

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder

1 August 2013

AUTHOR/S: Director of Housing

UNDER-OCCUPATION POLICY

Purpose

1. To seek approval from the Housing Portfolio Holder for the adoption of a policy covering how the Council responds to customers faced with a reduction in Housing Benefit and additional financial hardship due to Welfare Reform changes introduced in April 2013.
2. This is a key decision because it has significant implications for residents across more than one ward and was first published on 29 May 2013 in the Council's Forward Plan.

Recommendation

3. That the Housing Portfolio Holder approves the 'Under-occupation Policy' as set out in **Appendix A**.

Reasons for Recommendation

4. The introduction of the Welfare Reform Act 2012 has led to cuts in the amount of housing benefit working age tenants receive if they are deemed to be under-occupying a rented property. A range of support options are available to tenants faced by these changes. This policy seeks to ensure a consistent approach is adopted by the Council when dealing with cases of under-occupation and benefit reductions.

Background

5. The Chancellor announced Government's plans to restrict housing benefit for under-occupying, working age social sector tenants in the June 2010 emergency budget. This led to the introduction of the Housing Benefit (Amendment) Regulation 2012 which came in to force on 1 April 2013. From this date housing benefit has been restricted for working age households where they are under-occupying their property by one or more bedrooms.
6. The reduction in housing benefit is a fixed percentage of the eligible rent payable at 14% for those considered to have one extra bedroom and 25% for two or more extra bedrooms. At an average rent of £95.38 per week for a three bedroom property, those under-occupying by one bedroom will need to make up the shortfall of approximately £13.35 per week and those under-occupying by two bedrooms will need to find an additional £23.85.

Considerations

7. There are currently 330 SCDC tenants affected by the under-occupation benefit changes, all of which have been contacted either through a home visit or by telephone. 309 tenants completed a questionnaire, of which 33% stated they would consider moving to a smaller property, 9% would consider taking in a lodger, 2% would find it useful to receive budgetary/financial advice and 15% are actively looking for work. As at 15 July 2013 this Council had 77 households under-occupied and asking for its assistance to downsize to a smaller property.
8. Currently 21 households have been moved to smaller accommodation via a direct let, of which 17 downsized by 1 bedroom and 4 downsizing by 2 bedrooms. This equates to approximately £16,762.20 per annum that would otherwise have been a shortfall in housing benefit and potential increase in rent arrears if tenants could not afford to pay. Vulnerable households in financial hardship can apply for a Discretionary Housing Payment to help meet this shortfall in housing benefit, however, this is a limited budget and will not be able to meet demand from all applicants.
9. Rent arrears data supports the assumption that these households are experiencing financial hardship as a result of the welfare reform changes. It is significant that 22 of the 77 households in arrears had clear rent accounts on 1 April 2013 but had rent arrears outstanding on 3 July 2013. Many of these households would find it virtually impossible financially to move house without support.

Options

10. Many organisations have introduced a range of measures in response to the welfare reform changes to help households downsize. These range from support and advice on organising the move to significant financial incentives paid to tenants to move. Organisations paying financial incentives tend to have a shortage of larger social housing in their area, for example Cambridge City Council who pay up to £1000 per move whether people are in receipt of housing benefit or not. Other organisations just support those households in financial hardship and affected by welfare reform changes/reduced housing benefit and this is the option we recommend.
11. Cambridge City Council carried out their own research recently which found that only around a third of households who downsized were influenced by the financial incentive to move. This supports National Housing Federation research carried out in 2011 which found that only a relatively small proportion of households were influenced by financial incentives in their decision to downsize. The research found that other factors are equally important such as providing support and information to those people wanting to downsize, helping organise removals or ensuring the property being offered was in good condition/in the right location. This is demonstrated in a recent case study attached at **Appendix B**.
12. At present we have discretion to help fund removal costs via housing management or Discretionary Housing Payment budgets where there is evidence of financial hardship. We would like to expand this scheme on a discretionary basis to offer a wider range of support services/incentives which will be tailored to individual needs from the list below:
 - Organise and pay for removals costs through a local approved contractor.
 - Time to hand in keys for the old property – up to 2 weeks tenancy overlap rent free on the old property.

- Organise additional cleaning and/or decorating of the property the tenant is due to move to (above the basic void standard).
 - Payment towards rent arrears at existing property to help facilitate move and prevent transfer of former tenant debt to new property.
 - Organise and pay for a room/s to be carpeted or for someone to take up and relay carpets in the new property.
 - Help with organising the move or paying for change of utilities or appliances e.g. disconnection and reconnection of gas appliances.
 - Help with organising or paying for any other reasonable costs associated with the move.
13. This proposed scheme is in recognition that one solution will not fit all. Some people may have savings to pay for the move but would have difficulty organising contractors to move possessions, disconnect and reconnect appliances or decorate a property. Other people may simply not be able to afford any additional expenditure.
14. These outline proposals are detailed in the attached policy document Appendix A, together with other options available to assist tenants affected by the welfare reforms, such as taking in a lodger, support in finding employment and money advice, etc.

Implications

15. Financial	The financial incentive scheme aimed at helping tenants downsize is likely to be an estimated maximum £21,000 per year (35 moves maximum) for the first two years then a reduction in direct lets due to under-occupation. Any expenditure to be authorised by the Housing Services Team Leader or Housing Options and Allocations Team Leader up to a maximum value of £600 per move.
Legal	The Council has a duty to comply with the Housing Benefit (Amendment) Regulation 2012 which introduced a size criteria for working age social housing tenants.
Staffing	None
Risk Management	Potential rent loss through increased rent arrears due to reductions in Housing Benefit eligibility being monitored closely and actioned in line with standard rent arrears recovery procedures. Supporting under-occupied households, of working age and in receipt of HB to downsize will help to minimise the risk of escalating rent arrears for these households.
Equality and Diversity	The policy has taken into account equality and diversity issues.
Equality Impact Assessment completed	Yes
Climate Change	Not applicable

Consultations

16. Extensive consultation has taken place with those tenants affected being written to initially in August 2012 offering home visits/telephone interviews/support. Over 400 under-occupation interviews have been completed either at home, over the telephone or at SCDC offices. Articles have been written in tenant newsletters covering all aspects of Welfare Reform and Under-occupation advising tenants to contact us with any concerns/queries. The subject has been raised at tenant forums and the Under-occupation Officer has attended some tenant forum/tenant surgery meetings. Further to requests from residents via tenant forum meetings frequently asked questions and answers covering Welfare Reform have been published on SCDC website.

Consultation with Children and Young People

17. None.

Effect on Strategic Aims

18. The Council will ensure that it continues to offer outstanding and sustainable quality of life for its residents.

Conclusions / Summary

19. The Policy will give officers and customers clear information about the support options and services the Council will offer tenants who are deemed to be under occupying their home.

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

Welfare Reform Act 2012
Housing Benefit (Amendment) Regulation 2012

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