

Overview & Scrutiny Committee
Evidence Gathering Session (#1) – Under Occupancy and Social Housing
Local Policy and Practice
13th December 2013 (Haringey Civic Centre)

Present: Cllr Adamou, Cllr Bull (Chair), Cllr Newton, Cllr Weber and Cllr Winskill and Yvonne Denny (Co-optee)

Also in attendance: Lexanna Anderson-Brown (Metropolitan), Sean Gardiner (Homes for Haringey), Phil Harris (Haringey Council) Bill Henderson (Newlon), Dawn Mcalla – Hunte (Metropolitan), Pat Lee (L &Q), Clive Meredeen (Family Mosaic), Daren Nowlan (Sanctuary) and Laura Stokes (L & Q).

1. Apologies

- 1.1 Apologies were received from Cllr Alexander, Cllr Bloch and Cllr McNamara.

2. Introduction

- 2.1 The Chair welcomed all those attending. It was noted that aside from holding decision takers to account, scrutiny has an important role in assisting the Council in policy formulation. Through its independent, investigative and evidence based project work, the Committee aims to produce recommendations that guide and support the policy and practice in the council.
- 2.2 The Committee has been very keen to contribute to the Welfare Reform agenda here in Haringey, and after careful scoping, has agreed with services that it would be beneficial to look at housing benefit changes for those deemed to be in under occupation. This is an important local issue that has an impact on a large number of local residents and has direct consequences for the Council and local housing partners.

3. Scope

National

- 3.1 A key national policy driver for changes to under occupancy was the need to reduce welfare spending. It was noted expenditure on housing benefit had doubled to £21billion in the ten years to 2011.
- 3.2 It was estimated that there were up 1.5 million spare rooms in social rented sector and the introduction of new size criteria for Housing Benefit would:
- Affect 660,000 tenants
 - Save £500-950million p.a.

Size criteria

- 3.3 New rules for Housing Benefit (April 2013) stipulated that those deemed to be in under occupation would have a reduction in their Housing Benefit entitlement. This was a national rate:
- 14% where under occupying by 1 bedroom
 - 25% where under occupying by 2 or more bedrooms.

3.4 The Housing Benefit reduction for under occupation would only apply to those households of working age (e.g. those of pensionable age were exempt). There are also other exceptions (additional rooms allowed):

- non resident carer for overnight care
- Registered foster parents
- Parents of children in the armed forces

3.5 Changes to HB rules for under occupancy were expected to deliver the following policy outcomes:

- Reduce Housing Benefit expenditure by between £500-950million per annum
- Encourage greater mobility in the social rented sector
- 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).

3.6 The introduction of the under occupancy HB change has a number of possible implications for both social landlords and their tenants. These are summarised below:

Implications for Policy and Practice of social landlords	Possible actions for affected tenants
(1) Rent arrears and debt collection	(1) Absorb cut from existing (benefit) income
(2) Allocations Policy	(2) Discretionary Housing Payment (DHP)
(3) Re-designation	(3) Move to a smaller home
(4) Lodger policy	(4) Take in a lodger
(5) Dedicated support programmes	(5) Increase income
(6) Inter-related policy	
(7) Impact on wider housing market	
(8) Impact and support for vulnerable groups	

Aim of scrutiny involvement

3.7 There were three overarching aims of scrutiny involvement:

- Assess how under occupancy changes to HB has impacted on local tenants;
 - Identification and support provided;
 - Vulnerable groups;
- Evaluate the effectiveness of actions taken by social landlords;
 - Outcomes;
 - Local partnerships;
- Identify priorities for Council and partners;
 - Reassess local policies and practice
 - How other policy programmes interrelate (back to work)

3.8 In evidence to the Committee evidence and subsequent discussions at this session, the Committee would seek to address the following questions:

- What has been the impact of this reform on local tenants, in particular, vulnerable tenants?

- What approaches are landlords taking to rent arrears and how are tenants with arrears being supported?
- How effective have Discretionary Housing Payments been in supporting local tenants and is this sustainable?
- What opportunities are there for improved partnerships among local housing providers (e.g. housing transfers and swaps)?
- Are there services which can be provided in a more coordinated way (e.g. debt advice, income maximisation, access to employment and training schemes)?
- How (if at all) has this development affected wider housing issues such as homelessness, the need for temporary accommodation, the housing allocation register or demand for smaller housing units?

4. Under occupancy data

4.1 Prior to this evidence session, under occupancy data had been gathered from social housing providers including Homes for Haringey (which manages the Councils housing stock) and the five largest registered social landlords in the borough. Collected data included:

- the number of tenants affected by 14% and 25% reduction) April 2013 position and current position;
- cumulative financial loss of the HB reduction;
- increase in rent arrears by those affected tenants;
- those tenants claiming Discretionary Housing Payments (DHP);
- tenants affected and able to transfer to smaller housing;
- staffing to support under occupancy administration; and
- Perceptions of the most effective intervention to support affected tenants.

4.2 The following provides a summary of the key data collected from local social landlords (full report attached).

Tenants affected as of April 2013

4.3 As of April 2013 (when the under occupancy change came in to effect) from those social landlords that provided data:

- 1,512 Homes for Haringey tenants were subject of a spare room deduction 1,150 (76%) had a 14% reduction (one spare room) and 362 (24%) had a 25% reduction (two or more spare rooms);
- Similar pattern of deductions was seen amongst registered social landlords: 531 tenants affected of which 412 (78%) were subject to a 14% reduction and 119 (23%) to a 25% reduction.

4.4 The estimated cumulative loss of Housing Benefit as a result of the above change in the first week of April 2013 was:

- £29,060 among Homes for Haringey tenants – equivalent to £1.5m per annum
- £8,584 among tenants for four largest RSL tenants - equivalent to £446,000 per annum
- Based on the above, total cumulative annual HB losses could exceed £2.25 million if including remaining RSLs;

4.5 Among those social landlords able to provide data (Homes for Haringey and four other RSLs), just 37 (2%) of tenants were no longer subject to the HB restriction

because they had moved to a smaller property. This was facilitated by direct transfers (internal and external) as well as exchanges.

Tenants affected as of November 2013

- 4.6 As of November 2013 (7 months after the implementation);
- 1,984 tenants were affected by the under occupancy penalty, a reduction of 2.85% from when the change was introduced (2,042).
 - 1,468 Homes for Haringey tenants were subject of a spare room deduction a (2.9% reduction from April 2013) of which
 - 1,122 (76%) had a 14% reduction (one spare room) and 346 (24%) had a 25% reduction (two or more spare rooms);
 - Among other social landlords, 516 tenants continued to be affected of which 399 (77%) were subject to a 14% reduction and 117 (23%) to a 25% reduction.
- 4.7 The estimated cumulative loss of Housing Benefit as a result of the above change as of November 2013;
- £28,509 among Homes for Haringey tenants and equivalent to £1.48m per annum (a £200k drop from April 2013 estimate);
 - The average losses for Homes for Haringey tenants affected was £19.42 per household, though amongst individual RSLs this was slightly higher ranging from £21.32 to £24.05 per household.
- 4.8 In total, over 240 tenants affected by the under occupancy penalty were in receipt of Discretionary Housing Payment (financial assistance to mitigate the impact of the reform), equating to approximately 10% cases. There was wide variation for take up and receipt of DHP among different RSLs: just one tenant affected from Newlon Housing was in receipt of DHP compared to 42 tenants from Sanctuary Housing.
- 4.9 In respect of accruing rent arrears resulting from the under occupancy penalty:
- 352 (24%) of Homes for Haringey tenants had seen rent arrears increase by £250 or more;
 - 245 (47%) of RSL tenants had seen rent arrears increase by £250 or more (twice as many as for Homes for Haringey). There were again significant differences among individual RSLs.
- 4.10 Nearly all those social landlords consulted indicated that additional staff had been taken on to deal with the impact of the social housing size criteria. Among this sample of responses almost 50 staff have been employed to deal with this and (other) welfare reforms. The range of posts recruited to support this work included:
- Financial inclusion/ income maximisation;
 - Housing options (swap);and
 - Generic welfare reform.
- 4.11 There was some consistency in the responses of social landlords to questions about the effectiveness of individual interventions to support affected tenants. The top three interventions to support tenants were:
- Award of DHP #1
 - Income maximisation =#2
 - Budget advice =#2.

5. Community Housing Service

- 5.1 The Assistant Director of Community Housing gave a presentation to the Committee on the strategic implications of the under occupancy penalty (attached). The following provides a summary of the key themes and discussion points within this presentation.
- 5.2 It was noted that the council developed a new Housing Allocations Policy in 2011 in which local housing needs were grouped in to 5 distinct bands (A to E). Applicants to the local housing register are placed in respective bands according to their needs and personal circumstances.
- 5.3 It was noted that there are approximately 10,900 people on the local housing register of which 288 are in Band A, those in highest housing need (with a critical medical or welfare issue). A full breakdown of applicants to housing register by banding is given below:

Housing Allocation Band	No of Applicants
Band A - the most urgent or critical housing need	288
Band B - a high priority housing need	3,427
Band C - an identified housing need	1,342
Band D identified housing need but have a lower priority than Band C or no local connection	5,913
Band E - no identified housing need or local connection	

- 5.4 Of those applicants in Band A, almost all (81%) are looking for a 1 bedroom apartment.
- 5.5 In relation to those tenants in currently in Band A:
- There are 695 households living in a 2 bedroom home of which 53 (7%) may be subject to losing 14% of HB entitlement (under occupying by one bedroom);
 - There are 357 households living in a 3 bedroom home of which 33 (9%) may be subject to losing 25% of HB entitlement (under occupying by more than 1 bedroom).
- 5.6 The potential net impact of tenants seeking to move as a result of the under occupancy penalty was discussed. It was concluded that the council would:
- Require an additional 1,000 one bedroom homes;
 - Require an additional 40 two bedroom homes;
 - Gain an additional 860 three bedroom homes;
 - Gain an additional 190 four bedroom homes;
 - Gain an additional 30 five bedroom homes.
- 5.7 The Committee noted that the annual turnover of 1 bedroom flats in the borough was in the region of 400-450, and additional 450-500 flats would be needed to support any tenant flow arising from the under occupancy penalty.

- 5.8 Conversely, basic modelling from the under occupancy reform would suggested that over 1,00 larger properties could be 'freed up' if affected tenants chose to smaller property (and were able to do so). Whilst it is acknowledged that this there were families on the housing register who require larger properties (3 bed and over) other options for these homes could be considered, such as conversion to smaller units.
- 5.9 It was noted that the national under occupancy figures in the social rented sector tend to be inflated as they include tenants of non-working age, who are exempt from the under occupancy penalty. The general move to keep older people independent in their own home and not in to (smaller) sheltered housing units was also creating a ceiling, which constrained the availability of larger properties.

6. Social Landlords

- 6.1 Homes for Haringey (which managed housing stock on behalf of the Council) and 5 other social landlords attended the evidence gathering session to discuss how under occupancy had impacted upon their respective organisations and how they had responded. The following summarises these response.

Homes for Haringey

- 6.2 Initial data supplied from Revenue and Benefits (April 2012) suggested that there was in the region of 3,800 under occupied homes managed by Homes for Haringey, 1,950 of which were tenants of working age and 1,800 non working age.

Action: To provide the Committee with current data on under occupation among those of non-working age.

- 6.3 A Welfare Reform group undertook a notification, advice and support process with those (1,950) tenants of working age in under occupation. Affected tenants were categorised in to high risk (housing benefit losses of greater than £20pw with other risk factors such as vulnerability, arrears, disability), medium risk (housing benefit losses of less than £20pw and 2 or fewer compounding circumstances) and low risk and contacted in risk group order from September to December 2012 to:
- Make them aware of the possible impact of HB change;
 - Identify housing and other options;
 - Further identify higher risk or vulnerable tenants.
- 6.4 Further work with the HB Service to march 2013 clarified the number of HfH tenants affected by the under occupancy penalty, thus the number of affected tenants was revised downward from 1,950 to 1,520. All these tenants were contacted by letter and most (80%) spoke to a HfH officer (approximately 20% of tenants did not respond to any contact or correspondence). Of those tenants that had been contacted by HfH (1,039):
- 34% had not decided on their response;
 - 33% indicated that they would fund the difference themselves;
 - 11% indicated that they were hoping to move through the Home Connection letting schemes;
 - 6% indicated that they would hope to move through the Homeswapper Scheme (a national mutual exchange scheme).

- 6.5 Further detail on the impact and response of affected tenants was noted including:
- Home swapping or transfer was complicated by tenant expectations: that a 'better' home would be available; preference was for properties in the west of the borough and in smaller lower rise blocks.
 - There was a significant increase in arrears among those affected – 352 increased by more than £250.
- 6.6 The Committee noted that HfH had made a number of interventions to support those tenants affected including:
- Two events for local tenants to provide advice, information and support;
 - Membership of Homeswapper scheme – 1,200 tenants had signed up;
 - Provision of money advice through CAB (Moneywise Support Project) – officer funding
- 6.7 Where appropriate, tenants affected by the under occupation penalty were encouraged to apply for DHP. In total, 189 HfH tenants have been assisted in this way (including reapplications). It was clear to the Committee however, that this option was not sustainable, given that total rent losses were in the region of £2.1million per annum, whilst DHP allocation to support affected tenants was £218k. Thus whilst other LA's were known to have a DHP under spend, Haringey clearly did not.
- 6.8 Re-designation of units was being used but only on a case by case basis and where this was clearly the best use of property (i.e. would be impractical to move tenant living in an adapted property). Re-designation could not be used more broadly as this would substantially reduce rental income for the organisation.
- 6.9 A borough wide home swapping event was planned for all tenants in the social rented sector to further support transfer and mutual exchange.
- 6.10 The Committee noted some of the unintended repercussions of the under occupation penalty:
- Forcing people to move away from area and away from social support networks;
 - Impact on those services supporting such tenants;
 - Require people to move to a less secure tenancy.

Family Mosaic

- 6.11 The Committee noted that the under occupancy penalty was generally and commonly referred to as the 'bedroom tax', and use of other terms was confusing for tenants.
- 6.12 Family Mosaic (FM) manage approximately 23,000 homes of which 16,000 are general needs properties. Around 750 general needs properties which they manage are in Haringey. It was estimated that of all the housing stock managed by FM, between 1,400 and 2,000 homes would be affected by the 'bedroom tax'. The majority of affected properties would be in London (approximately 1,300), about 7.5% of the stock.
- 6.13 It was noted that FM had a number of services to support tenants and help them adjust to the impact to the introduction of the 'bedroom tax', these included:

- A contact centre which filters call to specialist advice and support
- A financial inclusion team – providing monetary advice and support
- Employment team – advising on employment, training and skills to increase opportunities to gain work and increase income;
- Annual walkabout to raise awareness of this and other welfare reforms.

6.14 Initial assessments by FM indicated that a majority of tenants wanted to stay on in their home and find other ways to meet the shortfall. In this context, support services should, in the short to medium term, focus on money management, income maximisation and increasing work opportunities.

6.15 The Committee noted that although early identification had helped, rent arrears had increased among affected tenants.

6.16 A number of tenants had been referred to apply for DHP, and some had been successful. It was noted however, that access to this service could be improved through the provision of a dedicated contact and line. Whilst it was acknowledged that DHP was a limited resource, more could be done to encourage and support further applications.

6.17 The Committee noted that FM had changed local policies and practice to help the organisation and tenants adjust to implications of the ‘bedroom tax’. This included:

- ‘Beefed up’ affordability assessment for those taking on a new tenancy to ensure that they can afford now and in the future;
- Additional priority is given to downsizing tenants wishing to transfer or move;
- More generous regulations around what constitutes a single or double bedroom and designation (only a small number have been re-designated).

6.18 It was noted that the option of taking in lodgers to increase the income of affected tenants had not been pushed or promoted as this was perceived to present a number of issues including:

- Potential complications for income assessment and benefit entitlement (with a turnover of lodgers possible)
- Possible links to fraud;
- Safeguarding implications where vulnerable adults or children were present.

6.19 FM was however supporting a major push on mutual exchanges and were providing a number of incentives to tenants. £500 was offered toward removal costs and a further £500 for those downsizing. Those in arrears were also being considered for such exchanges. As a result there has been a 50% increase in exchanges, though numbers were still relatively small (n=11).

Metropolitan

6.20 Metropolitan manages approximately 38,000 properties of which 2,400 are subject to the ‘bedroom tax’. Most of those affected properties were again in London, with about 145 of these being in Haringey.

6.21 Metropolitan has invested in existing staff to help inform, educate and re-skill workforce so that they are better able to assist tenants affected by the ‘bedroom tax’.

It was noted that there are 4 dedicated financial inclusion officers to support tenants, 2 of which are based in London.

- 6.22 The Income team have visited every tenant affected by this reform, to provide face to face advice and support in housing options. From these assessments it was noted that 85% of affected tenants wanted to 'stay and pay', though more than half (52%) may not be able to meet all the shortfall.
- 6.23 Metropolitan has also been working closely with Credit Unions to help provide additional financial support for tenants (and to discourage use of payday loans).
- 6.24 Metropolitan is a member of the G15 partnership (of larger RSLs) and this is a good forum for exchanging good policy and practice. On the whole, it would appear that the approach that major RSLs have taken in response to the 'bedroom tax' is broadly consistent.
- 6.25 One service area identified for possible improvement was joint working with local Housing Benefit Services. In particular, it was noted that improved arrangement to share and exchange data would be beneficial in developing a more coordinated response.

Sanctuary

- 6.26 Sanctuary Housing manages approximately 800 units in Haringey of which 66 tenants were affected by the 'bedroom tax' (as of April 2013). The average loss to tenants affected is approximately £19 per week.
- 6.27 Like other social landlords, Sanctuary has developed a range of support services to provide information and advice tenants affected by the 'bedroom tax'. This has centred on the provision of income maximisation advice and money management advice.
- 6.28 The most successful intervention has been the referral of tenants to claim for DHP. It was noted that there have been over 40 successful claims for DHP, which has helped tenants to meet the shortfall brought on by the under occupancy deduction. This was far higher than other RSLs where there were at most a handful of successful applications. The future availability of DHP was cited as a major risk for tenants going in to and accruing larger rent arrears.
- 6.29 It was noted that $\frac{3}{4}$ of those tenants affected by the 'bedroom tax' were in arrears and arrears was increasing by approximately £6 week. This would suggest that many tenants are struggling with the 'stay and pay' approach. The approach of Sanctuary is that eviction is the last resort and would only be taken up if there was no communication or engagement by the tenant to help resolve the shortfall.
- 6.30 As with other social landlords, the proportion of Sanctuary tenants which have, so far, managed to move to help avoid the under occupancy penalty (e.g. downsize) is very small. It was estimated that just 3% of affected tenants had secured a downsize move. Similarly in relation to tenants taking in a lodger, it was reported that there were no examples of this in Sanctuary.

6.31 Further and improved liaison with HB service would also help to minimise the instances of over payment of benefits, which is also a contributing factor to money problems of affected tenants.

6.32 One further area of concern, where it is clear that more work need to be done, is the preparation for the introduction of Universal Credit system. This will replace all existing benefits, including Housing Benefit, with one payment direct to the claimant. All applications will be on-line, so digital inclusion needs to be taken in to consideration for future planning of local benefit administration.

L & Q

6.33 The Committee noted that there were 200 affected tenants in L & Q homes in Haringey, the majority (3/4) of which were subject to a 14% reduction in their housing benefit (under occupying by 1 bedroom). Across the organisation, there is a dedicated welfare support team providing advice and support to tenants affected by this and other welfare reforms; this service has a caseload of approximately 600 tenants.

6.34 It was noted that arrears among affected tenants had increased since the introduction of the 'bedroom tax' from 4.18% to 5.87%, though this did appear to have reached 'a plateau'. L & Q seeks to minimise evictions where possible and usually 5 attempts are made to contact and resolve the issue with the tenant over a 28 day period. The Committee were informed that no tenant in Haringey had been evicted because of the 'bedroom tax'.

6.35 L& Q operates its own hardship fund to support tenants. It also has an Energy Save Project to help reduce the fuel and energy outgoings of tenants (to help make up the shortfall from the 'bedroom tax'.

6.36 As with other RSLs, there has been little if any take up of tenants taking in lodgers to increase household income (although there have been lots of enquiries. This will be followed up at a later date for verification. It was noted that some other RSLs (FM) had distributed leaflets which promoted an agency for spare rooms in the social rented sector (spareroom.co.uk).

6.37 There are a number of tenancy obligations that have to be undertaken to support housing swaps (this can take a minimum of 32 days):

- Exchange of references between landlords;
- Property visit to assess and make good any repairs (unauthorised alterations);
- Agree and arrange a signing exchange.

6.38 There is greater capacity for home swapping and transfers given the scale of the housing trust (it managed about 2,000 properties in Haringey). It also offers standard incentives for people to downsize to free up larger properties. In addition, it has aimed to remove barriers to swaps by relaxing rules to allow tenants to move with rent arrears.

Newlon Housing

6.39 In total, Newlon manages 8,000 properties, the majority of which are in London. Of these, 850 properties are Haringey most of which (450) are general needs dwellings.

There are 48 tenants affected by the 'bedroom tax' in Haringey, which equates to 11% of GN properties managed in the borough.

- 6.40 The panel noted that the majority of Newlon homes are new and recently built, thus there is a general reluctance among tenants to move or home swap. Out of 4,000 GN properties managed by Newlon there were just 40 swaps or transfers last year, which represents just 15 of housing stock. That being said, there are twice as many mutual exchanges this year compared to previous years, but again, these figures remain small.
- 6.41 Homes swapping and transfers remains the way forward here and more need to be done to facilitate and support this process in the borough. Critical to this process is that tenants should be encouraged to be 'active', rather than passively existing on a list. Organisations should make this process easier
- 6.42 As with other RSLs:
- re-designation has occurred but on a very limited scale and only where there is a clear case (there has only been one re-designation as a result of this reform)
 - rent arrears were slightly up (overall from 4.85% to 5.1%);
 - there has been no legal action as a result of the 'bedroom tax' (this can be very lengthy process).
- 6.43 It was noted that there had been problems with the Housing Benefit department in relation to data and processing of claims. Contacting the service was particularly problematic which was frustrating for officers. Whilst it was noted that the service had improved, further improvement in accessibility and performance was needed.
- 6.44 It was noted that other LA's had introduced on-line applications for DHP, which had caused a number of accessibility issues.

7. General Discussion Points

- 7.1 A final round table discussion was held at the end of the meeting to highlight particular areas of concern. These are summarised below:
- There have been a number of clarifications since April 2013 which has led to a number of exemptions, nonetheless, this group experience particular issues for transfer or swaps given that there may be home adaptations. As a general rule, it was noted that such cases would be unlikely to transfer where there had been substantive adaptations to the property which would need to be re-applied if the tenant should move to a new property.
 - DHP offers a short term solution to a small number of tenants. This is however, not a sustainable option and only really buys some time for the tenant to make more substantive changes swap, transfer, increase income etc). It is likely that funding for this will be further reduced next year.
 - Communication and direct engagement by officers was felt to be most successful in helping tenants to adjust to new HB rules for under occupancy. This helped to make tenants aware and of the possible options available to them to respond.
 - Similarly, money handling and budgeting skills training was felt to be effective in supporting tenants in managing a shortfall in their housing benefit. RSLs often

had dedicated teams to support tenants, or worked with other agencies (CAB, Moneywise) to help support tenants to manage their money.

- The one major concern that many social landlords had was the increasing rent arrears arising from this benefit reform. Whilst this has been relatively small to date, it clearly was increasing and the likelihood that this would increase further for some tenants who were not able to make changes (to income/swap etc) and with the probably reduced access to DHP. Social landlords may have to look at their arrears policies to ensure that these are not a barrier to further actions by the tenant.
- Universal Credit is due to be rolled out in 1-2 years time. It is anticipated that this will bring in a less generous funding regime, in addition, all applications will be on line via DWP and benefits will be paid direct to tenants monthly. This may place additional pressures on tenants to apply for and manage benefits.