

## **SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

---

**REPORT TO:** Leader and Cabinet

11 September 2014

**LEAD OFFICER:** Director of Housing

---

### **WELFARE REFORM/UNDER OCCUPATION**

#### **Review of impact within South Cambridgeshire**

##### **Purpose**

1. To inform Cabinet of the impacts of the under occupation charge in South Cambridgeshire and to review the impact of the Council's initiatives in the first 12 months of the policy change.

##### **Recommendation**

2. It is recommended that Cabinet notes the report.

##### **Reason for Recommendation**

3. The Council has been successful in supporting tenants to maintain their rental payments but this has come at a financial cost to the Housing Revenue Account. There may also be unintended consequences of the policy that need to be noted and which may require further Council responses in the future.

##### **Background**

4. The Government introduced changes to Housing Benefit which took effect from 1 April 2013. These changes known as the Under Occupation Charge and colloquially called the 'bedroom tax', involved the reduction in the amount of housing benefit payable to households deemed to be under occupying by more than one bedroom.
5. The policy only applies those of working age and excludes people of pensionable age.

##### **Considerations**

6. The Council were initially concerned that there would be a significant increase in rent arrears as a result of this change. The work undertaken to date has helped to mitigate this risk.
7. The Council was also concerned that the option to downsize to a smaller property would be hampered by the lack of smaller sized properties in the council housing stock particularly the lack of one bedroom homes. This remains a concern and at current rates of turnover it would take over 20 years to meet all of the current demand for one bed properties.
8. The Council has used the Discretionary Housing Payments (DHP) money available to it to alleviate genuine hardship and with the permission of the Secretary of State also increased the level of DHP available for council tenants using HRA money. The

Council has a good record of using these resources to assist people having allocated all of its budget whereas 73% of all English councils failed to spend theirs.

9. Affordable Homes and Revenues and Benefits have worked closely to provide a proactive and early engagement with tenants affected by the changes.
10. The details of the actions taken and the outcome of those interventions are detailed in the attached **Appendix**.

#### **Options**

11. There are no options in this report.

#### **Implications**

12. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered.

#### ***Financial***

13. The total amount of rent arrears have increased slightly over the 12 months period under review from 1.04% to 1.16%. There has been a cost to the HRA of £362,000 up to end of March 2014 (which includes £63,000 from the 2012/13 year) and a further £261,000 in 2014/15.

#### ***Legal***

14. None

#### ***Staffing***

15. One full time member of staff has been employed on a two year fixed term contract. There were also short term resources brought into the Contact Centre to deal with the initial surge in enquires.

#### ***Risk Management***

16. The combined impact of welfare reforms remains a key strategic risk for the council and is being monitored as part of the strategic risk register review.

#### ***Equality and Diversity***

17. The impacts of the housing benefit changes affect families and disabled people.

#### **Consultation responses (including from the Youth Council)**

18. None.

#### **Effect on Strategic Aims**

19. Ensure the impacts of welfare reform are managed smoothly and effectively.

#### **Background Papers**

Welfare Reform/Under- Occupation. One Year On. Analysis of the financial year 2013/14

**Report Author:** Stephen Hills – Director of Housing  
Telephone: (01954) 713412