

<b>Subject:</b>	<b>Sustainable Tenancies Strategy (welfare reform)</b>		
<b>Date of Meeting:</b>	<b>15 January 2014</b>		
<b>Report of:</b>	<b>Executive Director Environment, Development &amp; Housing</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Ododo Dafe</b>	<b>Tel: 293201</b>
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<b>Ward(s) affected:</b>	<b>All</b>		

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report shares with Housing Committee the draft Sustainable Tenancies Strategy which outlines work being undertaken in response to welfare reform. The strategy was presented at Housing Management Consultative Sub Committee on 20 October 2013.
- 1.2 The Welfare Reform Act 2012 introduced a wide range of reforms to the welfare benefits which represent the most radical changes in the benefits system since it was formed. The reforms are intended to:
  - § make work pay
  - § simplify the benefits system
  - § reduce public spending on welfare

The changes require focussed attention in order to mitigate potentially unintended consequences, and to protect the income stream to the Housing Revenue Account.

**2. RECOMMENDATIONS:**

- 2.1 That the Housing Committee endorse the draft strategy.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The council has established a Welfare Reform Board, and has already carried out an array of actions in preparation for the implementation of the reforms, and to mitigate some of their impacts. This strategy draws together work specifically undertaken and planned within Housing. It sets out the context and detail of the reforms, and incorporates issues around financial, economic and digital inclusion.

- 3.2 The anticipated outcome from the strategy is to facilitate the provision of suitable, tailored and timely support to tenants in order that they can sustain their tenancies and minimise the personal, council and wider societal costs of failed tenancies. The strategy illustrates that this presents a real challenge in terms of the numbers of people impacted, the range of issues that need to be considered, and the potential consequences on the Housing Revenue Account (HRA) Budget. It is difficult to determine the exact longer term impacts of the individual changes on all potentially affected households, and therefore more difficult to gauge the cumulative impacts they will have. Most of the changes have been implemented, but the major change, Universal Credit, which replaces many existing benefits and arguably poses the largest risk to the HRA, is expected have a phased introduction from April 2014 up to 2017.
- 3.3 The changes need to be seen in the context of savings to the national welfare budget of £18 billion by 2014/15, as identified by the coalition government.
- 3.4 The strategy, which can be found at Appendix 1 of this report, demonstrates the understanding of the issues involved and the clarity of purpose being taken to address them.
- 3.5 The potential impacts on Housing include:-
- § The inevitable increase in rent arrears as a result of reduced incomes
  - § Increased homelessness in the city
  - § Increased costs of rent collection and costs of supporting tenants
  - § Reduced revenue to invest in housing and regeneration programmes
- 3.6 Wider impacts include the increasing demand and financial pressures made on other services in the city, eg welfare advice, children's services and adult social care services, as a result of increasing numbers of people facing hardship.
- 3.7 An plan highlighting current and planned actions to support tenancy sustainment has been prepared for review by Housing Committee, and can be found at Appendix 2 of this report.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 The themes covered in the strategy have been discussed at various meetings with residents in order to prepare for the implementation of the changes that have already taken place. For example the theme for last year's City Assembly was financial inclusion, and presentations on benefit changes as well as the work of our Inclusion Team were given.
- 4.2 As part of our preparatory work, additional money advice support for council tenants was procured from the local voluntary sector organisation Money Advice and Community Services (MACS). The new service was promoted widely through Homing In, the council's website, a range of front-line staff, and through personal contacts with tenants. The success of the scheme and further promotion was communicated to all tenants through our Annual Report to tenants sent earlier this year.

- 4.3 Specifically, a summary of the strategy, along with a presentation of its contents and the issues it raises, was given at each Area Panel in September this year. This was followed with the draft strategy being taken to Housing Management Consultative Committee on 20 October 2013.

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 The Sustainable Tenancies Strategy and appendices illustrate the potential impact of Welfare Reform to council tenants' benefit income and the potential impact this could have on the Housing Revenue Account budget. The summary table in Appendix 1 highlights the cumulative effect on the reduction of benefits currently received by our council tenants and highlights this as a potential risk through the reduction of income to the HRA through non payment of rents.
- 5.2 The HRA revenue budget 2013/14, approved by Policy and Resources Committee in February 2013, included an amount of £0.150 million to implement a range of measures to support financial inclusion through the development of a range of specialist money and debt advice services to support households in financial difficulty. In addition to this an amount of £0.070 million was set aside to set up a discretionary hardship fund for council tenants, which is administered through the Revenues and Benefits Service.
- 5.3 The HRA has a provision for doubtful (potentially uncollectable) debt, which is £1.015 million as at the 1<sup>st</sup> April 2013 and is based on setting aside 20% provision for current tenant arrears and 95% provision for former tenant arrears. In the 2013/14 HRA revenue budget an amount of £0.208 million is set aside as the annual contribution to the doubtful debt provision. This budget provision budget is regularly monitored as part of financial budget management of the HRA.
- 5.4 As mentioned above some of the additional costs resulting from Welfare Reform changes are already provided for in the current years HRA revenue budget. The potential future financial implications identified in this report have been considered as part of the 2014/15 HRA budget setting proposals, which include £0.258 million investment in staffing as part of our action to mitigate against potential negative impacts of welfare reform and reduce financial and social inequality.

*Finance Officer Consulted:* Susie Allen

03/01/14

### Legal Implications:

- 5.3 The council's standard secure tenancy agreement requires a tenant to "pay your rent and other charges on or before the date they are due". A court can make an order for possession of council property where it is satisfied that "rent lawfully due from the tenant has not been paid or an obligation of the tenancy has been broken or not performed" and that it is reasonable to make the order. The steps already taken to sustain tenancies, and actions going forward, will help avoid

court action. The measures outlined are compatible with Article 8 of the European Convention on Human Rights – the Right to respect for private and family life. No individuals Human Rights Act rights are adversely affected by the report's recommendation.

*Lawyer Consulted:* Liz Woodley

03/01/13

#### Equalities Implications:

- 5.4 The government has prepared an Equalities and Human Rights Impact Assessment for each of the welfare reform policy changes. They are available from this link: <http://www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/welfare-reform-act-2012/impact-assessments-and-equality/>.

The council's financial inclusion equalities impact assessment identifies the impact of issues such as welfare reform, rising food and fuels costs, reduced incomes on residents on low incomes. The 'Equalities considerations' section of the Sustainable Tenancies strategy illustrates that there are very few groups of tenants who will not be affected by the changes - except for tenants over pensionable age in most cases.

#### Sustainability Implications:

- 5.5 The strategy aims to ensure tenants are resilient, and are in most cases themselves able to acquire the skills, knowledge and support that they make appropriate decisions and choices in relation to their finances and their home. This will include for example decisions around fuel suppliers, banking services, food, affordable credit, budgeting, prioritising debt (where it exists), and generally maximising their incomes in order to sustain their tenancies. The 'Decent Homes' programme and other Housing initiatives to ensure the thermal comfort of tenants' homes will have contributed to reducing fuel poverty, which may a particular issue faced by tenants in the private rented sector.

Some of the implications of the Housing Benefit reduction due to under occupation are that tenants need to move home, sometimes to different areas – and there is the potential for this to have negative impacts on community cohesion and sustainable communities.

#### Crime & Disorder Implications:

- 5.6 The ability to sustain tenants in affordable accommodation, and to maximise their incomes has the potential to reduce crime in the city.

#### Risk and Opportunity Management Implications:

- 5.7 A risk register in relation to welfare reform is established as part of the Housing Business Plan, and will be maintained by the Leadership Team.

#### Corporate / Citywide Implications:

- 5.8 Mitigating the impacts of welfare reform is a key priority for the council, and there is significant work underway to support residents – particularly those impacted by the Benefit Cap where securing paid employment is critical to most of them.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Sustainable Tenancies Strategy 2013 – 2015
2. Action plan for sustainable tenancies

#### **Documents in Members' Rooms**

1. None

#### **Background Documents**