

Maidstone Borough Council

Communities Overview & Scrutiny Committee

Tuesday 11 September 2012

The Impact of Welfare Reforms on Housing and Housing Associations

Report of: Overview & Scrutiny Officer

1. Introduction

- 1.1 The Communities Overview and Scrutiny Committee's remit is closely aligned with the Council's priority area, 'For Maidstone to be a decent place to live'. This Committee has an expansive remit that includes Revenues and Benefits, Housing and Vulnerable people and deprivation.
- 1.2 At its first meeting of the Municipal Year the Communities Overview and Scrutiny Committee resolved to examine the impact of current changes to Revenues and Benefits Services as a result of the Welfare Reform Act 2012 which was given royal assent on 8 March 2012.
- 1.3 The Committee received a verbal update on Welfare Reform and the Local Council Tax Scheme which was approved by Cabinet on 18 July 2012 at its meeting on 17 July 2012 which enabled the Committee to have an input into the decision making process.

2. Recommendation

- 2.1 That the Committee consider the wider impact of Welfare Reforms, in line with the areas of responsibility within its remit. Members are recommended to interview Jillie Smithies, Director of Operations, Golding Homes, John Littlemore, Head of Housing and Community Services and Steve McGinnes, Head of Revenues and Benefits Shared Service.
- 2.2 Areas of discussion could include but are not limited to:
 - How have Maidstone Borough Council (MBC) worked with RSLs to keep residents informed?
 - What have been the main challenges for Golding Homes and MBC in terms of Housing as a result of Welfare Reform so far?
 - What are the main issues that have been identified as future risks for both Golding Homes and MBC and what joint measures have been put in place to help mitigate these?

- How can the changes brought about Welfare Reform be utilised as catalyst for change in other areas such as social housing fraud and tenancies?
- How do Golding Homes overcome fraudulent issues such as subletting , key selling and unauthorised succession?
- How are Golding Homes and MBC helping to reinforce the Government's message 'better off in work'?
- What new ways of working, as a result of Welfare Reform, have been identified by Golding Homes and MBC to benefit the most vulnerable in the borough?

3. Welfare Reform

3.1 As a result of the Welfare Reform Act 2012 the following amendments have been made to the Housing Benefit scheme, phased in between 2011-13:

- The extension of the single room rate to people under 35; and
- The restriction to a 4 bedroom rate of Housing Benefit.

The following changes have yet to be implemented:

- The Benefits cap of £350 for single persons and £500 family; and
- Registered Social Landlords (RSLs) size criteria.

3.2 The creation of New Universal Credit is ongoing and will result in the transfer of Housing Benefit to the Department of Work and Pensions; and the New Local Scheme for Council Tax due to be implemented in April 2013.

3.3 The Communities Overview and Scrutiny Committee were informed by Steve McGinnes, Head of Revenues and Benefits Shared Service in July 2012 that the Benefits cap will affect 80 households in Maidstone. The size criteria which is the calculation of Housing Benefit based on accommodation need will replicate the size criteria that is already applied to Housing Benefit claimants in the privately rented sector. These claims are assessed using the local housing allowance rules. The applicable maximum rent will be reduced by a national percentage rate depending on the number of spare bedrooms in the household. It is estimated that this will affect 21% of social households.

3.4 The focus of Universal Credit is to reduce benefit dependence and decrease worklessness. A range of benefits will be brought together and administered by a single agency, the Department for Work and Pensions (DWP). A single monthly payment will be made to each household.

- 3.5 Personal Independence Payments and the Social Fund will remain outside the scope of Universal Credit. Personal Independence Payments will replace Disability Living Allowance for working age claimants from April 2013. The Social Fund will be similar to the Discretionary Social Fund.

4. Housing and Housing Associations

- 4.1 Maidstone Borough Council transferred its Housing Stock to Golding Homes, formally Maidstone Housing Trust, in 2004. Golding Homes are one of many Register Social Landlords (RSLs) operating in Maidstone. They own and manage approximately 6,500 properties in Maidstone and Tunbridge and Malling.
- 4.2 The Communities Overview and Scrutiny Committee may wish to address the concerns highlighted in the Department of Communities and Local Government's (DCLG) Social Housing Fraud consultation published in January 2012 in conjunction with Welfare Reform, particularly at a time when there is a focus on efficiencies across the public sector to ensure that services and provisions reach the most vulnerable. The consultation document stated:
- 4.3 "At a time when there are 1.8m households on the waiting list for social housing and another 250,000 social households are statutorily overcrowded, it is conservatively estimated that there are at least 50,000 social homes in England being unlawfully occupied¹. Recent work has suggested that the number could be significantly higher than this."
- 4.4 The consultation document clarified types of fraudulent activity associated with the letting of social housing. "...`Unlawful occupation' is most commonly taken to mean the subletting of the whole of a home by the tenant, it also covers other activities such as key-selling (where the tenant leaves the property and passes on the keys in return for a one-off lump sum payment) and unauthorised succession (where someone misrepresents their circumstances in order to qualify to succeed to the wing the previous tenant's death). Each case involves someone living in the home who should not be there." The document made it clear that the problem is not just confined to London and other big cities, and it is an issue for both local authorities and housing associations.
- 4.5 Most forms of unlawful occupation, including subletting, are civil matters rather than criminal offences. The purpose of the consultation was "to invite views on whether existing legislation needed to be strengthened, and, if so, how that might be done, to reduce the prevalence of tenancy fraud in social housing." It was made clear that the intention was not to remove social landlords' ability to pursue each case as a civil matter but to explore if they required a wider range of enforcement tools.

5. Impact on Corporate Objectives

- 5.1 The Committee will consider reports that deliver against the following Council priorities:
- 'For Maidstone to be a decent place to live.'
- 5.2 The Strategic Plan sets the Council's key objectives for the medium term and has a range of objectives which support the delivery of the Council's priorities. The Committee's work will contribute to the delivery of these key objectives over the next year.