has not been confirmed. The Local authority may also be left with the outstanding overpayments, which are currently recovered from ongoing housing benefit entitlement.

## Options

23. There are no options as this report is for information only

## Implications

24. The introduction of the changes to benefit will have a significant impact on the residents of South Cambridgeshire who currently claim Housing Benefit in the future.
25. The Single Investigation service will leave South Cambridgeshire District Council without a fraud team.
26. Introduction of Universal Credit combined with the introduction with local based Council tax benefit will have a significant staffing implication, due to lack of detail at present, the impact cannot be fully understood or its timing quantified.

## Impact of Changes

27. Capped Local Housing Allowance. The level of rents in South Cambridgeshire means that the capped will have no impact.
28. New Claimants or current claimants who move property will have their rents based on the 30<sup>th</sup> percentile of local rents rather than the median.
29. The change to the basis of calculation of Local Housing Allowance will have a significant impact as the rent benefit can be paid at, is reduced.
30. There may be also an impact from residents who currently live in Cambridge City's area who move due to the restriction making affordable property more difficult to obtain.
31. The table below illustrates the difference as a result of this change for the Cambridge Broad Market Rent area, which covers around 98% of Local Housing Allowances claimant's in South Cambridgeshire.

Accommodation	Current LHA based on median	Shadow LHA based on 30 <sup>th</sup> percentile	Difference
Single Room	£77.50	£69.27	£8.23
1 Bedroom	£138.46	£121.15	£17.31
2 Bedroom	£155.77	£135.23	£20.54
3 Bedroom	£184.62	£160.38	£24.24
4 Bedroom	£253.85	£219.23	£34.62
5 Bedroom	£346.15	£219.23	£126.92

## ***The transitional arrangement for current Local Housing Allowance claimant's***

32. These arrangements which have been put in place will protect most claimants of benefit between January 2012 and December 2012 which will help those who are affected to have some time to seek cheaper accommodation. The phasing of the changes will help with the staffing impact as a result of the changes.

**Private Sector Leasing Scheme (Kings Street Housing)**

33. The Council has a significant number of families who are accommodated via the housing advice service in Private Sector Leasing scheme, which is currently run by King Street Housing. The changes to Local Housing allowance threatened the scheme; recent clarification received from DWP confirms that separate rules will apply which will ensure the continued viability of the scheme until the end of March 2013.

**Payment to Landlords**

34. The normal method of payment of local housing allowance is direct to claimants; it is proposed to allow the local authority on more occasions to pay direct to landlords. It is hoped the introduction of this will facilitate more landlords who will take tenants whose rent is paid by Housing Benefit. The final details have yet to be confirmed.

**Benefit restricted to single room rate for under 35 year olds**

35. There are currently 159 claimants between 25 and 35 who will be affected by this change in April 2012.

**Introduction of Single Investigation Service (SIS)**

36. The introduction of SIS will result in the transfer of the fraud investigation of Housing Benefit fraud to the DWP. The current proposal will mean that investigation staff who are currently employed by South Cambridgeshire District Council will be transferred to the DWP. It has been acknowledged there has been no consultation with Local Authorities with regard to the setting up of SIS or the transfer of staff. It is anticipated more information will be provided shortly.

**Universal Credit- 2013-2017**

37. The government are committed to the reform of the welfare system, one of the key areas will be Universal credit which will be processed by the DWP and include the payment of Housing costs.
38. There is little detail with regard to the implementation, except the headline dates which have been provided. It has been suggested that Local Authorities may still have a role although it is unclear at this stage as to know how much of a role this will be until detailed information is provided.

**Local Council tax Benefit**

39. We have received no details as to the expectation of the type of scheme, which Local Authorities will administer. It is expected that the cost of the scheme will be at 90% of current costs. It is difficult to predict impact at the current time due to lack of detail.

40.	Financial	As detailed residents receiving Local Housing Allowance will receive less benefit in the future. The availability of affordable accommodation will be reduced as a result of the changes.
	Legal	None

Staffing	<p>The impact of the changes will result in increased number of customer enquiries and are likely to have an impact on staffing within the benefits team.</p> <p>The single investigation service will result in staff being transferred to the Department of Works and Pensions.</p> <p>Introduction of Universal Credit and Local Council Tax Benefit, there is significant uncertainty due to the lack of information and the shifting dates and impact at present cannot yet be properly assessed.</p>
Risk Management	The Risk register will need to be updated following the receipt of further detailed information
Equality and Diversity	None
Equality Impact Assessment completed	<p>Yes</p> <p>An EQIA has been completed by the Social Security Advisory Committee.</p>
Climate Change	None

### Consultations

41. The Department of Works and Pension have consulted with Local Authorities with regard to Housing Benefit reforms.

**Background Papers:** the following background papers were used in the preparation of this report:

Budget 2010  
Department of Works and Pension Guidance  
Rent Officer (Housing Benefit Functions) Amendment Order 2010

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