



Haringey Council

Report for:	Overview & Scrutiny Committee 7 th October 2013	Item Number:	
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Title:	Under Occupation of Social Housing and Housing Benefit Entitlement – Scoping Report
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Report Authorised by:	Cllr Gideon Bull, Chair of Overview & Scrutiny Committee
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Ward(s) affected: All	Report for Key/Non Key Decisions:
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1. Describe the issue under consideration

- 1.1 As part of its work programme for 2013/14, the Overview & Scrutiny Committee has agreed to assess the implications of changes to Housing Benefit rules which will see a benefit reduction for tenants deemed to be in under occupation in social housing and to identify what the Council can do to mitigate its impact. The following provides a scope of the planned work (aims, objectives and work plan) to be discussed and agreed by the Committee.

2. Cabinet Member Introduction

- 2.1 This is not applicable at this stage. The relevant Cabinet Member will introduce a response to any report or recommendations that result from this work at the appropriate juncture.

3. Recommendations

- 3.1 That the Overview & Scrutiny Committee:
- (i) Note contents of the attached scoping report;
 - (ii) Agree the aims, objectives and work plan.

4. Other options considered

- 4.1 The Overview & Scrutiny Committee agreed to scope the local impact of the Welfare Reforms. In discussions with senior officers, it was agreed that this work would focus on one aspect of the Welfare Reform; reductions in Housing Benefit for social housing tenants deemed to be in under occupation.

5. Background information

- 5.1 Under the agreed terms of reference, Overview & Scrutiny Committee can assist the Council and the Cabinet in its budgetary and policy framework through conducting in depth analysis of local policy issues.
- 5.2 In this context, the Overview & Scrutiny Committee may:
- Review the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
 - Conduct research, community and other consultation in the analysis of policy issues and possible options;
 - Make recommendations to the Cabinet or relevant nonexecutive Committee arising from the outcome of the scrutiny process.
- 5.3 Cabinet Members, senior officers and other stakeholders were consulted in the development of an outline work programme for Overview & Scrutiny Committee and Scrutiny Panels. An assessment of the impact of the Welfare Reforms was agreed to be included within this work programme by the Committee at its meeting on June 17th 2013.

6. Under Occupation of Social Housing – Housing Benefit Entitlement

National Context

- 6.1 Housing Benefit is a benefit for people on a low income to help them pay all or part of their rent. Housing Benefit is means tested and available to eligible tenants who live in both the social and private rented sector. As of 2012, there were approximately 5 million Housing Benefit claimants, of which 3.4 million were living in the social rented sector.¹
- 6.2 Expenditure on Housing Benefit has increased from £11 billion to £21 billion over the period 2000/01 to 2010/11.² As part of the Governments Welfare Reform Agenda, a number of changes have been introduced to control Housing Benefit expenditure. These have included:
- Calculating Local Housing Allowance (LHA) rates on the basis of the 30th percentile (rather than median) of local rents and applying a 'cap' on LHA rates;
 - Extending the Shared Accommodation Rate to include single people under 35;
 - Introducing a Benefit Cap that restricts, to £500 (or £350 for single people) the total benefits that most workless households can receive each week;
 - Increasing non-dependent charges for other adults in the household each year;

¹ Managing the impact of Housing Benefit Reform National Audit Office, 2012

² Impact Assessment – Housing Benefit: Under Occupancy of Social Housing, DWP 2012

- Restricting the amount of Housing Benefit paid to social housing tenants who are under retirement age and deemed to be under occupying their homes (also known as the 'bedroom tax' or 'spare room subsidy').

6.3 Nationally, changes to Housing Benefit rules and entitlements are expected to reduce total annual spend on this aspect of welfare provision by £2.3 billion.

Under Occupation of Social Housing – Housing Benefit entitlement

6.4 According to Department of Work and Pensions data, in 2010/11, there were an estimated 1.5 million spare bedrooms in the social rented sector.³ This has become a definitive measure of under occupancy.

6.5 Under occupancy in the social housing sector occurs where a household lives in a property that is deemed too large for its needs. Under occupancy may arise when:

- Older tenants remain in the family home after children have left;
- Family breakdown and separation occurs;
- Tenants are initially allocated the property (due to mismatch between size of homes available and those households seeking accommodation).

6.6 In April 2013, new size criteria were introduced to determine the amount of Housing Benefit that can be awarded to social housing tenants below the age of retirement. Under the size criteria, one bedroom is allowed for each person or couple living as part of the household. Children aged 16 or over are allowed their own bedroom, but children under the age of 16 will only be allowed their own bedroom if they are aged 10 or over and their sibling is of a different gender.

6.7 There are a number of exceptions and exemptions to the new under occupancy rules, which can be summarised as:

- An extra bedroom is allowed for a non-resident carer of the claimant or their partner where overnight care is required and provided;
- Registered foster carers who have fostered in the past 12 months;
- Parents of adult children in the armed services.

6.8 Tenants of working age will have a reduction in their Housing Benefit entitlement if their home is deemed to be too large for their needs.

6.9 The rate of Housing Benefit reduction for under occupancy is set at a percentage of the rent, to reflect national variations in rent levels. Thus Housing Benefit reductions would be applied on the following basis:

- 14% where under occupying by 1 bedroom;
- 25% where under occupying by 2 or more bedrooms.

6.9 It is expected that the above changes to Housing Benefit entitlement in the social rented sector will contribute to the following national policy objectives:

- Reduce Housing Benefit expenditure by between £500-950million per annum;
- Encourage greater mobility in the social rented sector (as tenants move to properties more suited to their needs);

³ Family Resources Survey 2010/11 (DWP)

- Make better use of existing housing stock (ease overcrowding as larger properties become available);
- Improve work incentives for working age claimants;
- Establish parity in Housing Benefit rules with the private rented sector (where under occupancy rules already exist).

Impact of under occupancy benefit changes

6.10 Initial estimates predict that 660,000 households will be affected by new under occupancy conditions for Housing Benefit entitlement. Geographically, the region most affected in terms of the absolute number of households is the North West, where 110,000 households are anticipated to experience a benefit cut from under occupancy changes (Table 1). Though the highest rate of households affected and the greatest financial loss per working age adult is expected to be in the North East (Table 1), greater cumulative losses are likely to be experienced in the London region (where rents are higher).

	Households affected	Estimated Loss £million per annum	No of households affected per 10,000	Financial loss per working age adults
North East	50,000	30	440	20
North West	110,000	80	370	18
York & Humb.	80,000	50	360	16
London	80,000	90	240	15
Scotland	80,000	50	340	14
Wales	40,000	20	310	13
West Mids	60,000	40	260	11
East	50,000	40	210	11
East Midlands	40,000	20	210	9
South West	30,000	20	130	7
South East	40,000	30	110	6
GB	660,000	490	260	10

6.11 It is estimated that the majority (81%) of households affected by the under occupancy changes will experience a benefit cut of 14%, that is, under occupation by one bedroom (Table 2). The projected average weekly loss for those affected by this change will be £12 for one bedroom under occupancy and £22 for two or more bedrooms under occupancy (Table 2).

Under occupation by accommodation	Estimated claimants affected	% claimants affected	Average weekly benefit loss
1 bedroom	540,000	81%	£12
2 or more bedrooms	120,000	19%	£22
All bedrooms	660,00	100%	£14

⁴ Beatty & Fothergill, Hitting the poorest places hardest: the local and regional impact of welfare reform, Centre for Regional Economic and Social Research (Sheffield Hallam University)

⁵ Family Resources Survey, DWP, 2001 Policy simulation model

6.12 In Haringey, some preliminary work has been undertaken to assess the numbers of social housing tenants affected by changes to under occupancy rules, which part of the social rented sector they reside and estimated reduction in Housing Benefit. Analysis of this data would suggest that in Haringey, under new under occupancy rules:

- 2,500 households will be affected;
- Council tenants (1,656) are twice as likely to be affected than those renting from a housing association (847);
- About 1,800 households (71%) will have their benefit cut (by 14%) for under occupancy of one bedroom which will result in an approximate £18 cut for both Council and housing association tenants.
- About 700 (29%) households will have their benefit cut (by 25%) for under occupancy of two more bedrooms which will result in an approximate £33 cut for both Council and housing association tenants.

Table 3 – Estimated impact of under occupancy changes in Haringey				
	Council tenants – Number affected and average loss		Housing Association Tenants – Number affected and average loss	
Under occupancy 1 bedroom	1,233	£18.73	565	£18.46
Under occupancy 2 or more bedrooms	423	£33.45	282	£32.96
Total	1,656	-	847	

6.13 Preliminary analysis would suggest that some households may be disproportionately affected by changes to under occupancy rules. From the Governments own impact assessment⁶ and other research⁷ it is estimated that:

- 62% of couples without children will be affected:
- 2/3 of those affected will be women;
- 63% of those affected will be disabled;
- 50% of those affected will be single people; and
- 2/3 of those households affected will include someone with a disability or illness.

Options for tenants

6.14 Under occupying social housing tenants who are in receipt of Housing Benefit will experience a shortfall between their rent levels and the Housing Benefit they receive. These tenants will have a number of options to cover the shortfall which are described in the table below:

Tenant option	Commentary
(1) Absorb cut in benefit	Tenants may remain in their home and meet the shortfall from other (benefit) income. <ul style="list-style-type: none"> ▪ Research suggests that many tenants would find it very difficult (52%) or fairly difficult (31%) to absorb the shortfall.⁸

⁶ Impact Assessment – Housing Benefit: Under Occupancy of Social Housing, DWP (2012)

⁷ Clarke & Williams (2011) Under occupation and the New Policy Framework (Housing Futures Network)

<p>(2) Apply for Discretionary Housing Payment (DHP)</p>	<p>Tenants may claim for DHP from their local authority:</p> <ul style="list-style-type: none"> ▪ Local authorities do not have any duty to pay and payments are not generally ongoing; ▪ Local Authorities allowed to contribute an additional 2.5 times the DHP allocation (i.e. boost fund by 150% from own resources); ▪ An additional allocation has been made to Local Authorities for DHPs to help mitigate against Housing Benefit reforms: £60m in 2012/13 to £120m in 2014/15. ▪ £25m from the above will be to specifically support disabled people living in specially adapted homes as well as foster carers; ▪ Prior to this change, evidence suggest that there has already been a substantive increase (4x) increase in DHP applications.⁹
<p>(3) Move to a smaller home</p>	<p>Tenants move to a smaller properly matched to needs:</p> <ul style="list-style-type: none"> ▪ Tenants move to a smaller property for which there is no reduction; ▪ Tenants may not be able to move due to lack of smaller housing stock; ▪ There is some evidence to suggest that less than a third of affected tenants would seek to move to a smaller property.¹⁰
<p>(4) Take in a lodger</p>	<p>Under occupied room(s) are sublet to a lodger(s):</p> <ul style="list-style-type: none"> ▪ Tenants should apply to social landlord for consent to take in a lodger (some may have policies prohibiting this); ▪ Room no longer considered to be under occupied; ▪ First £20 of income from the lodger would be disregarded when calculating benefit entitlement;
<p>(5) Increase income</p>	<p>Additional income generated by tenant:</p> <ul style="list-style-type: none"> ▪ Incentive to return to work or increase working hours for those able to do so; ▪ Many of those affected may be older (nearing retirement) and there may limited opportunities.

Possible implications for social landlords

6.15 Changes to Housing Benefit rules for under occupancy in the social rented sector will also have an impact for social landlords, both local councils and housing associations. As a result of these changes it is likely that social landlords will need to reassess the support that is provided to tenants, the adequacy of local housing policies and protocols and implications for wider social rented housing sector.

6.16 The following table highlights some of the key issues that social landlords may need to address to facilitate and support this change:

⁸ Cambridge Centre for Housing and Planning Research, Under occupation and the new policy framework (2011)

⁹ Inside Housing, Applications to Hardship fund surge by 300% 12th July (2013)

¹⁰ Housing Futures Network, Under Occupation and the Housing Benefit Reform, Cambridge Centre for Housing and Planning Research (2012)

Implications for Social landlord	Commentary
(1) Accruing rent arrears	<p>Tenants unable to absorb cut may fall into rent arrears.</p> <ul style="list-style-type: none"> ▪ Social landlords will need to assess arrears policy (enforcement, debt recovery and bad debt); ▪ Assess impact of enforcement and consequential impact (e.g. evictions and displacement to other more expensive; ▪ Research would suggest that social landlords expect to see a rise in arrears and a decline in rental income.¹¹
(2) Allocations Policy	<p>Ensure that allocations policies reflect benefit changes:</p> <ul style="list-style-type: none"> ▪ That initial allocations at bedroom standard for working age households; ▪ Ensuring that under occupiers are prioritised in transfer policy.
(3) Re-designation	<p>Social landlords to re-designate rooms (e.g. small box rooms, adapted facilities for disabled):</p> <ul style="list-style-type: none"> ▪ Re-designation must be accompanied by a corresponding rent reduction (to avoid any penalty). ▪ Any wider policy of re-designation, may impact on social landlord income, existing loan agreements and longer term financial modelling.
(4) Lodger policy	<p>Social landlords should review and publicise policies for tenants to take in lodgers.</p>
(5) Dedicated support programmes	<p>Tailored support to affected tenants to facilitate change:</p> <ul style="list-style-type: none"> ▪ DHP policy, practice and funding; ▪ Effective communication, engagement and option appraisal with affected tenants; ▪ Operation of effective downsizing scheme to support tenants wanting to move; ▪ Supporting tenants to arrange mutual exchanges through either local or national schemes; ▪ One-off events to facilitate change (e.g. tenant ‘speed dating’ to match downsize/upsized); ▪ Partnership opportunities between social landlords.
(6) Inter-related policy	<p>How do connecting policy and practices support change?</p> <ul style="list-style-type: none"> ▪ How are affected tenants referred in to local back to work schemes?
(7) Impact on wider housing market	<p>How will Housing Benefit changes impact on broader social rented sector?</p> <ul style="list-style-type: none"> ▪ How will changes impact on Temporary Accommodation rates? ▪ Impact on voids and turnaround performance resulting from people wanting to move; ▪ Identify any longer term adjustments to the supply of affordable housing in Haringey. ▪ How any mismatch between supply and demand for smaller properties can be rectified;

¹¹ Impact of welfare reform on housing associations – 2012 baseline report Ipsos Mori Social Research Institute, University of Cambridge

	<ul style="list-style-type: none"> ▪ Increase availability of smaller properties.
(8) Impact on vulnerable groups.	<p>Monitor how reforms will impact on vulnerable or marginalised groups (as in 6.13).</p> <ul style="list-style-type: none"> ▪ Disabled people (home adaptations etc) ▪ Provision of specialist support, ▪ Working in partnership with other local community and voluntary sector agencies

7. Aims and objectives of scrutiny involvement

Overarching aim

- 7.1 To assess how changes to Housing Benefit rules for under occupation in the social rented sector have impacted on tenants and landlords, identify local priorities for the Council, and evaluate the effectiveness of the action that landlords and the Council have taken to mitigate the effect of the under occupancy penalty.

Component objectives

7.2 *For Tenants:*

- Identify the number and characteristics of those tenants affected by under occupancy reforms;
- Ascertain what impact under occupancy reforms have had upon affected tenants;
- To assess the response of the Council and other social landlords in ensuring affected tenants:
 - Were aware of changes and options available to them;
 - Were supported in making any necessary changes or adaptations to new benefit rules;
- Identify information or service gaps which may further support tenants to respond to occupancy reforms.

For Social Landlords (Council and housing associations)

- To identify the nature of dedicated support provided by Council and other social landlords to tenants to support change (e.g. advice, support, programmes);
- To assess how the Council and other social landlords work together to support local tenants and manage change (e.g. operation of Discretionary Housing Payments, transfers);
- To assess how local policies and practice should adapt to respond to Housing Benefit changes (e.g. rent arrears, re-designation, allocations policy, lodger policy);
- To assess how initiatives to support under occupancy are coordinated with other support programmes (e.g. back to work schemes, incentives to move/downsize, reimbursement of moving costs).

Strategic

- To assess how other local authorities and specialist agencies have responded to under occupancy reforms and how this may inform policy and practice in Haringey;
- To assess broader impact of reforms on local social rented sector in Haringey and identify how can these be mitigated (e.g. temporary accommodation, voids, housing supply)?

8. The planned work of the Overview & Scrutiny Committee

8.1 A range of information gathering methods will be employed to ensure that Members of the panel have access to evidence necessary to assist them in this investigation of under occupancy in the social rented sector. This will include:

- Desk based reviews (local policy and performance data);
- Informal evidence gathering sessions (with local stakeholders and other informed agencies);
- Formal panel meeting (to coordinate, report and conclude work);
- Primary data collection (with affected tenants).

8.2 It is anticipated that a wide range of stakeholders will be involved in this project including the following:

Tenant consultation	Local Policy & Practice	Comparative Policy & Practice
<ul style="list-style-type: none"> ▪ Local tenants ▪ Housing Scrutiny Panel representatives (Homes for Haringey & RHPs) 	<ul style="list-style-type: none"> ▪ Adults & Housing (Haringey Council) ▪ Homes for Haringey (HfH) ▪ Registered Housing Providers ▪ Haringey Citizens Advice Bureau 	<ul style="list-style-type: none"> ▪ National Housing Federation (NHF) ▪ Chartered Institute of Housing (CIH) ▪ Other Local Authorities ▪ Shelter

8.3 It is envisaged that the work programme for this project will be in 5 stages. These are summarised in the table below with estimated timeframe.

Stage	Aim	Purpose / Activity	Time line
1.	Scoping	A. Consult with senior officers B. Scoping report aims, objectives and work plan	October 2013
2.	Local Policy & Practice	A. Report providing analysis of local data, policies and practice B. Evidence gathering session 1. <ul style="list-style-type: none"> ▪ Homes for Haringey, Adults & Housing Service and RSLs 	November 2013
3.	Comparative Policy and Practice	A. Evidence gathering session 2: <ul style="list-style-type: none"> ▪ NHF, CIH, Shelter and Other LA's B. Briefing of comparative policy and practice in other authorities	December 2013
4.	Tenant consultation	A. On-line survey for tenants B. Evidence gathering session 3: <ul style="list-style-type: none"> ▪ Tenants affected, Housing Scrutiny Panel representatives (HfH and RSLs) and Haringey CAB. 	Survey (November – January) 2013 Evidence gathering: February 2014

5.	Reporting	A. Overview & Scrutiny Committee <ul style="list-style-type: none"> ▪ Project coordination, review evidence, develop recommendations and reporting. 	Ongoing Final report March 2104
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9. Comments of the Chief Financial Officer and Financial Implications

9.1 It is assumed that any costs associated with this review can be contained within existing budgets for Scrutiny functions, this would include any costs of consultation events or surveys. If there are any costs associated with the recommendations of these panels these will need to be highlighted at the appropriate time for funding to be identified.

10. Head of Legal Services and Legal Implications

10.1 The role of the Overview and Scrutiny Committee in relation to the development of the Council's budget and policy framework is set out in the Budget and Policy Framework Procedure Rules in Part 4 of the Constitution. There are no other immediate legal implications arising from this report.

11. Equalities and Community Cohesion Comments

11.1 Overview and scrutiny has a strong community engagement role and aims to regularly involve local stakeholders, including residents, in its work. It seeks to do this through:

- Helping to articulate the views of members of the local community and their representatives on issues of local concern
- As a means of bringing local concerns to the attention of decision makers and incorporate them into policies and strategies
- Identified and engages with hard to reach groups
- Helping to develop consensus by seeking to reconcile differing views and developing a shared view of the way forward
- The evidence generated by scrutiny involvement helps to identify the kind of services wanted by local people
- It promotes openness and transparency; all meetings are held in public and documents are available to local people.

11.2 Section 6.13 has already highlighted particular groups that may be affected by the proposed changes which are the focus of this project. Thus particular attention will be given to assess how proposed changes impact on these particular community groups and identify any measures to ameliorate any adverse impacts.

11.3 A number of engagement processes will be used to support the work of the Environment & Housing Scrutiny Panel (survey and dedicated event) which will seek to include a broad representation from local stakeholders. It is expected that any equalities issues identified within the consultation processes will be highlighted and addressed in the conclusions and recommendations reached by the panel.

12. Head of Procurement Comments

12.1 Not applicable.

13. Policy Implications

13.1 It is intended that the work of the Overview & Scrutiny Committee will contribute and add value to the work of the Council and its partners in meeting locally agreed priorities. In this context, it is expected that the work of the Committee may contribute to improved policy and practice for the following corporate priorities:

- **Opportunities for all:** A successful place for everyone - Ensure that everyone has a decent place to live.

14. Use of Appendices

14.1 Any appendices are listed at the end of the report:

15. Local Government (Access to Information) Act 1985