



Sevenoaks

DISTRICT COUNCIL

Despatched: 17.09.12

SERVICES SELECT COMMITTEE
25 September 2012 at 7.00 pm
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Chairman: Cllr. Davison Vice-Chairman: Cllr. Brown
Cllrs. Abraham, Mrs. Ayres, Ayres, Ball, Mrs. Dibsdall, Edwards-Winsler, Fittock,
Mrs. George, Horwood, Neal, Mrs. Parkin, Pett, Piper, Raikes, Scholey, Miss. Stack and
Towell

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence.		
1. Minutes Minutes of the meeting of the Committee held on 19 June 2012	(Pages 1 - 6)	
2. Declarations of interest Any interests not already registered		
3. Formal Response from the Cabinet following matters referred by the Committee and/or requests from the Performance and Governance Committee (please refer to the minutes as indicated): (a) <i>Performance Monitoring (Referral from Performance and Governance Committee 12 June 2012)</i>	(Pages 7 - 22)	
4. Actions from the Previous Meeting	(Pages 23 - 24)	
5. Future Business, the Work Plan 2012/13 (attached) and the Forward Plan.	(Pages 25 - 28)	

Members will develop a schedule of work over the year to reflect the terms of reference of the Committee focussing on the Council's priorities for policy development. This includes opportunities to invite other organisations who provide services in the District to provide information to the Committee and discuss issues of importance to the Community.

- | | | | |
|----|--|-------------------|---------------------------------------|
| 6. | Universal Credit In-Depth Scrutiny Board - Final Report | (Pages 29 - 142) | Adrian Rowbotham
Tel: 01732 227153 |
| 7. | Affordable Housing Position Report | (Pages 143 - 152) | Gavin Missons
Tel: 01732 227332 |
| 8. | Benefits Performance - Verbal Update | | Adrian Rowbotham
Tel: 01732 227153 |
| 9. | Business Rates Retention | (Pages 153 - 156) | Adrian Rowbotham
Tel: 01732 227153 |

EXEMPT ITEMS

(At the time of preparing this agenda, there were no exempt items. During any such items which may arise, the meeting is likely NOT to be open to the public.)

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

The Democratic Services Team (01732 227241)

SERVICES SELECT COMMITTEE

Minutes of the meeting held on 19 June 2012 commencing at 7.00 pm

Present: Cllr. Davison (Chairman)

Cllr. Brown (Vice-Chairman)

Cllrs. Abraham, Mrs. Ayres, Ayres, Ball, Mrs. Dibsdall, Edwards-Winser, Fittock, Mrs. George, Hogarth, Horwood, Mrs. Parkin, Pett, Piper, Raikes and Scholey.

Apologies for absence were received from Cllrs. Neal and Towell.

Cllrs. Clark, Mrs. Clark, Mrs. Davison, Dickins, Firth, Fleming, Mrs. Morris, Mrs. Purves, Ramsay and Mrs. Sargeant were also present.

1. Minutes

Resolved: That the minutes of the meeting of the Services Select Committee held on 3 April 2012 be approved and signed by the Chairman as a correct record.

2. Declarations of interest.

Cllr. Mrs. Parkin declared a personal interest in matters relating to housing and benefits as she had relatives in both social housing and on benefits.

3. Formal Response from the Cabinet following matters referred by the Committee and/or requests from the Performance and Governance Committee (please refer to the minutes as indicated):

- (a) Performance Monitoring (Referral from Performance and Governance Committee – 13 March 2012)

Members noted that this was dealt with under Agenda Item 10 (Minute 10) 'Sickness Absence.'

4. Actions from the Previous Meeting

There were none.

5. Future Business, the Work Plan 2012/13 and the Forward Plan.

Members noted the Work Plan. The Chairman advised that the Affordable Housing Position information report would be reported to the September meeting.

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6. Reconstitution of Informal groups

a) Members' IT Working Group

The Chairman of the Members' I.T. Working Group had been speaking to his colleagues and proposed the membership to be himself, Cllrs. Abraham, Ayres, Mrs. Dibsdall and Scholey, and that Cllr. Hogarth had expressed a desire to be associated with looking at the Disaster Recovery Plan.

Resolved: That the Members' I.T. Working Group continue to meet and the membership be Cllrs. Abraham, Ayres, Mrs. Dibsdall, Pett (Chairman) and Scholey, with Cllr. Hogarth joining the Group for consideration of the Disaster Recovery Plan, for the municipal year 2012/13.

b) Members' Under Occupation of Social Housing Working Group

Resolved: That the Members' Under Occupation of Social Housing Working Group continue to meet and the membership remain Cllrs. Mrs. Ayres, Mrs. George, Horwood, Mrs. Parkin (Chairman) and Piper, for the municipal year 2012/13.

c) Members' Universal Credits Working Group

The Chairman advised that he had spoken with the previous Chairman of the Working Group and she was happy to remain in that role despite no longer being a member of the Committee.

Resolved: That the Members' Universal Credits Working Group continue to meet and the membership remain Cllrs. Ball, Firth (visiting Chairman), Hogarth, Horwood (Vice Chairman) and Raikes, for the municipal year 2012/13.

Change to Agenda Order

The Chairman, with the Committee's agreement, amended the agenda item order so that report items 8 and 9 were considered prior to item 7.

7. Universal Credit Indepth Scrutiny - Update (Report Item 8)

The Group Manager – Financial Services presented the report explaining that there were two reports on the agenda concerning Universal Credit and Localisation of Support for Council Tax. The Benefits Team currently issue Council Tax Benefit and Housing Benefit, which were two separate benefits although many claimants received both. Council Tax Benefit was changing to Council Tax Support which would be administered and funded by the Council from 1 April 2013. Housing Benefit would become part of Universal Credit which would be administered and funded by central Government and phased in from October 2013 over 4 years. Since the last Services Select Committee meeting, the

Working Group had held two meetings to deliberate and consider options as part of the scrutiny process.

The Chairman of the Universal Credit Working Group advised that Housing Benefit was a joint service with Dartford Borough Council and distributed around £54M to 11,122 households within the District and Borough, administered by the Benefits Team which includes 27 full time equivalent (FTE) staff employed by this Council. The changes were going to bring a number of challenges for staff and those in receipt of housing benefit. Challenges that would be added to by the introduction of the Localisation of Support for Council Tax and new rules on under occupation of social housing and local housing allowance. In the meantime this was not helped by the receipt of lots of different information on how it was all going to work. However there was some certainty on when it would start to have an impact on the Council. In October Universal Credits would initially replace the Job Seekers Allowance rolling out to the Council by April 2014. The Working Group had considered whether it would be worth volunteering as a pilot, but had taken the view that as no funding would be given for doing so it would create too much work and strain on the benefits department. Especially as there were already 70% more calls and post. Another reason for this decision was the Council already had a kind of pilot in place with the HERO (Housing Energy Retraining Options) Project, which already delivered free face to face contact and could possibly be adapted to a pilot study. The Group were looking at all the financial implications, how claims would start to be redirected to the DWP, the time periods for all the changes, numbers of claims and implications for the Council. Two main areas of concern were how to build in resilience to the service and protect more vulnerable residents with diminishing funds. The Working Group hoped to come back with final recommendations to the Committee meeting in September.

The Vice Chairman of the Universal Credit Working Group advised that the impact on the Council would come from its responsibility to the homeless, as the changes could see a marked increase in homelessness or risk of homelessness from people not understanding or being able to manage the new system, and were therefore looking at ways to soften the impact. Another Member of the Group pointed out that there would also be a reduction in the administration fee received for running the benefits service which would have a resource impact as well.

The Director of Corporate Resources (Deputy Chief Executive) advised that there were a number of on going changes at Department of Work and Pensions (DWP) adjusting for the reforms, and the 70% increase in work was due to some of the requirements placed on the Council in advance of the changes. The customer was losing the face to face contact and it would be a difficult and challenging time for them. A Member compared the situation to when Student Loan administration was centralised.

Resolved: That the report be noted.

8. Localisation of Support for Council Tax (Report Item 9)

The Group Manager – Financial Services, reported that the Local Government Finance Bill had introduced one of the biggest fundamental changes requiring all council tax billing authorities to devise a local Council Tax Support Scheme to replace the current national Council Tax Benefit Scheme, commencing 1 April 2013. The report provided more information on the thinking behind the change in legislation and the likely effect on the

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Council. It also set out options for a local scheme and proposed a scheme that had been recommended by the Kent Forum.

The Leader of the Council was invited to address the Committee by the Chairman, he explained the difficulties faced with the various options that had been available, against the benefits of the scheme proposed. He advised that only the elderly were protected, and there was no definition of what a vulnerable group was. The Government would not define what a vulnerable group was so as not to be open to judicial review, and therefore defining the group was being left as a local decision. There was only a requirement to have them in mind. It was also felt that once Council Tax benefit was stopped and the discount applied, the elderly who currently chose not to apply for benefits would apply for the discount.

The Director of Corporate Resources (Deputy Chief Executive) advised that where there were areas of higher deprivation these areas could be heavily hit by the reduction, but Officers had not been able to carry out sufficient modelling due to limited information. He believed that it had not been the Government's intention that Parish Councils would be hit so hard which was why there was now talk of compensation. He explained that he was happy to share the information with Parish Councils but did not want to worry them until more facts were known. The Leader suggested that once the baseline information was known they would be able to share this on the annual tour of the three town councils.

Action 1: An update to be provided at the next meeting.

Resolved: That the Proposed Localisation of Support for Council Tax Scheme as set out at Appendix A of the report, be recommended to Cabinet, for its consideration and recommendation to Full Council.

9. Under-occupation of Social Housing - Final Strategy and Action Plan (Report Item 7)

The Head of Housing and Communications presented the report and draft Under Occupation Strategy 2012-2015. She highlighted five unique and innovative objectives to note were:

- that it was a first for local housing associations not only to jointly work together but with the Council to explore joint funding for a specialist officer to act as an advisor for people downsizing
- that it was a first to use planning gains funding to deliver objectives
- working with developers to build bungalows to encourage downsizing
- the proactive approach taken to minimise the effect of the welfare reform
- a dedicated Under Occupation Officer.

The Chairman commented that those five main points were part of a longer more comprehensive list which had been agreed with the Working Group and all parties identified within the Plan. The Head of Housing and Communications advised that the targets were not enforceable and could only happen through the good working relationship.

In response to questions it was agreed that the following be included in the draft Strategy:

- the definition of social housing
- that the consensual nature of the agreed targets be highlighted
- that an emphasis be made in the expected outcome of an increase of up to 20 cases per annum for the Small is Beautiful Scheme, that this would be reviewed in a year.

A Member asked whether letters would be written to under occupied households rather than just distributing leaflets, as a personalised letter may be more effective. The Head of Housing and Communications advised that the Council did not hold the information and would need to liaise with West Kent Housing to identify the properties.

Action 2: The Head of Housing and Communications to speak to the Well Being Manager at West Kent Housing, and investigate the feasibility of sending personalised letters to under occupied properties.

Members commended the Housing Policy Manager for all his work on the draft Action Plan.

Resolved: That the adoption of the attached strategy be supported and it be recommended to Cabinet for approval as a District Council Policy.

Action 3: If agreed by Cabinet, monitoring of the Action plan to be placed on the Work Plan.

10. Sickness Absence

The Human Resources Manager, Syreeta Gill, introduced herself to the Committee and gave a brief description of her career background.

She reported that at the meeting of the Performance and Governance Committee on 13 March 2012, a Performance Monitoring report was considered which highlighted areas across the council where performance was not meeting target. Due to Members concerns surrounding the levels of sickness absence it was resolved that the matter be referred to the Services Select Committee to review. The report updated Members on the levels of sickness absence across the council and set out an analysis of sickness absence levels across the council, incorporating trends from previous years and available benchmarking. The strategy and actions to reduce sickness absence levels was also included for Members consideration.

Members discussed the differences between the statistics on manual and non manual staff. In response to questions the Human Resources Manager advised that it was difficult to find comparable data with the private sector. The Director of Corporate Resources (Deputy Chief Executive) advised that he would need to confirm but that the private sector was around 7.1 days lost to sickness absence per year compared to 9.6 days in local government.

Action 4: The Director of Corporate Resources (Deputy Chief Executive) to obtain confirmation of the figures.

Members agreed that it was a clear report with helpful statistics, and were very pleased with the progress made on reducing sickness absence. A Member stressed the

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importance of monitoring the quality of return to work interviews. Another Member queried whether flu jabs were provided, advised that positive working from home could help reduce sickness absence, and queried whether the time between the first day of long term sickness and a possible termination period could be reduced by swifter action by managers. It was confirmed that free flu jabs were not provided. The Vice Chairman whilst agreeing with the general point made about speed of action added a note of caution that very often a certain period of time was required in order to prove due process.

The Director of Corporate Resources (Deputy Chief Executive) reported that a number of factors had helped reduce the figures which included a change to the Occupational Health service provider and improved practices for managers including the return to work procedures.

Action 5: That the report be appended to the referral back to Performance and Governance Committee.

Resolved: That the levels of sickness absence be noted and the planned action to reduce the levels of sickness absence, endorsed.

11. Waste And Recycling - DCLG Weekly Collection Support Scheme And Health And Safety Executive Audit of Waste And Recycling Services

The Committee considered a report and Cabinet response on the DCLG Weekly Collection Support Scheme bidding process and the result of the recent Health and Safety Executive (HSE) audit of waste and recycling services, which had been considered by Cabinet on 10 May 2012. Members noted that due to the timescales and deadlines it had not been possible to bring this report to the Committee prior to the meeting of Cabinet. The Head of Environmental and Operational Services updated Members that he had still received no response from the HSE on the further inspection of the drop fronted bins, funded by the Kent Waste Partnership, so was now seeking independent advice.

Resolved: That the report be noted.

THE MEETING WAS CONCLUDED AT 9.00 PM

CHAIRMAN

FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE

- a. Performance Management End of Year Results (Referral from Performance and Governance Committee – 12 June 2012)

The Committee considered a report summarising Council performance. The report also provided details of all 'Red' performance indicators for the period to the end of March 2012. Members noted that the Services Select Committee would be considering a report on sickness absence and the Environment Select Committee would be considering a report on Fly Tipping.

Turning to Indicator LPI HB001, a Member stressed the need to recognise that Officers were in a difficult position due to the 70% increase in the number of new claims and the challenges relating to recruiting experienced benefit assessors. As a result of the challenges being faced by the service, Members stressed the need to set realistic targets for staff. The Deputy Chief Executive and Director of Corporate Resources reported that in order to meet the additional demand between 14 and 17 new benefit assessors would have to be recruited. This simply was not possible due to budget constraints and problems recruiting experienced assessors.

Members also expressed concern at the length of the delay in processing new benefit claims. The Deputy Chief Executive and Director of Corporate Resources reported that some complaints had been received but customers appeared to appreciate the effort that was taken by staff to keep them informed and updated on the progress of their claim.

The Deputy Chief Executive and Director of Corporate Resources also reported that Officers had been meeting with the Portfolio Holder for Finance and Value for Money in order to discuss additional funding contributions towards the Service from the Housing Benefit Subsidy Reserve. The Committee agreed that the Services Select Committee should be asked to further review the performance indicators relating to the Housing Benefits Service.

Turning to Performance Indicator LPI PH001, Number of Home Improvement Agency projects completed, a Member noted that no up-to-date information had been provided. The Policy and Performance Manager explained that at the time the agenda was published the information had not been available however, the new information that had been received would be circulated with the minutes. The Committee also agreed that it would be helpful for the indicator to be further reviewed by the Services Select Committee.

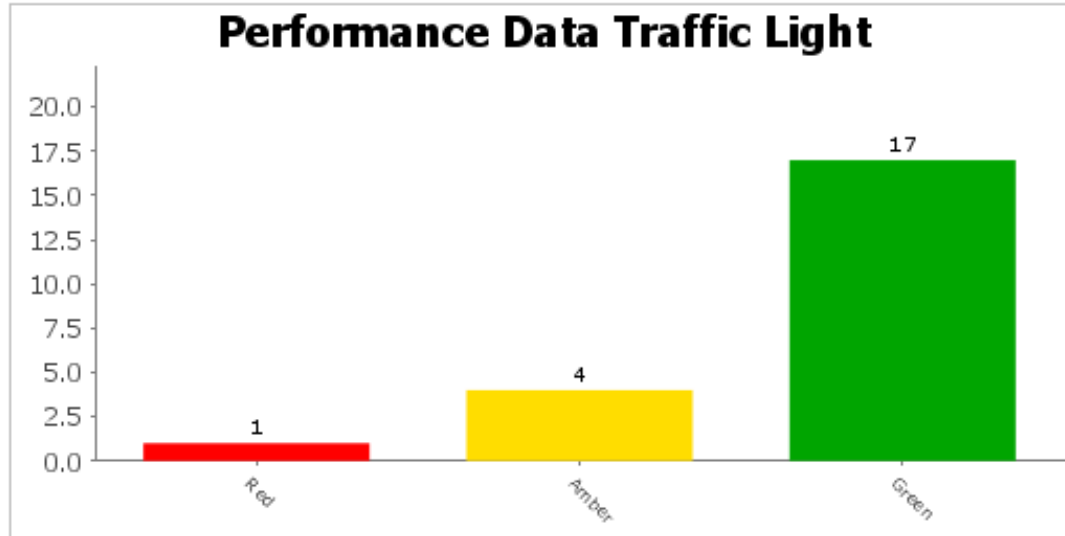
Action 2: That update information regarding indicator LPI PH001 be circulated with the minutes.

In reference to Performance Indicator LPI Waste005, Number of Missed Green Waste Collection Complaints, a Member expressed concerns surrounding having an indicator that simply recorded complaints and did not record the number of missed collections. The Committee agreed that it would be helpful for the composition of the target to be reviewed.

Resolved: That the report be noted and that the Services Select Committee be requested to further review the performance indicators relating to the Housing Benefits Service.

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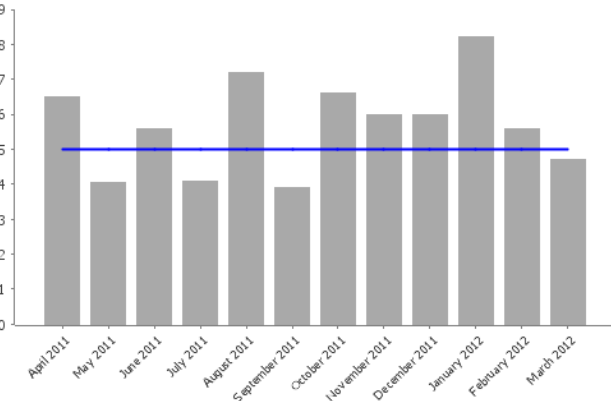
Environment Select Committee PI's



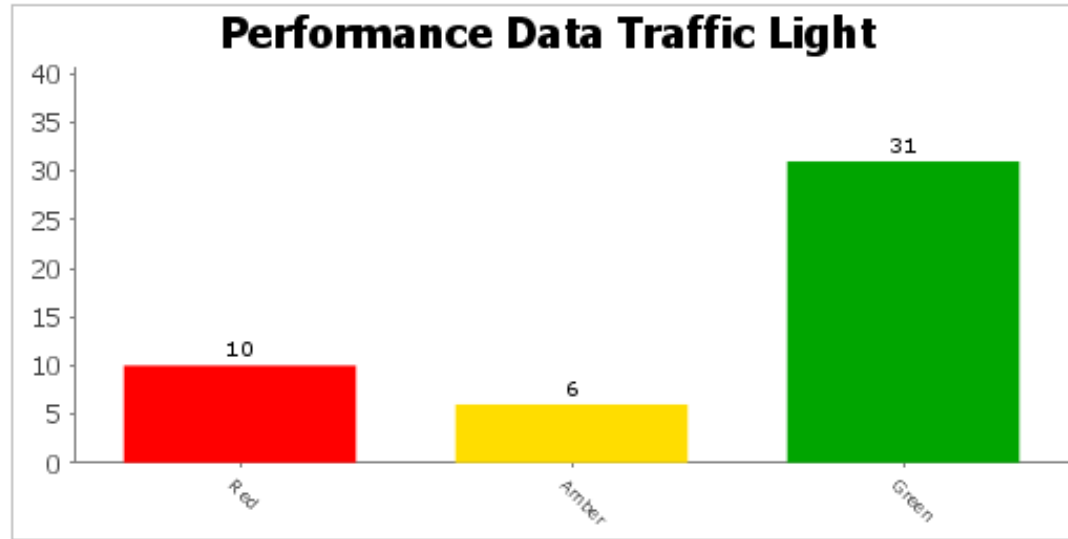
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Please see the following page for details of the Red performance indicator


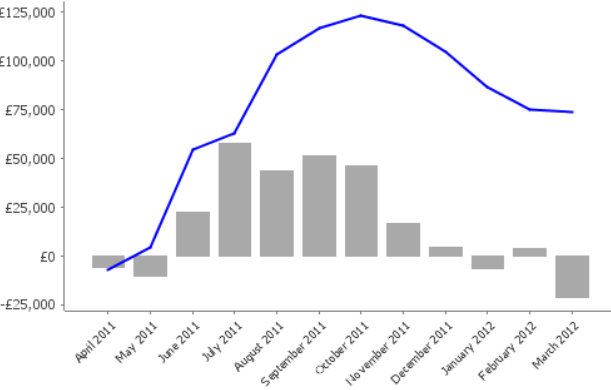
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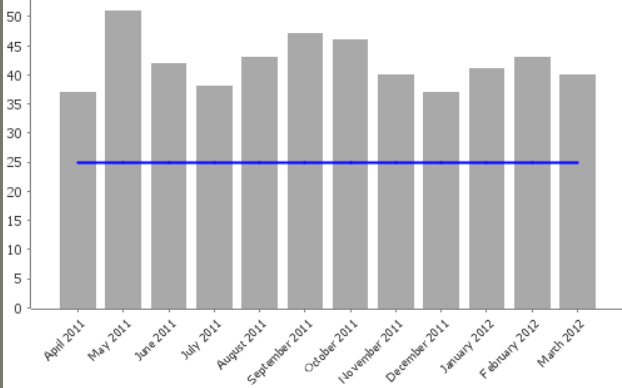

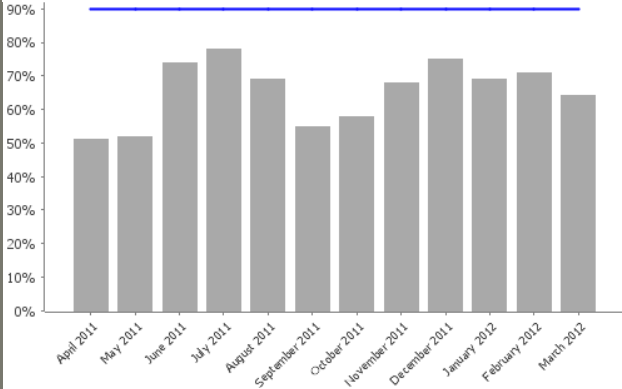
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI Clean 002	Average number of days taken to remove fly tips which the District Council has responsibility to clear	5.71	5			<p>310 fly tipping incidents removed compared with 455 in 2010/11 [a 32% reduction] so performance of report to removal in 5.7 working days against a target of 5, to be addressed, and against an actual performance of 5.1 working days in 2010/11. In the year there were 616 incidents reported compared with 835 in 2010/11 [a 26% reduction]. Even though there were less fly tipping incidents removed, they were of a larger scale. 125 tonnes of fly tipping were removed in 2011/12 compared with 91 tonnes in 2010/11.</p> <p>All reported incidents of fly tipping must be investigated by the crew to determine whether the Council is responsible for removing. Larger scale fly tipping incidents often require a grab lorry to remove waste and can take longer to organise and remove, although many smaller scale incidents are removed on the next working day. The target of 5 working days has been retained for 2012/13 and the crew have been reminded to meet this target, which will continue to be monitored monthly.</p>


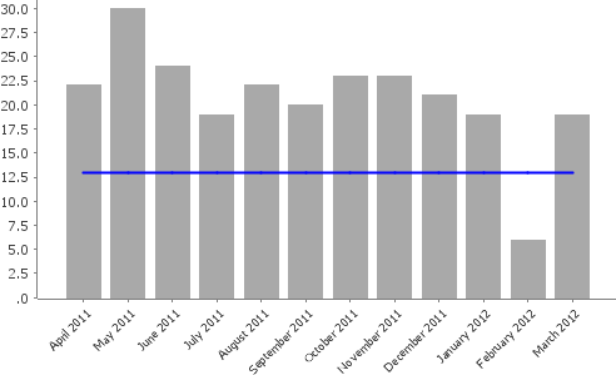

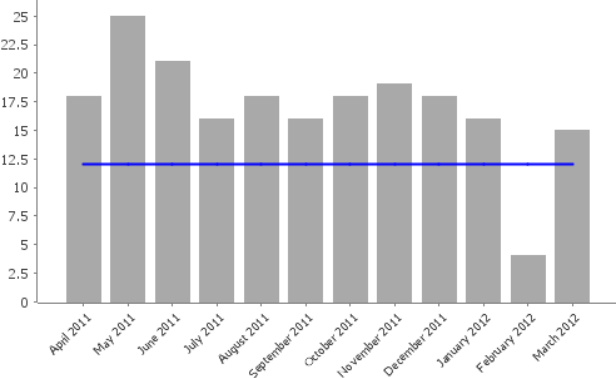
Services Select Committee PI's


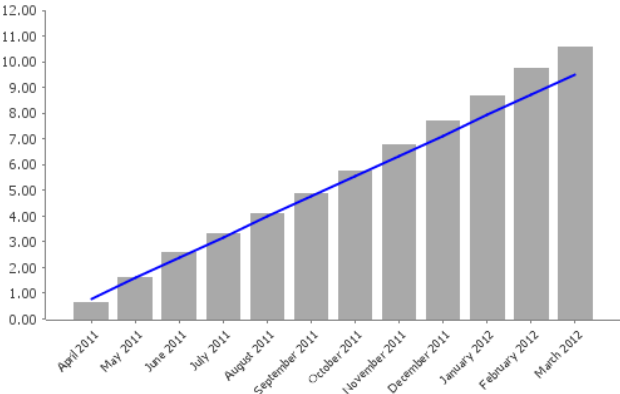



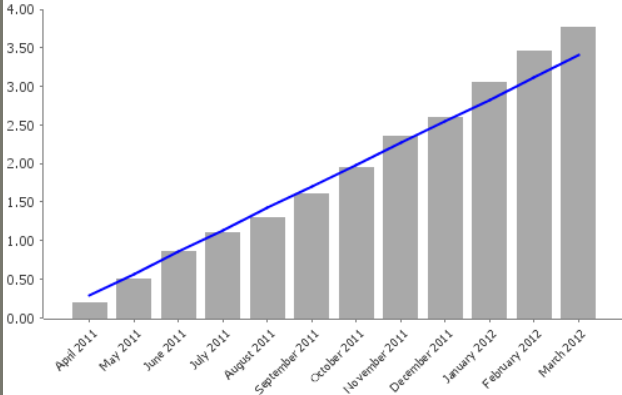
Please see the following page for details of the Red performance indicators

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
PI DS 002	Total Trading Account Position (Year to date)	-£21,318	£73,500			<p>The end of year trading accounts realised a deficit of £21,318 against a budget surplus of £73,500 [0.3% of annual turnover]. Diesel costs were £42,000 over budget and expenditure on disposal costs [trade waste and cesspool emptying] £32,661 over budget. These disposal charges are set by SITA and Thames Water. Total income £213,260 down against budget. Total expenditure £118,442 down against budget. The budget target for 2012/13 is a surplus of £63,500.</p> <p>Charges have been increased to customers for trade waste and cesspool emptying to recover disposal costs, although, it is understood that increasing charges may result in loss of customers as this is a competitive activity. In 2012/13 the trading accounts for cesspool emptying and trade waste collection are under review for financial viability in the future. All trading accounts are monitored monthly. Diesel costs still remain a financial risk to achieving the budgeted surplus.</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI HB 001	Average number of days to process new benefits claims	42.08	25		 <table border="1"> <caption>Average number of days to process new benefits claims (Trend Chart Data)</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>37</td></tr> <tr><td>May 2011</td><td>50</td></tr> <tr><td>June 2011</td><td>42</td></tr> <tr><td>July 2011</td><td>38</td></tr> <tr><td>August 2011</td><td>43</td></tr> <tr><td>September 2011</td><td>47</td></tr> <tr><td>October 2011</td><td>46</td></tr> <tr><td>November 2011</td><td>40</td></tr> <tr><td>December 2011</td><td>37</td></tr> <tr><td>January 2012</td><td>41</td></tr> <tr><td>February 2012</td><td>43</td></tr> <tr><td>March 2012</td><td>40</td></tr> </tbody> </table>	Month	Value	April 2011	37	May 2011	50	June 2011	42	July 2011	38	August 2011	43	September 2011	47	October 2011	46	November 2011	40	December 2011	37	January 2012	41	February 2012	43	March 2012	40	Despite the recent action plan, as activity levels have increased significantly over the last few months, performance and turn around times are not improving. Activity (phone, post, new claims, visitors) has increased by 70% from April 2011 to March 2012. Recruitment of experienced assessors is also proving impossible, plus the uncertainty regarding welfare reform is adding to the challenges faced by the Service. The team is currently exploring the use of external resources to try and improve turn around times.
Month	Value																															
April 2011	37																															
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LPI HB 002	Percentage of new benefit claims processed within 14 days of full information being received	65.33%	90%		 <table border="1"> <caption>Percentage of new benefit claims processed within 14 days of full information being received (Trend Chart Data)</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>52%</td></tr> <tr><td>May 2011</td><td>53%</td></tr> <tr><td>June 2011</td><td>74%</td></tr> <tr><td>July 2011</td><td>78%</td></tr> <tr><td>August 2011</td><td>69%</td></tr> <tr><td>September 2011</td><td>55%</td></tr> <tr><td>October 2011</td><td>58%</td></tr> <tr><td>November 2011</td><td>68%</td></tr> <tr><td>December 2011</td><td>75%</td></tr> <tr><td>January 2012</td><td>69%</td></tr> <tr><td>February 2012</td><td>71%</td></tr> <tr><td>March 2012</td><td>64%</td></tr> </tbody> </table>	Month	Value	April 2011	52%	May 2011	53%	June 2011	74%	July 2011	78%	August 2011	69%	September 2011	55%	October 2011	58%	November 2011	68%	December 2011	75%	January 2012	69%	February 2012	71%	March 2012	64%	Please see commentary for LPI HB 001
Month	Value																															
April 2011	52%																															
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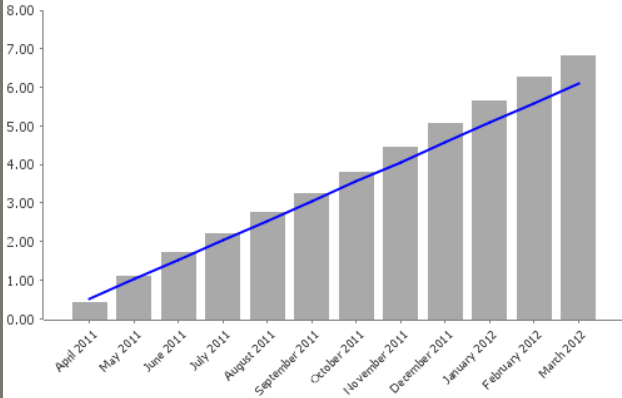
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HB 005	Time taken to process Housing Benefit/ Council Tax Benefit new claims and change events	20.7	13.0			Please see commentary for LPI HB 001
LPI HB 006	Average days to process change of events	17	12			Please see commentary for LPI HB 001


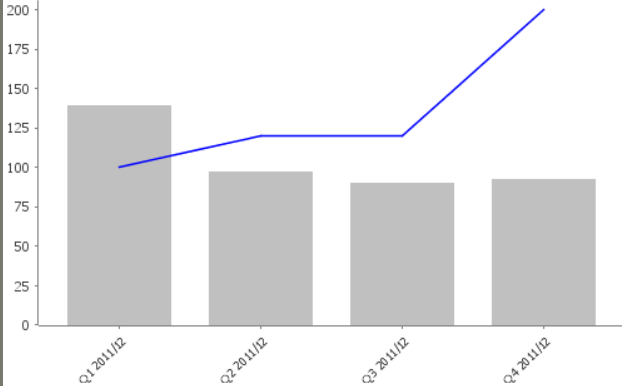

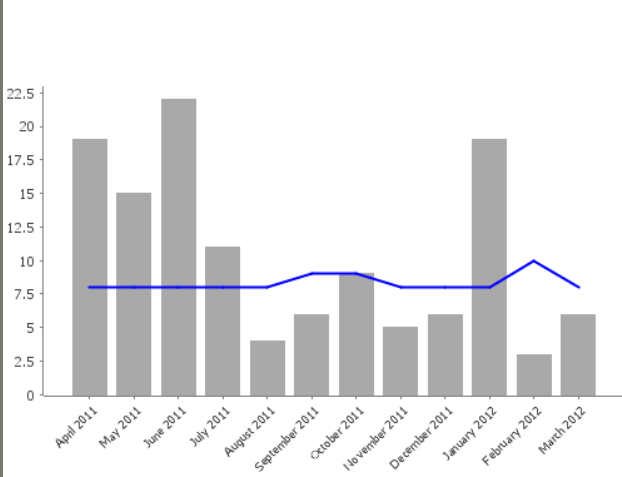
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
PI HR 001	The average number of working days lost to sickness absence per FTE	10.57	9.50			<p>Sickness absence in 2011/12 has been adversely impacted by long term absence related to serious illness and complex medical conditions for a small number of staff. The number of days lost to short term absence has improved when compared with the previous year. Whilst the Council already uses appropriate best practice approaches to measure, monitor and manage attendance it is recognised that more needs to be done to reduce sickness absence further. Key to this is continuing to support managers in enacting the Managing Attendance Policy in a consistent manner and maximising the potential of the occupational health service which will be re-launched in June 2012 and includes new features such as:</p> <ul style="list-style-type: none"> • An online portal through which referrals can be made more quickly and efficiently; • Referral reports now being sent on the same day the officer is seen; • Access to a physician over the telephone for immediate advice; and • A website on which all officers can access advice on health issues. <p>The Council will also run further Health and Wellbeing days aimed at providing staff with the information and skills to better manage issues such as stress and depression, and to help them lead healthier lifestyles.</p>

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI HR 002	Number of working days lost through short term sickness absence per FTE (< 20 cumulative days)	3.77	3.40			<p>Short term absence is slightly above target due to colds/flu, stomach bugs and respiratory issues which have accounted for a large number of absences lasting between 1-4 days. Although above target short term absence has reduced by 0.53 days per FTE since last year. Both the proportion of staff requiring short-term absence and the total number of days lost has also reduced.</p> <p>Improved monitoring and communication with staff over short term absence has been effective during 2011/12. However as set out at LPI HR 001 it is recognised that more needs to be done to reduce sickness absence further. Key to reducing short term sickness the HR Team will work with managers to ensure return to work meetings have taken place where appropriate and action taken where necessary, such as arranging referrals to occupational health.</p>

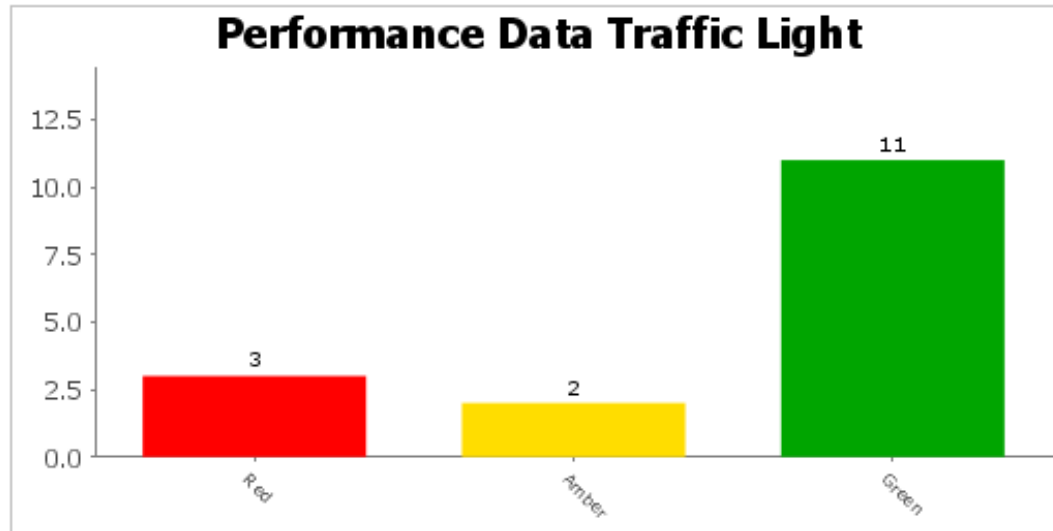
LPI HR 002
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Agenda Item 3


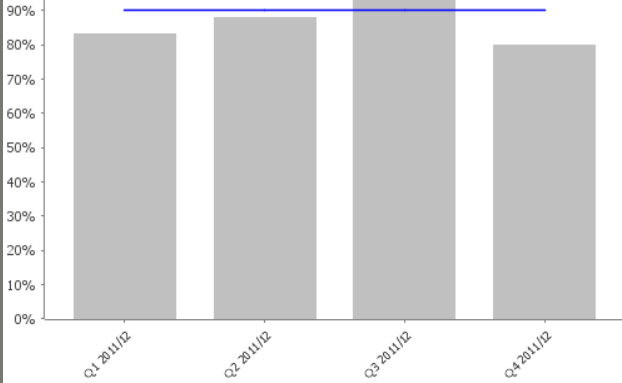

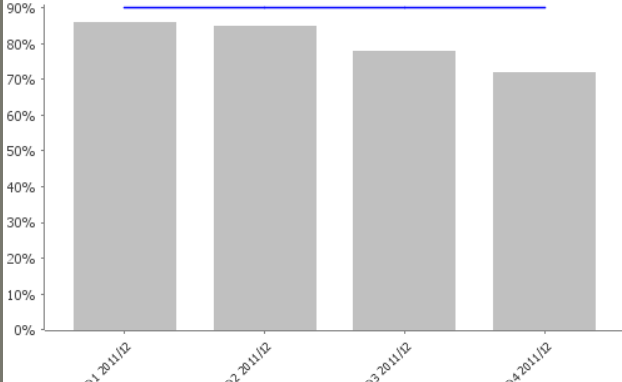
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI HR 003	Number of working days lost through long term sickness absence per FTE (> 20 cumulative days)	6.80	6.10		 <table border="1"> <caption>Estimated Monthly Data from Trend Chart</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>0.5</td></tr> <tr><td>May 2011</td><td>1.2</td></tr> <tr><td>June 2011</td><td>1.8</td></tr> <tr><td>July 2011</td><td>2.5</td></tr> <tr><td>August 2011</td><td>3.2</td></tr> <tr><td>September 2011</td><td>3.8</td></tr> <tr><td>October 2011</td><td>4.5</td></tr> <tr><td>November 2011</td><td>5.2</td></tr> <tr><td>December 2011</td><td>5.8</td></tr> <tr><td>January 2012</td><td>6.5</td></tr> <tr><td>February 2012</td><td>7.2</td></tr> <tr><td>March 2012</td><td>7.8</td></tr> </tbody> </table>	Month	Value	April 2011	0.5	May 2011	1.2	June 2011	1.8	July 2011	2.5	August 2011	3.2	September 2011	3.8	October 2011	4.5	November 2011	5.2	December 2011	5.8	January 2012	6.5	February 2012	7.2	March 2012	7.8	<p>Long term absence has remained above target due to an increase in absences defined as stress/anxiety and depression (not work related) plus absence caused by operations and recovery and instances of staff diagnosed with and being treated for serious illness such as cancer. These absences account for approximately 40% of all sickness absence for the financial year. As set out at LPI HR 001 it is recognised that more needs to be done to reduce sickness absence further, particularly long term absence. Key to reducing long term absence is the launch of the improved Occupational Health Service in June 2012. The HR team will work even more closely with medical experts and managers towards successfully returning staff back to work as soon as they are able. This includes phased returns where appropriate or looking at alternative solutions if people are unable to return to their role.</p>
Month	Value																															
April 2011	0.5																															
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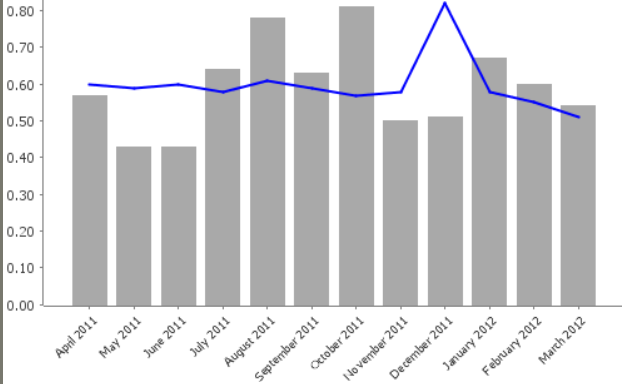
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI PH 001	Number of Home improvement Agency projects completed	418	540			
LPI Waste 005	Number of missed green waste collection complaints	125	100			<p>Missed garden waste collections still higher than target, but a significant improvement on 2010/11 [126 missed collections compared with 191 in 2010/11]. 95% of reported missed collections were collected the next working day. The target for 2012/13 is 100 missed collections [40 bins and 60 sacks]. The green waste collection crew have been through a large turnover of staff, and with vacancies, there has been a heavy reliance on the use of agency staff, which does result in a loss of detailed round knowledge. Recruitment is now underway, including the appointment of a new Supervisor/Driver. The successful appointment to this post will be required to meet these targets.</p>

Social Affairs Select Committee PI's



Please see the following page for details of the Red performance indicators

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note												
LPI EQ 002	Percentage of equality actions completed or in progress	80%	90%		 <table border="1"> <caption>Quarterly Performance for LPI EQ 002</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2011/12</td> <td>83%</td> </tr> <tr> <td>Q2 2011/12</td> <td>88%</td> </tr> <tr> <td>Q3 2011/12</td> <td>92%</td> </tr> <tr> <td>Q4 2011/12</td> <td>80%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Quarter	Value (%)	Q1 2011/12	83%	Q2 2011/12	88%	Q3 2011/12	92%	Q4 2011/12	80%	Target	90%	80% relates to 24 actions either on target or completed. 6 actions are overdue. In addition there are 4 actions in 'amber' status which means they are not yet due but are within 90 days of their due date. Whilst the number of actions in 'green' status has increased from the previous quarter, so has the number of 'red' actions (due to updates not being provided by services). The target of 90% has been missed by three actions. Overdue work will be escalated to senior management.
Quarter	Value (%)																	
Q1 2011/12	83%																	
Q2 2011/12	88%																	
Q3 2011/12	92%																	
Q4 2011/12	80%																	
Target	90%																	
LPI EQ 003	Percentage of impact assessments due that have been completed	72%	90%		 <table border="1"> <caption>Quarterly Performance for LPI EQ 003</caption> <thead> <tr> <th>Quarter</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>Q1 2011/12</td> <td>88%</td> </tr> <tr> <td>Q2 2011/12</td> <td>85%</td> </tr> <tr> <td>Q3 2011/12</td> <td>78%</td> </tr> <tr> <td>Q4 2011/12</td> <td>72%</td> </tr> <tr> <td>Target</td> <td>90%</td> </tr> </tbody> </table>	Quarter	Value (%)	Q1 2011/12	88%	Q2 2011/12	85%	Q3 2011/12	78%	Q4 2011/12	72%	Target	90%	72% relates to 18 assessments either on target or completed. 7 actions are overdue. 6 actions are in amber status which means either they are not yet due but are within 90 days of their deadline or they have been completed but awaiting sign off by DMTs. Whilst the number of actions in 'green' status has increased from the previous quarter, so has the number of 'red' actions, and performance has generally deteriorated over the year. Overdue work will be escalated to senior management.
Quarter	Value (%)																	
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Q4 2011/12	72%																	
Target	90%																	

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note																										
LPI SL 003	Customer accident rate per 1,000 users	0.60	0.55		 <table border="1"> <caption>Monthly Accident Rates (Estimated from Chart)</caption> <thead> <tr> <th>Month</th> <th>Accident Rate</th> </tr> </thead> <tbody> <tr><td>April 2011</td><td>0.58</td></tr> <tr><td>May 2011</td><td>0.43</td></tr> <tr><td>June 2011</td><td>0.43</td></tr> <tr><td>July 2011</td><td>0.65</td></tr> <tr><td>August 2011</td><td>0.78</td></tr> <tr><td>September 2011</td><td>0.64</td></tr> <tr><td>October 2011</td><td>0.81</td></tr> <tr><td>November 2011</td><td>0.50</td></tr> <tr><td>December 2011</td><td>0.51</td></tr> <tr><td>January 2012</td><td>0.82</td></tr> <tr><td>February 2012</td><td>0.67</td></tr> <tr><td>March 2012</td><td>0.55</td></tr> </tbody> </table>	Month	Accident Rate	April 2011	0.58	May 2011	0.43	June 2011	0.43	July 2011	0.65	August 2011	0.78	September 2011	0.64	October 2011	0.81	November 2011	0.50	December 2011	0.51	January 2012	0.82	February 2012	0.67	March 2012	0.55	<p>Sencio continue to adopt a comprehensive approach to monitoring accidents and record all incidents, regardless of severity. Although accident rates have been higher than target, there were no significant, reportable accidents only minor falls and scrapes. Performance will continue to be monitored closely to ensure the average accident rate is no worse than the target level.</p>
Month	Accident Rate																															
April 2011	0.58																															
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March 2012	0.55																															

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ACTIONS FROM THE MEETING HELD ON 19.06.12			
Action	Description	Status and last updated	Contact Officer
ACTION 1	An update on the Localisation of Support for Council Tax to be provided at the next meeting.	The consultation for the local scheme is taking place and will end on 30.09. 2012. All Members have been provided with details of the consultation.	Adrian Rowbotham
ACTION 2	The Head of Housing and Communications to speak to the Well Being Manager at West Kent Housing, and investigate the feasibility of sending personalised letters to under occupied properties.	Housing Associations are making tenants aware of likely benefit cuts as a result of welfare reform, through newsletters etc. As household size/make up can change over time, and sometimes frequently, they are also trying to get up-to-date information on their tenants in order to assess in line with upcoming change. A Housing Benefit circular has also been issued which sets out a timeline of action for Local Authorities and Housing Associations to make direct contact with affected households. This will all be in advance of the proposed changes to prepare those likely to be affected.	Pat Smith
ACTION 3	If agreed by Cabinet, monitoring of the Under-Occupation of Social Housing Action Plan to be placed on the Work Plan.	Cabinet are not meeting to consider the matter until 13.09.2012	Democratic Services

ACTION 4	The Director of Corporate Resources (Deputy Chief Executive) to obtain confirmation of the difference between the private sector and local government for sickness absence figures.	<p>Average Annual Absence Rates (%) (Dec 2011)</p> <p>Local Government 4.2 Public Sector 4.0 Non profit 3.9 Sevenoaks District Council 4.6 Private Sector Services 3.1</p> <p>The figure for SDC at the end of August 2012 was 3.83%.</p>	Syreeta Gill
ACTION 5	That the report on sickness absence be appended to the referral back to Performance and Governance Committee.	The report has been appended to the referral back to the Performance and Governance Committee.	Democratic Services

SERVICES SELECT COMMITTEE - WORK PLAN 2012/13

Topic	25 September 2012	1 November 2012	29 January 2013	4 April 2013	June 2013
In-Depth Scrutiny					
	Universal Credits - Stage 6				
Housing (Pat Smith)	Affordable Housing Position Report (information only)		SDHR amended Allocation Policy		Affordable Housing Position Report (information only)
Licensing (Richard Wilson)		Licensing Update Report (information only)			
Payments & Benefits (Adrian Rowbotham)	Business Rates Retention Benefits Performance	Revenues and Benefits Partnership Update			
Human Resources (Syreeta Gill)					
Information Technology (Jim Carrington-West)					Annual IT Update (information only)

Topic	25 September 2012	1 November 2012	29 January 2013	4 April 2013	June 2013
Waste and Recycling (Richard Wilson)		Kent Joint Municipal Waste Management Strategy			
Communications & Customer Service			Customer Services Report (information only)		
Budget (Adrian Rowbotham)		Review of Service Plans Review of Budget Proposals for 2013/14			
Referral of Performance Issues from P&G Committee					Human Resources Update (information only)
Other					

Key Stages of In-Depth Scrutiny Review

Stage 1 – Scoping and identifying key lines of inquiry

Stage 2 – Familiarisation with subject area

Stage 3 – Submission of evidence

Stage 4 – Deliberation/Consideration of Options

Stage 5(a) – Formulation of recommendations and reporting

Stage 5(b) – Outcomes

Stage 6 – Review and Monitoring

Working Group Membership 2012/13

Members IT Working Group

Cllrs. Abraham, Ayres, Mrs. Dibsdall, Pett (Chairman) and Scholey (Cllr. Hogarth joining the Group for consideration of the Disaster Recovery Plan)

Members' Under-occupation of Social Housing Working Group

Cllrs. Mrs Ayres, Mrs George, Horwood, Mrs Parkin and Piper.

Members' Universal Credits Working Group

Cllrs. Ball, Firth*, Hogarth, Horwood and Raikes.

*Visiting Chairman – not a member of Services Select Committee

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UNIVERSAL CREDIT IN-DEPTH SCRUTINY BOARD - FINDINGS

Services Select Committee – 25 September 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Also considered by: Cabinet – 11 October 2012

Key Decision: Yes

This report supports the Key Aim of Effective Management of Council Resources

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services – Adrian Rowbotham

Recommendation to Services Select Committee: Members support the adoption of the attached strategy and recommend it to Cabinet for approval.

Recommendation to Cabinet: Cabinet adopts the attached strategy.

Introduction

- 1 At the Services Select Committee meeting on 31 January 2012 it was agreed that a Members' Working Group (Scrutiny Board) would carry out an in-depth scrutiny of Universal Credit.
- 2 The Scrutiny Board consists of the following Members: Cllrs. Firth (Chairman), Horwood (Vice-Chairman), Ball, Hogarth and Raikes.
- 3 Update reports were presented to the Services Select Committee on 3 April 2012 and 19 June 2012.
- 4 The Scrutiny Board has now concluded its investigations and presents the Services Select Committee with its key findings and recommendations as set out in the attached 'Anticipated Impact and Strategy 2012 – 2017' (Appendix 1).

Key Implications

Financial

- 5 The financial implications are contained in the 'Financial Impact of Universal Credit on Sevenoaks District Council' section of Appendix 1.

Agenda Item 6

Community Impact and Outcomes

6 The community impact and outcomes are contained in Appendix 1.

Legal, Human Rights etc.

7 There are no legal or human rights implications arising from this report.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The actions proposed aim to assist residents who will be affected by the change to Universal Credit.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Risk Assessment Statement

8 A 'Risks Analysis' section is included in Appendix 1.

Appendices:

Appendix 1 – Universal Credit – Anticipated Impact and Strategy 2012 - 2017

Background Papers:

Report to Services Select Committee 19 June 2012 – Item 8 – Universal Credit Indepth Scrutiny Update

Report to Services Select Committee 3 April 2012 – Item 6 – Universal Credit Indepth Scrutiny Update

Report to Services Select Committee 31 January 2012 – Item 6 – Universal Credit Indepth Scrutiny Briefing Note

Report to Services Select Committee 8 November 2011 – Benefits Service update

Contact Officer(s):

Adrian Rowbotham Ext. 7153

Meryl Young Ext. 7397

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

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Universal Credit – Anticipated Impact & Strategy
2012 – 2017

Services Select Committee

Universal Credit – Contents Page

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• Summary of key changes under the Welfare Reform Act 2012	5
• Key Lines of enquiry	6
• What is different about Universal Credit and how is it expected to work and what are its implications for local authorities and residents?	7-10
• What are the key challenges for Sevenoaks District council in adjusting to the new system of Universal Credit?	11
• What impact will the changes have on demand for the Council services?	12-16
• What other organisations will also be affected by the change to Universal Credit?	17
• Financial Impact of Universal Credit on Sevenoaks District Council	18-21
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• Dealing with the challenges	25-29
• What opportunities are there to lobby DWP/play a part in how the new system is implemented? (e.g. could or should Sevenoaks become a pilot Council for implementing the new scheme?)	30
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• Evidence Gathering – 2 nd March 2012	Appendix 1c
• Evidence Gathering – 16 th March 2012	Appendix 1d
• Piloting UC Presentation	Appendix 1e
The impact of Welfare Reform on Housing – CASE The impact of Welfare Reform on the South East Housing Market - Michelle Chivanga, South East Policy & Practice Officer	Appendix 1f
Update for Services Select meeting of 3 rd April 2012 – presentation by Cllr Horwood	Appendix 1g

Introduction

Universal Credit is a new single payment benefit system for people who are out of work or on a low income.

Under Universal Credit a range of benefits and credits will be merged into a single payment to ensure that claimants are financially better off in work, thus improving work incentives and helping families to become more independent.

The new Universal Credit system also aims to:

- simplify the benefits system, thus making it easier to understand and more cost-effective to run,
- smooth the transitions into and out of work, thus reducing in-work poverty for those on low incomes; and
- cut back on fraud and error

Universal Credit will be launched in October 2013 for working aged people and will, in a phased approach, replace all new claims to the following working-age benefits with a single streamlined payment:-

- Income-based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Child Tax Credits
- Working Tax Credits
- Housing Benefit

Existing claims to any of the above benefits will be transferred to Universal Credit via a separate phased approach from 2014 to 2017.

The change to Universal Credit will have a major impact on residents, landlords, the Benefit Service and the Housing team of Sevenoaks District Council. The inclusion, for example, of housing costs within Universal Credit, will have direct operational consequences upon the Benefit Service at the same time as the service is implementing the new localised Council Tax Discount Scheme due to take effect from April 2013, pursuant to the Local Government Finance Bill.

The aim of this report is to provide Members with an introduction to Universal Credit and its likely impact upon Sevenoaks District Council. Recommendations aimed at assisting both the Council and residents to adapt to the new system are included.

Policy background and context

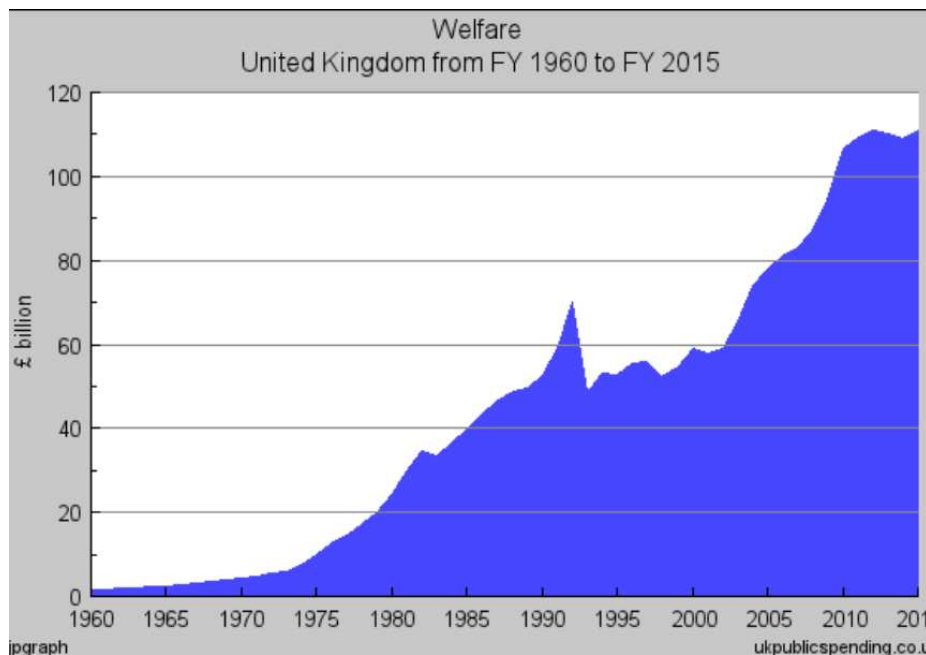
Dynamic Benefits report: towards welfare that works

Universal Credit is the Coalition Government’s flagship welfare reform policy and was developed by the Secretary of State for Work and Pensions, the Rt Hon Ian Duncan-Smith MP, author of the radical Dynamic Benefits report. The Report asserts that the benefits system has unwittingly trapped generations into worklessness and benefits dependency since many claimants see no more than a few pence for every additional £1 earned due to commensurate reductions in Council Tax Benefit, Housing Benefit and Tax Credits – resulting in both the perception, and the reality, that work does not pay. The fundamental aim of Universal Credit, therefore, is to smooth the transition into work by reducing benefits at a consistent rate as earnings increase, thus improving work incentives. The policy became law on the 8th March when the Welfare Reform Act 2012 received Royal Assent.

Rising welfare spending

Welfare budgets (not including health and pensions) have also rocketed over the last half a century from one and a half billion pounds in cash terms (not adjusted for inflation) in 1960 to £115 billion, or 16% of total spending, in 2011.

Welfare Spending (excluding Health & Pensions) in cash terms (1960 - 2015) –

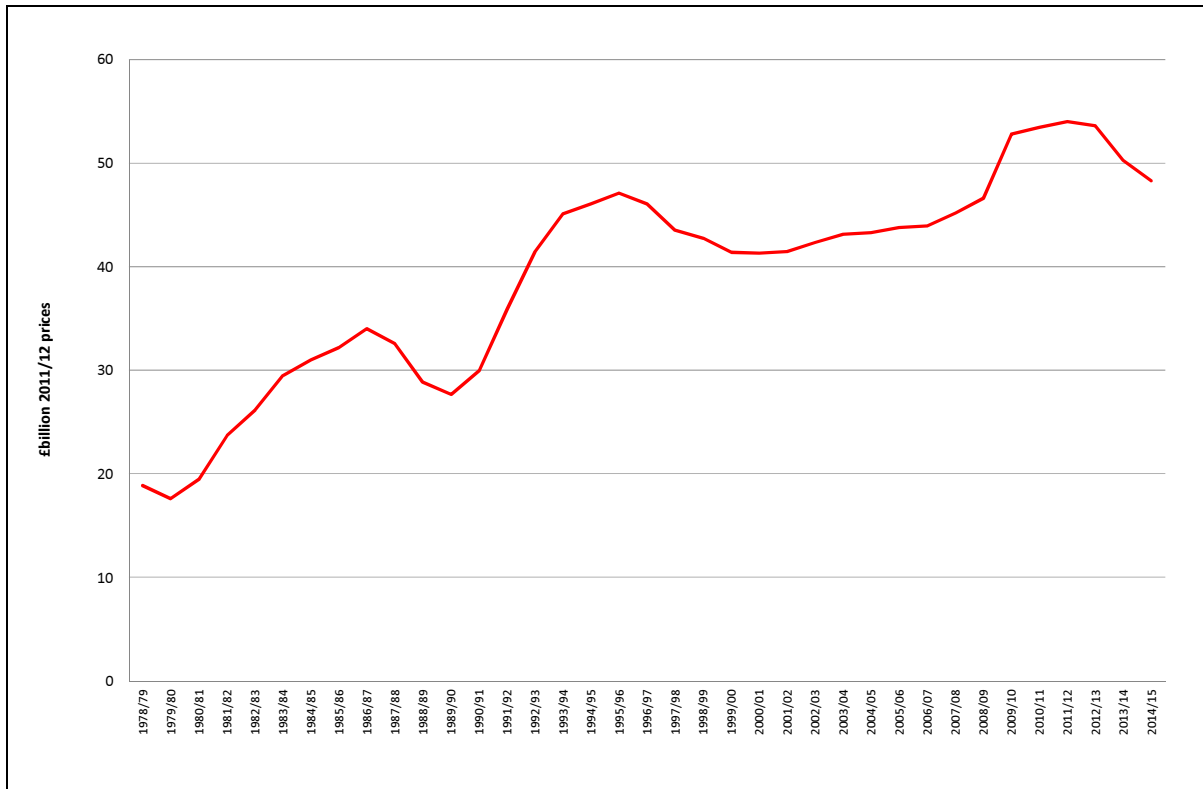


Source: <http://www.ukpublicspending.co.uk>

Housing Benefit alone has doubled over the last ten years from £11 billion (in cash terms) in 2000/01 to £21 billion in 2010/11, and without reform is set to increase still further to £25 billion in 2014/15.

Similarly, working age benefits (not including child benefit or tax credits) have more than doubled, even after inflation over the last 30 years, from just under £20 billion in 1978/79 to just under £50 billion - see overleaf.

Working Age Benefit expenditure in real terms (2011/12 prices)



Source: Treasury's PESA tables

In total the Government now spends in the region of £207 billion on benefits, pensions and tax credits, equivalent to 30% of total public expenditure in 2012-2013, the Coalition Government's view is that this level of expenditure is not sustainable, especially during the current economic climate.

Fairer

By imposing a cap on the total benefits that a *workless* household can receive and linking this to the average after tax *household* earnings the Coalition Government hopes to create a fairer benefits system.

Simpler

Three different Government organisations: local authorities, Jobcentre Plus and HM Revenue & Customs administer a myriad of over 30 different benefits, each with their own rules and criteria, many of which address the same underlying issue and entitlement. On occasions claimants will be providing exactly the same information to all 3 agencies in different formats, thereby increasing the possibility of fraud and over-payments – adding to the benefits overall.

Cheaper

By replacing the myriad of existing benefits with a single benefit and through the use of a new national IT programme using “real time” tax data linked to HMRC which can be accessed by claimants digitally in their own homes, the Coalition Government hopes to produce a modern, simplified welfare system which is easier to use, less prone to delays, error and fraud and, most importantly, cheaper to administer.

Summary of key changes under the Welfare Reform Act 2012

CHANGE	WHEN
Universal Credit will replace income-based Jobseekers Allowance, income-based Employment and Support Allowance, Income Support, Child Tax Credits, Working Tax Credits and Housing Benefit for working age claimants so that claimants receive one single combined payment.	OCTOBER 2013
Personal Independence Payment (PIP) will replace Disability Living Allowance (DLA).	OCTOBER 2013
Household Benefits Cap introduced	APRIL 2013
“Under occupation rules” introduced for social sector tenants limiting Housing Benefit paid to social tenants deemed to be under occupying their houses.	APRIL 2013
Changes in uprating of Local Housing Allowance for private tenants on Housing Benefit. (Future increases restricted to the Consumer Price Index (CPI) instead of the Retail Prices Index (RPI) which is usually higher.	In progress & continuing until APRIL 2013
Social Fund localisation to introduce new local assistance	APRIL 2013
Creation of a Single Fraud Investigation Service	Some point in 2013
Pension Credit amended to include help with eligible rent and dependent children	October 2014

All other benefits will continue as normal. Draft regulations needed to implement the key policies in the Act, including Universal Credit, were published on the 15th June 2012. These provide details governing rules of entitlement, how the award of Universal Credit is to be calculated, claimant responsibility, sanctions and hardships. Final regulations are expected to be laid before Parliament in the Autumn.

Key lines of enquiry

There is a high volume of change being introduced over a short period of time and, consequently, policy decisions leading to organisational change will need to be made in short order. Also some of the implementation work for the various different changes will overlap.

Against this background, the Universal Credit Scrutiny Board considered the following key lines of enquiry:

1. What is different about Universal Credit and how is it expected to work and what are its implications for local authorities and residents?
2. What are the key challenges for Sevenoaks District Council in adjusting to the new system of Universal Credit, especially during the transitional phase:
 - a. Key challenges
 - b. What departments/services will be affected?
 - c. What impact will the changes have on demand for the Council's services?
 - d. How can the current Benefit Service, including the staff currently operating in this area, best be protected given the uncertainty surrounding the service and its effect on staff numbers/morale?
3. What other organisations will also be affected?
4. How should Sevenoaks District Council best prepare for these changes?
 - a. What role, if any, should the Council play in supporting the implementation of Universal Credit?
 - b. What role, if any, should the Council play in helping other affected organisations prepare for the changes?
 - c. Should, and if so how, might the Council assist accessibility to the new service especially by those who have difficulty accessing computer based services or have no access to a computer?
5. What opportunities are there to lobby DWP/play a part in how the new system is implemented? (e.g. could or should Sevenoaks become a pilot Council for implementing the new scheme?)
6. Financial impact of Universal Credit upon Sevenoaks District Council
7. Risk analysis

What is different about Universal Credit and how is it expected to work, and what are its implications for local authorities and residents?

Summary of key differences between Universal Credit and the current welfare system:

- Under Universal Credit claimants will have only two organisations to deal with instead of three.
- Universal Credit will be available to people who are in work and on a low income, as well as to those who are out of work.
- Most people will apply online and manage their claim through an online account.
- Claimants will receive just one monthly payment, paid into a bank account in arrears, in the same way as a monthly salary. This compares to the fortnightly payday of JSA/ESA and the 2 or 4 weekly payment of Housing Benefit.
- The housing cost element of Universal Credit will be paid direct to the claimant as part of their monthly payment and NOT the landlord as is currently frequently the case, especially for social housing tenants.
- Most claimants on low incomes will still be paid Universal Credit when they first start a new job or increase their part-time hours

a. Currently anyone needing to claim benefits may need to claim benefits from the following four organisations:-

Benefit sought	Organisation
Housing Benefit	Sevenoaks District Council
Council Tax Benefit	
Jobseekers Allowance	Jobcentre Plus
Income Support	
Employment Support Allowance	
Working Tax Credits	HM Revenue & Customs
Child Tax Credits	
Child Benefit	
Disability Living Allowance	DWP
Pension Credit	

Post 2013 claimants will have just two organisations to deal with instead of three.

Benefit	Organisation
Universal Credit (including Housing costs)	DWP
Personal Independence Payment	
Pension Credit	
Council Tax “discount”	Sevenoaks District Council
Existing claims for Housing Benefit until caseload fully transits by 2017. Possible role supporting claimants who cannot make an online claim without assistance	

b. Who can claim Universal Credit?

Universal Credit replaces six existing benefits and so anyone of working age who is on a low income, pays rent, and would otherwise have claimed benefits, will be able to claim Universal Credit. Whether they qualify or not will depend on the usual factors i.e. their personal circumstances – income, capital, liability and residence using means-testing. Note that pensioners will claim a Housing Credit from the DWP as part of the Pension Credit process from October 2014.

c. How does someone apply for Universal Credit?

Claims for Universal Credit are expected to be made online direct to the Department for Work and Pensions (DWP) although assurances have been given by the Coalition Government that there will always be face-to-face or telephone support in place for those who don't have access to the internet or who are unable to use the internet.

d. How is Universal Credit going to be paid?

Payments (including the housing cost element) will be made on a monthly basis (not two or four weekly as at present), and in most cases will be paid direct to the tenant who will then be responsible for paying their own rent direct to their landlord. To date this has only been the case for private sector tenants, not social sector tenants who are now included. Taking responsibility for payment of essential items such as accommodation and being paid in the same way that working people are normally paid is seen to be an important aspect in helping claimants get back to work.

e. Can the housing element be separated and paid direct to a landlord?

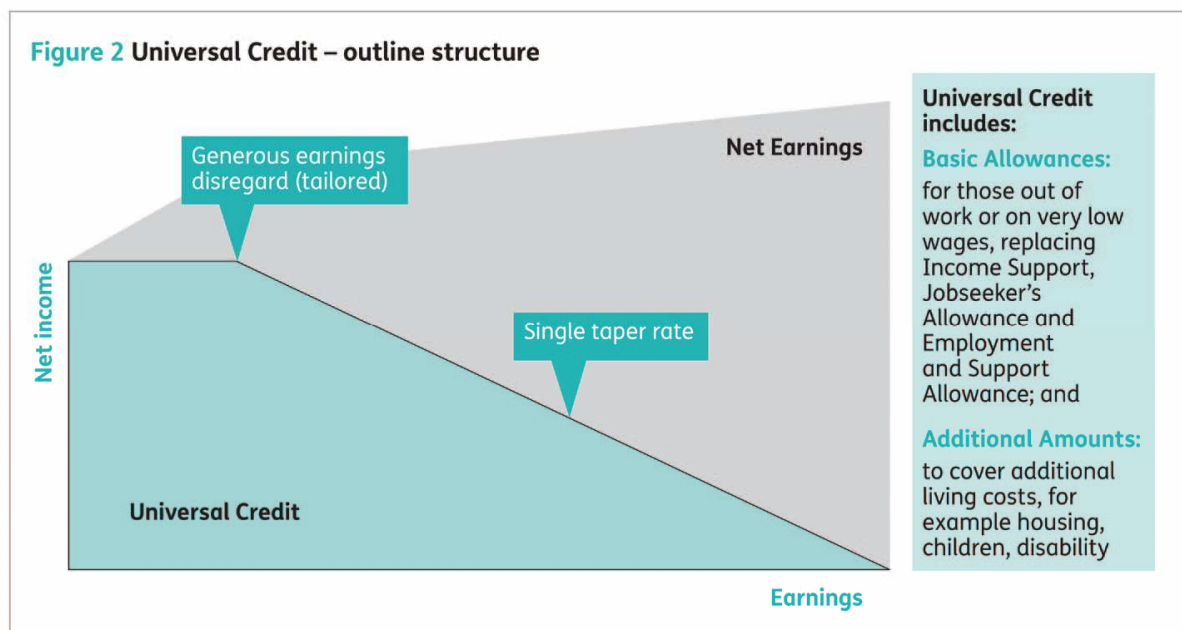
The choice of having the payment made direct to the landlord does not exist under Universal Credit, however, recently Lord Freud, the Welfare Reform Minister, announced that the Coalition Government would explore the implications of direct payments to tenants and may introduce:-

- Switch-back mechanisms by which the payment reverts to the Landlord if arrears build up;
- Provision of financial support and advice to tenants; and
- Exceptions, where payment should still go direct to the Landlord.

f. What happens if the Claimant finds a job?

One of the key features of the new system is that people will not automatically lose their benefits if they find a job. On the contrary, the new system has been designed so that there will be a gradual withdrawal of benefits when a job is taken up and also no need to sign off benefits to take up employment. The current “poverty trap” whereby several benefits are commonly withdrawn at the same time that a job is found should be ameliorated. In addition, it will also be a lot harder for individuals to claim that they would be worse off taking up a job.

The taper rate for withdrawal of all benefits payments is to be set at 65% of post-tax earnings and the amount the claimant may earn before benefit is withdrawn (the “earnings disregard”) in many cases is expected to be more generous than before as demonstrated by the following graph:-



Source: <http://www.disabilityalliance.org/f55.htm>

g. How is Universal Credit made up and administered?

The single payment of Universal Credit will have 4 components:

- A “standard allowance”
- Child allowances
- Housing costs (rent or mortgage interest)
- Allowances for other needs e.g. disability, childcare costs.

As already mentioned, it will be administered by a national IT programme using “real time” tax data to automatically calculate people’s entitlements and will be subject to an overall “cap” by reference to national average household post tax earnings.

h. When and how will Universal Credit be introduced?

April 2013 – launch of Universal Credit “pathfinders”

Starting in April 2013 four local authorities (Tameside, Oldham, Wigan and Warrington) will start the delivery of Universal Credit in the North-West. The findings of these “pathfinders” will be used to make sure any necessary changes are made to ensure the success of the national launch of Universal Credit in October 2013.

October 2013 – national launch of Universal Credit

Universal Credit will start to take new claims from unemployed people, i.e claims for Jobseekers Allowance, in October 2013, and initially this will only be in seven locations (not known yet) across Great Britain (plus obviously the Pathfinders in the North West will continue). If a claim for Housing Benefit is also made this will also be paid as part of the “Universal Credit”. For people in work this process will begin in April 2014.

All other new claims for Housing Benefit made by unemployed people are expected to transfer to Universal Credit from early 2014 and for people in work this process is expected to begin in April 2014.

Existing benefit claims even those including a new claim for Housing Benefit and Tax Credits (“the legacy caseload”) will continue to be processed by the Benefits Service and/or HMRC in the normal way as, and until, there is a change of circumstances at which point these claims will become claims for Universal Credit.

All other existing cases i.e those not subject to a change of circumstances, will be converted through a series of block transfers with the final transfers taking place in 2017.

From October 2014 all new claims for Pension Credit will include a claim for housing costs, although it is not currently expected that these will be made online.

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What are the key challenges for Sevenoaks District Council in adjusting to the new system of Universal Credit?

Key challenges

Having interviewed a number of witnesses from the charitable, social housing and voluntary sector as well as officers from the DWP, other Councils, SDC and Jobcentre Plus, we see the following key challenges with the introduction of Universal Credit:

- (1) The target for 80% of claims to be made online by October 2017.
- (2) Payment of Universal Credit monthly, not two or four weekly (Housing Benefit) or fortnightly (Jobseekers Allowance), as is currently the case.
- (3) Payment of Universal Credit (including housing costs) direct to claimants in social housing not to landlords, as occurs in the majority of cases at the moment.
- (4) The organisational impact of Universal Credit upon the Benefit Service both in October 2013 (working age claimants) and in October 2014 (pensioners) including:
 - (a) Re-training/maintaining suitable staffing levels and morale to facilitate the successful implementation of Universal Credit as well as the new localised Council Tax discount scheme.
 - (b) Analysing the Housing Benefit caseload so that the Benefits Service know well in advance those residents who are likely to be most affected by the changes and thus require additional support.
 - (c) Financial planning, including possible additional funding requirements
 - (d) Possible redundancy/IT decommissioning costs/re-deployment of staff post October 2013 and throughout the Housing Benefit tapering off period to 2017.
- (5) How to support vulnerable groups through the transition period and beyond including the Benefit Cap and its impact on LA finances/resources.

Universal Credit will impact upon the following departments within the Council

- (1) The Benefit Service (migration of existing benefits claims / decommissioning of Housing Benefits service / increased queries / face-to-face help for claimants)
- (2) The Housing Team (possible increased homelessness / queries)
- (3) The HERO Team (increased caseload)
- (4) The Contact Centre (increased queries)
- (5) The Investigation of Fraud Department (service re-organisation)

What impact will the changes have on demand for Council services

Demand for the Council's Housing Benefit Service will start to shrink from October 2013 to October 2017 as new working age claimants access Universal Credit online. The speed and extent of shrinkage will depend on how quickly the DWP transits the caseload, and how quickly claimants adapt to claiming online, and how adept the DWP telephone helpline staff are at guiding people through the online claim over the telephone.

Anecdotal evidence from a number of witnesses suggests that it is highly likely residents will prefer to direct their queries at existing Housing Benefits staff with whom they are familiar and have already built up a relationship.

Demands for help, advice and support, whether by telephone, post or in person, are highly likely to increase. Activity within the Benefit Service increased by 70% from April 2011 to March 2012 and it seems highly likely that a similar or increased level of activity will continue this year and next.

The other highly relevant factor is the extent to which Council's retain a residual role to provide face-to-face support to claimants unable to get online or operate a computer. Twelve councils are expected to pilot the delivery of Universal Credit from September 2012 until September 2013 (one month before Universal Credit is expected to start) with specific reference to the provision of face-to-face support, online support, help with budgeting and job searches, reducing fraud and error, and reducing homelessness. The precise identify of the 12 Councils is not yet known. As of last month the long list had been reduced to 15 but SDC is not one of them.

The DWP have stated that no decision will be taken on the future role or future funding of councils in delivering Universal Credit until after the pilots have finished.

Consequently, it is impossible to reach any firm conclusions regarding the demand for the Council's benefit services save for stating the obvious, namely, that the Benefit Service will cease in its current form at some point between October 2013 and October 2017 at the latest.

During the same period, however, demand for help and support with housing and indebtedness involving both the Housing, Hero and Contact centres, is likely to increase in response to other changes in welfare provision.

This can be seen more clearly from the following table which details the activities required together with the elements that are as yet 'unknowns'.

Activity	Date	Comments and unknowns	Work required prior to implementation
Benefit Cap	April 2013	<ul style="list-style-type: none"> • Initially administered by Benefit Services. Affected claims will be notified to Local Authorities by DWP. • Numbers of affected cases not yet known. • Full details of process not yet known. • Increase in enquiries expected from claimants and landlords. • Increase in claims for DHP. 	<ul style="list-style-type: none"> • To identify all potential affected claims and work with social landlords to advise and assist claimants subject to data sharing protocols. • Staff training and awareness. • System changes.
Under Occupation	April 2013	<ul style="list-style-type: none"> • Numbers of affected cases not yet known. • Increase in enquiries expected from claimants especially those who currently get 100% Housing Benefit. • Increased contact from landlords. • Increase in claims for DHP. • Potential increase in movement of claimants to more suitable accommodation – increased activity within caseload 	<ul style="list-style-type: none"> • To identify all potential affected claims and work with social landlords to advise and assist claimants subject to data sharing protocols. • To write to all claimants potentially affected. • Staff training and awareness. • System changes.
Council Tax Support Scheme	April 2013	<ul style="list-style-type: none"> • Will initially continue to run alongside Housing Benefit claims. • Future numbers of staff to administer 	<ul style="list-style-type: none"> • Consultation until end of September 2013. • Changes to leaflets and forms • Provision of rules

Activity	Date	Comments and unknowns	Work required prior to implementation
		<p>scheme in isolation not yet known</p> <ul style="list-style-type: none"> • Future changes in scheme may affect staffing and activity levels. • Initial and future funding for new scheme and impact on current Administration Grant unknown. • Activity may increase as this is seen as a discount not a benefit and will encourage take-up. • Appeals may increase 	<p>and procedures</p> <ul style="list-style-type: none"> • Provision of new appeals process. • Advising claimants of the changes where affected. • Staff training and awareness. • System changes.
Dealing with legacy Council Tax Benefit	From April 2013	<ul style="list-style-type: none"> • How long will Benefit Services be required to make retrospective changes to Council Tax Benefit claims? • Funding for this unknown. • This will also impact on subsidy claims, subsidy audit and appeals against legacy benefit and subsequent resource requirements. 	
Workload	On-going	<ul style="list-style-type: none"> • Activity levels within Benefit Services have risen by 70% since April 2011 and continue to be significant. • Future activity levels are unknown and will affect current/future resource levels. 	

Activity	Date	Comments and unknowns	Work required prior to implementation
Universal Credit	From October 2013	<ul style="list-style-type: none"> • Full transition plan for new and current Housing Benefit claims not known. • DWP requirement for Local Authorities to provide additional support for Universal Credit not known. This requirement and funding of same will affect future resource requirements. • Measures DWP will put in place to assist claimants not known and may affect future resources depending on Members wider decisions around support and community help they may wish to fund. 	<ul style="list-style-type: none"> • Working with DWP on numerous aspects including funding and impacts. • DWP pilots and pathfinders • Working with stakeholders.
Dealing with legacy Housing Benefit		<ul style="list-style-type: none"> • How long will Benefit Services be required to make retrospective changes to Housing Benefit claims? • Funding for this unknown. • This will also impact on subsidy claims, subsidy audit and appeals against legacy benefit and subsequent resource requirements. 	

How can the current Benefit Service, including the staff currently operating in this area, best be protected given the uncertainty surrounding the service and its effect on staff numbers/morale?

The Universal Credit Scrutiny Board is strongly aware that the benefits staff are coping with an increased work load, as well as an uncertain future, and that this is an unsatisfactory situation.

Equally, Members will appreciate that it is unlikely to be possible to maintain current staff numbers post October 2013 in the face of a declining caseload and consequent Government administration grant reduction. Plainly, a number of benefits staff will still be required to administer the existing legacy caseload along with the new localised council tax discount scheme, and/or to assist residents who require help getting online, and/or to assist over the next year in the run up to the launch of Universal Credit as queries increase, and/or also probably during the first six months of the transfer taking place. In the longer term, however, the Benefit Service will need to reduce.

The best protection that can be given is for a management review to be carried out as soon as possible following the introduction of the other welfare changes in April 2013 to identify a) how many benefits staff will continue to be needed during the introduction of Universal Credit and in the first 6 months post October 2013, b) how many benefits assessors will be needed to administer the legacy Housing benefit caseload, and c) what other opportunities might exist for benefits staff within the Council as a whole. That said, it must be borne in mind that on the information currently available, once the legacy Housing Benefit fully transits to the DWP in October 2017, at the latest, the effect of the commensurate budget change on staffing levels suggest a reduction from around 25 full time equivalents to 14 full time equivalents.

What other organisations will also be affected by the change to Universal Credit?

Since the bulk of housing association income comes from rent, much of which is dependent on Housing Benefit, the changes to the way Housing Benefit is calculated and the change to a single benefit payment to include housing costs, will have a significant impact on social housing providers since it will significantly increase the risk of tenants defaulting and not paying their rent. West Kent / Moat Housing and other social housing associations are all likely to be affected.

The Scrutiny Board also heard evidence from representatives of MIND and CAB that they support a number of residents receiving out of work benefits, a good number of whom will require extra support to manage the change to claiming online.

Also AGE UK (when extended to Pension Credit), DWP / Jobcentre Plus and NHS mental health authorities will all be affected by the changes.

Financial Impact of Universal Credit on Sevenoaks District Council

It is clear that the change to Universal Credit will have a major impact on the Benefits Section and the effect of the change for our residents is also likely to affect other services within the Council.

Key Facts and Figures

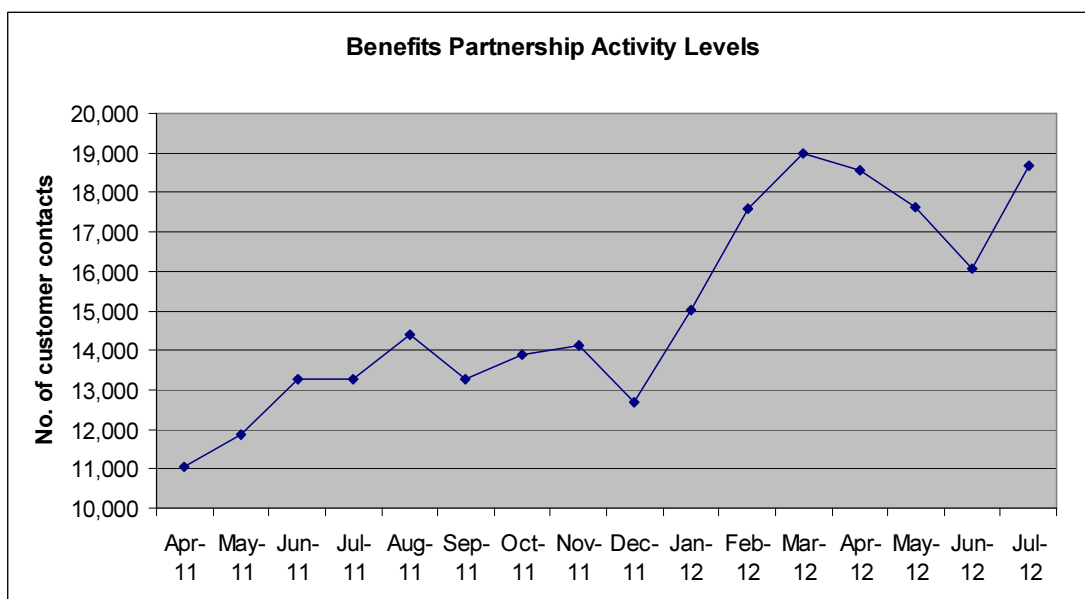
	Housing Benefit	Council Tax Benefit
Amount paid out	£26m	£7m
No. of claimants	5,387	6,619
Number of Benefits Service employees:		25.31 fte
% of Sevenoaks DC workforce:		6.77%
Cost of Benefits Service administration:		£828,000 (gross cost)
% of Sevenoaks DC budget:		2.80%

All figures are for Sevenoaks District Council only (unless specified) and future forecasts are for a full year at current prices assuming Universal Credit is being fully operated by the DWP (i.e. when the full transition to DWP in October 2017 is due to take place).

The effect of the phased implementation of Universal Credit between October 2013 and October 2017 would result in a reduced effect for these years depending on staffing requirements and actual levels of Government funding.

Other Impacts on the Benefits Service

Due to the economic climate the demands on the Benefits Section have significantly increased. The graph below shows that the number of customer contacts for the Benefits Partnership has increased by 70% since April 2011.



The Benefits Service at every authority has seen an increase in demand, together with an uncertain future for benefits professionals; this has resulted in a scarcity of benefits agency staff which are required to address the increased workload.

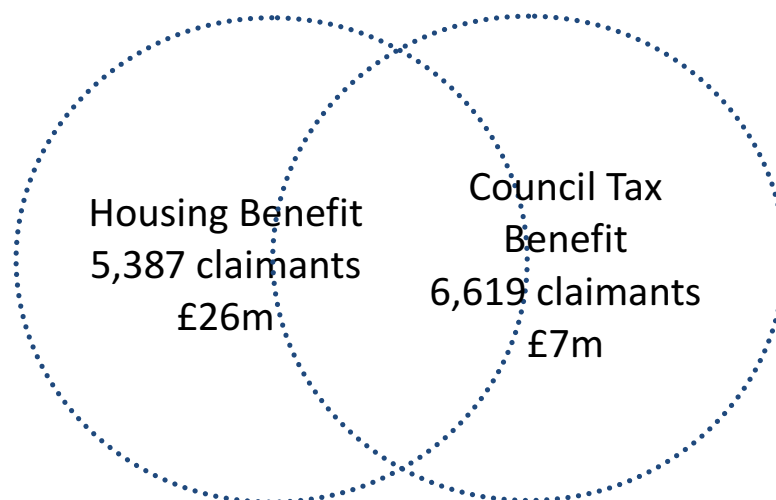
The implementation of a local council tax support scheme from 1 April 2013 to replace the council tax benefit scheme is another significant change to the work currently carried out by the Benefits Service. The other Welfare Benefit changes in April 2013 such as under occupation and the benefit cap will also have an effect.

Current Benefits Service

The Benefits Service at Sevenoaks District Council has a budgeted staffing level of 25 fte and the gross cost of the service is £828,000. £592,000 is received via the Benefits Administration Grant from Government; this amount also contributes towards the Fraud Service.

	£000
Gross cost	828
<i>Benefits Admin Grant</i>	(592)
Net Cost	236

There are currently 7,110 benefit claimants, 4,896 of whom claim both Housing Benefit and Council Tax Benefit.



Total claimants = 7,110

Future Benefits Service

If no other changes to the service are made it could be assumed that with Housing Benefit becoming part of Universal Credit, the Benefit Service will reduce in size as follows:

	£000
Gross cost	456
Benefits Admin Grant	(326)
Net Cost	130

The effect of this budget change on staffing levels would be a reduction from 25fte to 14fte. These figures assume that Housing Benefit and Council Tax Benefit are equally weighted in both the cost to process and the administration grant received.

This also assumes that any redundancy costs are funded by DWP.

Other Financial Impacts Resulting from Universal Credit

The Housing Service currently operates the successful HERO (Housing Energy Retraining Options) Project. This is an outreach holistic advice service and one of the areas covered is preventing homelessness. This is significantly funded by Moat, West Kent Housing and Social Services.

One scenario is that following the success of the HERO Project, two Benefits Assessors could be redeployed as Welfare Support Officers to work in a similar way but with an emphasis on helping residents access the Universal Credit system and provide debt advice etc. This could initially be run as a pilot, starting in 2014, to see where the demand lies and the level of support offered by other agencies.

If this approach was successful, it is unlikely that further additional external funding would be obtained as the housing associations are already funding their requirements and it is not possible to use planning gains money to fund council staff.

Council Tax – if residents are in receipt of Universal Credit rather than Housing Benefit they may be more likely to default resulting in a lower council tax collection rate. The majority of Housing Benefit claimants also claim Council Tax Benefit and will therefore be affected by the change to Council Tax Support. The effect on the collection rate has already been taken into account in the Council Tax Support calculations.

Redundancy costs of Benefits staff no longer required to be employed by the Council may be funded by DWP.

With fewer staff in the Benefits Partnership, many of the support service costs (e.g. Argyle Road Office) will not reduce and therefore have to be allocated over the remaining services of the council. Many of the support service teams have had major reductions in size in recent years and are now the smallest teams in Kent.

Other potential financial impacts include:

- DWP requirements and funding levels,
- Other Welfare Reform changes,
- IT decommissioning costs.

Financial Summary

Taking all of the above information into account and noting that the assumptions and estimates used could vary significantly, the effect of the change to Universal Credit for a full year could be as follows:

Financial Summary	Current Cost £000	Future Cost 2017 £000
Benefits Service		
Gross cost	828	456
Benefits Admin Grant	-592	-326
Net cost	236	130
Other Impacts		
Benefits Assessors (x2) re-deployed into Welfare Support Officers		66
Support Service costs still incurred		154
Council tax collection		0
TOTAL COST	236	350

This shows that there is likely to be an increased cost to the Council of £114,000 based on the assumptions detailed above. This would be reduced to £48,000 if we did not redeploy two Benefits Assessors as Welfare Support Officers however, this may result in increased costs elsewhere in the Council.

The increase would be reduced further if additional income was raised by renting out the office space that is currently occupied by the Benefits Service.

It would be beneficial to review the financial impacts in June 2013 when more detail will be available from the following:

- Universal Credit pilots,
- Transitional arrangements,
- Local Council Tax Support schemes will have started,
- The effects of other Welfare Reform changes on the Benefits Service.

How should Sevenoaks District Council prepare for these changes?

What role, if any, does the Council wish to play in supporting the implementation of Universal Credit?

Before considering what steps should be taken to prepare for the introduction of Universal Credit the Council needs to decide what role it wishes to play, if at all, given:

- Universal Credit is a national not a local policy.
- The long-term aim is for Universal Credit to be administered wholly by the Department for Work and Pensions (DWP), not local authorities.
- The Council has no **statutory** duty to assist or support the implementation of Universal Credit although a duty is owed to those who become unintentionally homeless.
- The DWP have repeatedly stated that there is no additional Government funding available for local authorities that wish to be proactive in this area.

(Consideration also needs to be given to the fact that the Benefit Service is a joint service with Dartford Borough Council and that any decision taken by this Council will also affect Dartford although the Scrutiny Board's understanding is that Dartford are very happy for Sevenoaks to be taking the lead in this area).

Against this background, the Scrutiny Board has considered three possible options in dealing with Universal Credit:

- 1) No involvement at all. The Council concentrates on administering only the new Council Tax Discount and other Housing related welfare changes, neither of which are included in the brief handed to this group;
- 2) Full involvement. The Council produces leaflets to raise resident awareness, up-skills contact centre staff to deal with telephone queries, and finally, up-skills benefit staff to deliver face-to-face/telephone support/deal with queries and offer budgeting advice etc to all residents needing help managing the transfer, funding all extra work from reserves.
- 3) Partial involvement. Full short-term operational involvement until the transition of new Housing Benefit claims to Universal Credit (during which time it is assumed that Grant funding will still be in place). After that the Council plays an important but much smaller role, concentrating primarily on responding to direct queries and sign-posting claimants towards local organisations and/or the DWP who will be able to help them to get online and/or claim Universal Credit.

Option One (No involvement at all)

This would be contrary to SDC's Core values since there are some 5,400 Housing Benefit claimants in Sevenoaks District alone whose housing needs and well-being are inextricably linked to the smooth running of the benefit system, some of whom will be among the most vulnerable in our community. Also, this may not be sensible financially since if UC impacts on the flow of rental payments to social and private landlords this may, in turn, increase the number of people that the Council has a statutory duty to provide with B&B accommodation. Taking steps, therefore to minimise the number of families descending into crisis is likely to save money and reduce pressure on the Council's Social and Discretionary Housing Funds.

Option Two (Full involvement)

This would be very difficult from a financial point of view as it would run counter to the Council's four year savings plan and also Central Government's approach. It would also threaten the success of the other welfare reforms (Council Tax discount scheme and Under Occupancy rules) by swallowing up valuable scarce resources. Without clear evidence of other funding streams, this is not a viable option.

Option Three (Partial involvement)

The Scrutiny board considers that option three provides the best balance between helping claimants that need help with the initial transfer to UC and the likely financial resources available to fund that help. It would also enable the benefits service to be restructured over a more realistic period of time, thus saving costs.

Process and scenario planning

Since there is unlikely to be much time between DWP finalising its arrangements and UC going "live", SDC needs to be ready to move straight away.

To the extent that it is possible, senior management need to consider for each of the three scenarios considered above:

- who needs to be retained and how that is going to be achieved in uncertain times;
- what opportunities there are for redeployment and retraining and who should be considered;
- how much space can be released and utilisation optimised to allow surplus space to be marketed to best effect;
- where are the peaks and troughs and how are they to be met; and
- what will the impact be on other departments;

It is important to ensure that if we can't do what we are recommending, or if the recommendations do not lead the way we expect, we are not caught by surprise and have a fall back position. We may find it all goes far more smoothly than expected in which we will not need much resource. Or it may be a continuing fiasco in which case we may find that we need more resource, not less. If we don't have the financial resources at present to finance our fall back position (which seems likely) and, in the event that, no further funding is forthcoming from central Government, then a further contingency plan is needed.

Conclusion

In the light of all the unknowns, in particular, the expected further reduction in Government Grant funding, coupled with the probable lack of any on-going role for local authorities, the Scrutiny Board strongly recommends adopting the following over-arching, Policy statement to shape, control and direct the introduction of Universal Credit:

Universal Credit Scrutiny Board Policy Recommendation:

SDC will continue to maintain capacity to respond to direct enquiries from the public regarding Benefits issues affected by the introduction of Universal Credit. It will prepare its staff to communicate and facilitate appropriate courses of action for benefits claimants and develop effective links with other agencies and organisations to ensure a consistency of service and support. SDC will be a centre for communication about all aspects of Universal Credit, using materials and channels developed by DWP but also producing its own local messages, specific to the District.

Dealing with the challenges

The expectation that Universal Credit will be digital by default

The DWP stance has changed significantly since the Scrutiny Board was formed and there is now a clear realisation that the original 80% online target by 2017 is wholly unrealistic. There is also an acceptance that some claimants may need on-going help to complete their online claim for Universal Credit.

Whether the DWP accepts that local authorities should deliver this deliver face-to-face support remains to be seen. Current information from the DWP suggests that this will be provided in the first instance on the telephone, but failing this “in a high street outlet”!

In the meantime, however, it is imperative to analyse the current benefit caseload in order to work out how many existing claimants are likely to need additional help making the change to claiming online so as to effectively allocate benefit resources over the next twelve month period and beyond.

It seems likely claimants will fall into 3 categories:

- Early adopters – will be online straight away,
- Late adopters – will need help but will move online within a reasonable time; and
- Complex claims (people or claims) – unlikely to ever move online

Universal Credit Scrutiny Board recommendations:

- Analyse the existing Housing Benefit caseload and attempt to identify how many claimants will fall into the second category thus needing short term help up to say April 2014 (after which Government funding is likely to be significantly cut-back), and how many might need longer term assistance, for which funding may well not be available.
- Make use of existing benefit surgeries in Edenbridge and Swanley to better understand the “gaps” in people’s IT/computer skills and/or access to a computer.
- Consider what new skills and/or resources will be needed within the Benefit Service over the next 12 to 18 months while funding is still in place to fulfil this role. How many staff will need to be re-trained and/or take on a different role?
- Consider whether it would be more cost effect to re-deploy/train a dedicated Universal Credit adviser to provide “a single point of contact” to help build capacity in people over the next key 18 months.

- Consider whether there are sufficient resources to provide short term face to face help immediately prior to and following October 2013, bearing in mind that Sevenoaks does not have access to a Jobcentre “Digital Champion” as there is no Jobcentre Plus in Sevenoaks.
- Consider sending either an Officer or a Councillor on the forthcoming Public Services training conference: **Digital by Default: Smarter Public Services**, 4th December 2012 to build understanding as to the challenges / pitfalls ahead.
- Continue to lobby the DWP to fund surgeries in Swanley, Edenbridge and Sevenoaks to assist people to get online bearing in mind that Sevenoaks District does not have a JCP therefore DWP should make provision for Sevenoaks residents. Note, however that there is a possibility of a Jobcentre Plus being opened in Swanley which although assisting Swanley residents would not assist those living in either Edenbridge or Sevenoaks, so would not be an adequate District wide solution.
- Consider partnership working. What role can Age Concern / Mind / CAB offer to support the provision of IT facilities/ help with filling in forms? What role can libraries offer? Could we through continued discussion with these organisations signpost relevant people to these organisations? A big workload is not so much of a demand if organisations take ‘sections’ of it. Consider planning an advertising campaign in conjunction with these organisations to prepare Claimants for “going digital” post October 2013?

Payment of Universal Credit direct to claimants, not landlords, and payment of Universal Credit monthly, not fortnightly or four weekly

The interviewees were unanimous in their concern about payment of Universal Credit direct to claimants and the need to help some tenants to cope with the responsibility of having to pay their rent direct to Landlords themselves and to develop the skills to manage their money on a monthly, not fortnightly, basis.

Universal Credit Scrutiny Board recommendations:

- Residents need to be warned well in advance about the change in payment method and the need to budget differently post October 2013. Letters should be written to all benefit claimants and sent out warning them of the changes 6 months and 3 months before the changes take effect.
- Continued use of on-going benefit surgeries to help people understand the need to budget and attain budget skills to enable people to make responsible choices.

- Include a Universal Credit key facts page on the Sevenoaks District Council website with a brief summary of the timetable of up-coming changes including links to other websites containing useful information e.g. the DWP website.
- Other local measures include writing an article for the next InShape magazine on the up-coming welfare changes and/or obtaining DWP flyers/leaflets for distribution at the front desk / CAB / leisure centre/doctors surgeries etc.
- Continue to use the Landlord forum and the Benefit forum as information exchanges to keep landlords up to speed and to share intelligence as to how to minimise social tenants getting into arrears (i.e synchronisation of the receipt of Universal Credit with the payment of rent so that both occur on the same day.)
- The Sevenoaks District Council housing department has also developed a system of tenant accreditation which has proved helpful in convincing landlords that a tenant is reliable. Consider whether this could be expanded to include budgeting skills/credit-worthiness.

The organisational impact of Universal Credit upon Sevenoaks District Council including maintaining staff morale/suitable staffing levels, financial planning including possible redundancy and IT decommissioning costs, especially during an extended transition period

This is a difficult area to tackle since the key issue is how to build resilience into the service with less staff in a period of acute policy uncertainty and where staff are having to deal with increased numbers of new claims and significantly increased levels of queries (post/telephone/visitors)?

Added to this is the challenge of having to keep the current service operating through current welfare changes due in April 2013 (including the implementation of the new Council Tax Discount Scheme) and through the introduction/migration of Universal Credit claims. Since the DWP are expecting us to maintain high levels of performance, provide good baseline data and not to have any real forms of backlog this will mean we need to ensure we can deal with the changes, redeployments etc while still processing existing claims.

Universal Scrutiny Board recommendations:

- Identify which staff could be re-deployed into the new face-to-face role and/or in administering the new local Council Tax Discount scheme.
- That the Universal Credit Scrutiny Board should meet again in June 2013 when firm details should be more readily available to assess the potential impacts on staff from October 2013.

- Identify what additional staff resources may be required and how they may be sourced to deal with any increased workload identified during the changeover. For example, officers are likely to be needed to fulfil the following 3 additional roles:-
 - Assist “late adopters”, those who need help but will get online in a reasonable length of time.
 - Deal with complex claims (people or claims) who are unlikely or unable to ever move online.
 - Provide a single point of contact for claimants with “gaps” in their understanding e.g. budget skills.

- As soon as information is available regarding future Government Grant funding identify cost implications - reduction in Government grant. However – how much more will it cost to train new assessors or use agency staff? Would it be more sensible for morale levels, customer service and stability to offer a ‘job guarantee’ until say Jan 2015? Depending on demand, could staff be retrained to fulfil other functions. This could mean staff will stay. Is this in the budget to do so?

- Liaise/work with the Housing department to develop contingency plans to cater for reduced availability of rented accommodation should private landlords withdraw from the market as a result of any uncertainty regarding payment of rent under Universal Credit.

- Liaise/work with the Housing department to assess the risk of higher demand for social housing from claimants being forced out of higher cost areas (e.g. London) following the introduction of the benefits cap.

- If following the introduction of the Benefit cap and the new rules on Under Occupation there is a significant related increase in those requiring emergency B&B accommodation give consideration to strengthening the HERO service.

The challenge of supporting vulnerable groups and high risk families with complex needs through the transition period and beyond

Undoubtedly some households will be faced with an uncontrollable amount of debt. A high level of liaison in the months running up to Universal Credit will be needed between the HERO service, the Housing team and Benefit Service.

Universal Credit Scrutiny Board recommendations:

- Identify an officer to take responsibility for compiling a list of “high risk” families who will need special help next April/October in adapting to the changes. Presumably any families now in B&B in Sevenoaks will be on this list. The HERO officer’s input will be needed here.
- Ensure a high level of liaison in the months running up to Universal Credit between the HERO project, the Housing team and Benefit Services. Consider scheduling a regular monthly meeting if one does not exist already.
- Consider employing another HERO / Debt Officer or increasing the grant to CAB Swanley/Sevenoaks and Edenbridge/Westerham to provide debt support? This will be based on the business case that if debt advice and help is not offered, it will have further cost implications for the LA.
- Meet with CAB Swanley/Sevenoaks and Edenbridge/Westerham to discuss and plot in detail how much debt advice / UC credit advice they can undertake?

What opportunities are there to lobby DWP/play a part in how the new system is implemented? (e.g. could or should Sevenoaks become a pilot Council for implementing the new scheme?)

The Scrutiny Board has discussed many of the issues contained within this Report with representatives of the DWP direct and the Head of the Benefits Service, Meryl Young, gave a presentation on Universal Credit and the challenges ahead at a District Council Network conference last March 2012, which attracted favourable feedback from the DWP representative present. A degree of lobbying has, therefore, already been done.

Early in 2012 the DWP asked for Local Authorities to volunteer to become Pilot Sites as part of the preparation process for Universal Credit. Whilst Sevenoaks were initially keen to be included, it was apparent when the requirements were received that it would not be in the best interests of the authority to put itself forward. This was because the pilots were directed to only provide initiatives for face-to-face contact, rather than the whole process, plus the DWP were not providing any real funding for this purpose.

It was further felt that Sevenoaks would gain more by conducting a mini pilot of it's own, for example, taking a small group of claimants and identifying and evaluating how they may best be helped by using a 'HERO ' type approach. However, due to the significant amount of work involved in setting up such a pilot, the short timescales available to put this into place and the resources needed to run, monitor and evaluate the pilot, it is not felt that a pilot is in the best interests of the authority at this time.

As a result of the work undertaken by the Universal Credit Scrutiny Board contacts have been made with Directors and Managers from the DWP, fellow pilot Councils and the Citizens Advice Bureau, all of whom have indicated their willingness to come and talk to Members, Officers, landlords, voluntary organisations and residents likely to affected by the changes.

Universal Credit Scrutiny Board recommendation:

Resources permitting, consider organisation of a Universal Credit welfare summit in Sevenoaks prior to April 2013 to promote partnership working with other stakeholders, enable interested parties to obtain further information regarding the welfare changes, and to lobby the DWP directly for special provision for Sevenoaks given the lack of any Jobcentre Plus in the District.

Risks Analysis

Risks	Internal	External
Timescale and deadlines	Indications are that there may not be major timescale changes for the introduction but as dates come nearer, this may change. Typically, this leads to a “wait and see” approach which will add to costs. It will also increase the number of organisations asking for further delays.	Many benefits recipients may wait until the changes are effected to adapt their own budgets. "Delays in timescale may mean people affected by the changes will consider them of less importance and therefore may not take the need to adjust seriously."
Finance	Additional costs may not be borne by SDC although contingency planning should be conducted to ensure that there is flexibility to meet the demands of residents not met elsewhere, if that is the wish of the Council	Household budget of benefits recipients will need to be adapted. If adaptation is not accomplished outcomes could be adverse.
Physical Resources	Computer software changes will need to be implemented and operated effectively. This is likely to lead to potential disruptions.	Clients are unlikely to accept “please bear with us” explanations and will want to have their individual issues resolved as a priority
Human Resources	Significant changes to numbers and job descriptions will impose burdens on the HR department	Confidence in the competence of the client-facing council officers must be maintained, even if SDC’s role to be diminished over time
Capacity	Ability to direct and deal with enquiries effectively will naturally be affected during periods of change, thereby reducing overall case-load capacity across the organisation	
Demand		Uncertainty and change will naturally lead to a period of greater demand for clarification and support
Customer Relations Skills	SDC is in the process of embedding additional CRM skills across the organisation	Clients will need to know that they are valued and their issues are a priority, even when they are being

Risks	Internal	External
		referred to another agency. The handover process will need to be seamless
Communications/Education	Although Government plans and the timetable have been in the public domain for a while, not much clear guidance has been given as to how Councils should be preparing. The later this is delayed, the shorter the time to adapt, the greater the costs and the higher the risk of inefficiencies	The lead in to the changes needs to start as early as possible to give clients as much time to prepare as possible. The methods of communication and the costs must be planned carefully, and allow for feedback.
Interested Parties	Working with other agencies will need to adapt. Many will have their own problems and may find it difficult to resource interactions with the Council. This may lead to duplication.	Generally, the public prefer to have fewer points of contact rather than more.
Shared Services	Other councils will face different demographics and innovate different solutions. Unless there is some coordination with shared services councils, there may be the potential for duplication, misallocation of resources leading to higher costs	
Transitional Challenges	Without clearly defined goals and timeframes, proper project management principles cannot be applied effectively. This means there is a risk of inefficiencies and higher costs	

Many of the risks identified here and throughout this document can be ameliorated by the adoption of a clear Policy statement by the Council. A clear policy will act as a focal point, by requiring achievable goals and targets to be set, to ensure that confusion and inefficiency can be measurably and demonstrably kept to a minimum. As the project evolves and the effects of other changes to the welfare system are better understood, the Policy with regards to SDC's approach to the Universal Credit can be amended.

Action Plan

The overall aim of this Report is to raise awareness of the forthcoming Welfare Reforms and their likely impact on the Sevenoaks and Dartford Joint Benefits service so that appropriate steps can be taken in good time to ensure that the Council is able to continue to deliver quality Benefits services to those who still need and qualify for them, while at the same time assisting new claimants to move onto the new system of Universal Credit. Ensuring claimants and vulnerable groups are forewarned in good time of the possible effects of Universal Credit is an equally important aim. In the short-term, therefore, an increase in demand for the Council's Benefit services by those concerned and/or affected by the welfare reforms is assumed. The long-term goal, on the other hand, is to assist the Council to down-size the Benefits service to fit its new lesser Benefits role.

Other more general goals include:

- Raising resident awareness of the upcoming welfare reforms to avoid unnecessary financial hardship
- Reducing financial exclusion
- Assisting benefit claimants to claim the new "Universal Credit"
- Considering, in particular, those who are vulnerable and rely on the Council for support
- Encouraging effective partnership working
- Making the best use of local resources e.g. partnership working with local Housing Associations and other local voluntary organisations to raise awareness of the up-coming welfare reforms
- Reducing Housing Benefit budgets
- Encouraging innovative thinking to deliver the highest possible quality services for residents
- Providing value for money Benefits services for claimants and residents
- Encouraging more people back into paid employment

SEVENOAKS DISTRICT UNIVERSAL CREDIT SCRUTINY BOARD 2012 ACTION PLAN

No	Objective	Lead	By when	Expected outcome
1	<p><u>Policy Statement</u></p> <p>SDC will continue to maintain capacity to respond to direct enquiries from the public regarding benefits issues affected by the introduction of Universal Credit. It will prepare its staff to communicate and facilitate appropriate courses of action for Benefits claimants and develop effective links with other agencies and organisations to ensure a consistency of service and support. SDC will be a centre for communication about all aspect of Universal Credit, using materials and channels developed by DWP but also producing its own local messages, specific to the District.</p>	BM/GM	End Dec 2012	Better focus, clarity and control over the introduction of UC
2	<p><u>Partnership working</u></p> <p>Ensure that Dartford Borough Council are kept fully informed of UC strategy and given an opportunity to feed into all strategic decisions.</p> <p>Work with WKHA/Moat/CAB/JCP/Age Concern/Landlords Association and other appropriate stakeholders to explore opportunities to work together to assist residents to move onto UC, and in particular explore employing or sharing a new Welfare Support Officer.</p>	<p>BM</p> <p>BM</p>	<p>On-going</p> <p>On-going</p>	<p>Greater expertise/ smoother implementation of UC/Feedback</p> <p>Improved resident / benefit claimant awareness / smoother implementation of UC / better policy / increased resources</p>

No	Objective	Lead	By when	Expected outcome
	<p>Continued joint working between Finance/Benefits & Housing to ensure that effects of other welfare reforms e.g. Housing Benefit cap / under-occupation new rules / localisation of CT are taken into account in future development plans.</p> <p>Continue to liaise with DCN regarding the implementation of UC and explore mutual exchange policy with other LA's in Kent in due course.</p>	<p>BM/GM/ HoH</p> <p>BM</p>	<p>On-going</p> <p>On-going</p>	<p>Improved strategy response and improved policy/procedures in place</p> <p>As above</p>
3	<p><u>External resource capture</u></p> <p>Continue to monitor all information emanating from the DWP and other interested organisations to build up the best picture of what is likely to happen</p> <p>Monitor pilot schemes to assess level of additional resources needed for successful implementation of UC.</p>	<p>BM</p> <p>BM</p>	<p>On-going</p> <p>Post September 2013</p>	<p>Greater expertise enabling better planning for changes</p> <p>Get a better picture of the amount of face to face assistance needed. Better policies /better procedures in place</p>
4	<p><u>Internal data capture</u></p> <p>Analyse HB caseload. How many claimants will need:-</p> <ul style="list-style-type: none"> a) No assistance b) Short term assistance c) Long term assistance <p>to access UC on-line</p>	<p>BM</p>	<p>End December 2012</p>	<p>Greater expertise & resident awareness of upcoming welfare changes</p>

No	Objective	Lead	By when	Expected outcome
	<p>During routine surgeries in Edenbridge/Swanley/Sevenoaks undertake short informal surveys of Claimants to understand “gaps” in understanding e.g.:</p> <ul style="list-style-type: none"> a) Building self-belief b) Teaching relevant IT skills c) Budgeting / setting up standing orders to landlords <p>And those who may need assistance prior to next October to claim UC</p> <p>Gather information from other organisations to enable SDC to more effectively sign-post claimants.</p>	BM	<p>End December 2012</p> <p>End December 2012</p>	
5	<p><u>Preparation of benefits department for Universal Credit</u></p> <p>Having captured internal data consider creating a dedicated Universal Credit officer to provide “single point of contact” to build capacity and self-belief in people.</p> <p>Alternatively, consider up-skilling/re-training staff to take on a new role in order to help vulnerable claimants get on-line.</p> <p>Analyse how many benefits staff will need to be re-allocated to other departments post full transition to Universal Credit in October 2017, if not before.</p> <p>Establish what steps DWP will be taking nationally to publicise the welfare changes to tenants and claimants</p>	<p>BM</p> <p>BM</p> <p>BM</p> <p>BM</p>	<p>June 2013</p> <p>June 2013</p> <p>June 2013</p> <p>On-going</p>	<p>Fewer claimants long term requiring assistance / fewer telephone / post /visitor queries</p> <p>Most effective use of resources to deliver value for money services / Assist most vulnerable</p> <p>Better value for money for council tax payers</p> <p>Better policies / procedures</p>

No	Objective	Lead	By when	Expected outcome
6	<p><u>Preparing tenants and residents for UC</u></p> <p>Review, enhance and localise existing communication channels for disseminating information to claimants/tenants/residents about UC.</p> <p>Promote and support all efforts by Moat/WKHA/Housing to produce a generic leaflet dealing with UC.</p> <p>Promote and support all efforts by Moat/WKHA/Housing to identify tenants with specific needs and who will need help getting on-line, budgeting, opening a credit union account or bank account, setting up standing order to pay rent on monthly basis in line with receipt of UC.</p> <p>Promote and participate in local/national welfare forums aimed at easing burden of implementation.</p> <p>Resources permitting, consider organising Kent Welfare Reform Summit in Sevenoaks for all interested stake-holders and Members.</p> <p>Promote and participate in all voluntary sector initiatives aimed at raising awareness and delivering digital inclusion.</p> <p>Preparation of a Member briefing note for dissemination information to Parish Councils and inclusion in the Winter edition of InShape.</p>	BM	On-going	Reduced complaints / queries post October 2013
		BM	On-going	Improved awareness and reduce postage and other costs
		BM	On-going	More reach and raised awareness of vulnerable groups
		BM	On-going	Increase access / mutual exchanges
		BM	By March 2013	Improved policy/ increase access / mutual exchanges
		BM	On-going	Improved access
		BM	December 2012	More local reach and raised awareness

No	Objective	Lead	By when	Expected outcome
8	<u>Policy development/implementation</u> If commensurate savings can be found elsewhere or alternative sources of funding (either internal or external) consider expanding HERO service to coincide with down-sizing of Benefits service.	BM/HM	Dec 2012	Decrease demand for emergency Housing and increase take up of jobs
	Alternatively consider developing a new Housing/HERO/Benefits hybrid officer to assist High Risk families pre and post the implementation of UC next October.	BM/HM/ HoH	Dec 2012	As above
9	<u>On-going monitoring/training</u> UC Scrutiny Board to meet again and review progress in June 2013 and first progress report to SSC in September 2013?		June 2013	Ensure progress is being made
	Officer/Member of Scrutiny Board to attend up-coming Inside Government conference on 4 th December on Digital by Default: Delivering Smarter Public Services.		Dec 2012	Increase expertise

Lead officer Key

BM = Benefits Manager

HM - Housing Manager

GM - Group Manager - Financial Services

HoH - Head of Housing / Communications

**UNIVERSAL CREDIT
IN-DEPTH SCRUTINY BOARD MEETINGS:**

Group Comprises:

Cllrs Firth (Chair) Horwood (Vice), Raikes, Ball, Hogarth

SDC Officers : Adrian Rowbotham, Meryl Young

1st March 2012 (09:30 - 11:30am) -
Stage 2 - Familiarisation with subject area.

2nd March and 16th March 2012 (09:00 - 13:00)
Stage 3 - submission of evidence

9th March 2012 Universal Credit and Council Tax Benefit Seminar (London)

3rd April 2012 Services Select Committee meeting

17th April 2012 (19:00 hrs)
11th May 2012 (09:00 - 11:00am)
Stage 4 - deliberation/consideration of options

26th June 2012 (19:30)
Stage 5 formulation of recommendations and reporting

6th September 2012 (19:00 hrs)
Finalising draft report/recommendations

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**Universal Credit
In-depth Scrutiny Board - Evidence Gathering Exercise**

Witnesses

Friday, 2nd March 2012

Benefit Officers (SDC)

Meryl Young - outline of UC and case studies

Blue Ryan-Morris

Ursula Harris (West Kent Housing Association),

Jo Frawley - WKHA Tenant Rep.

Marion Money - Landlords

Arthur Rucker (Sevenoaks District CAB)

Jill Roberts (Sevenoaks Area Mind)

Dave Ashdown - Job Centre Plus

Apologies

Edenbridge CAB & Age UK

Friday, 16th March 2012

DWP Representative - Kim Archer

Allen Graham Chief Executive

Rushcliffe Borough Council, DCN Lead for Welfare reform

Jane Ellis - Housing Officer - SDC

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In depth Scrutiny of UC

Evidence Gathering 2 March 2012

Notes

Landlord Session

Attendees –

Jo Frawley – WKHA Tenant Rep

Ursula Harris – WKHA

Marion Money – National Landlords Association

Issues discussed –

Tenant's ability to budget monthly

Landlords cannot be seen to 'control' money – need to offer advice only

Money into accounts that are overdrawn – banks not allowing access as overdraft is cleared first

Bank charges incurred where benefit receipt and rent payment dates are not aligned

Tenants not able to cope

Relaxed criteria for direct payment has helped with safeguard applications

Encourage tenants to set up basic bank account for rent only

Consider Kent Savers/Credit Unions

Consider ability to negotiate Post Office accounts with 1 DD to pay rent

When LHA came in rent arrears were huge problem – typically 30% rent arrears

Security for landlords – landlords want to spread risk with mix of tenants

Reducing availability of private rental properties – landlords find Medway towns more economically viable

Rents may increase to compensate reductions in rent due to less HB

Tenants preferred choice is social sector – security of tenure

PSL properties – need to understand who bears the risk – costs/management /modelling/translate into financial terms against increased B&B costs

Jo –

UC dramatic impact on tenants, benefits already so low some cannot cope – can educate people but when they face stark choices juggling budget is difficult

Concerns about HB reduction for over-accommodation – lack of 1 bedroom or smaller properties available

Marion –

Private sector landlords preferred tenancy type - 2 to 3 bed properties although 'accidental' landlords have no profile in mind – difficult to factor a business model

Rising rents – now 30th percentile almost equals to 50th as was – CPI changes

No identifiable rent element for UC

Loss of HB teams who are skilled and can react quickly – loss of relationships and identification of need

Dealing with DWP is difficult

What NLA are doing – Kent Housing Group piloting tenant training for private tenants building on skills – private landlords will have to work with tenants, potential UC Toolkit – concerned about shrinking help

Ursula-

No plans to 'demolish' walls to change room numbers – difference in space standards

Will families say they have split up?

Risk of fraud

Digital by default - lots of tenants not on line **UH to email survey results**

Computer literacy a problem – tenants will need help and support – essential!

WKHA are funding a Financial Wellbeing Manager post – will undertake workshops

Impact of loss of floating support (KCC/Medway reductions for short-term help) and reductions for older people

What WKHA are doing -telling people - Tenants newsletter, housing officers in specific circumstances, using Adult Education

Difficulty with jobs – how do you resource prioritising housing lists and collection of arrears (London and Quadrant pilot 3 years ago saw rent arrears double

WKHA collectable rent is currently 18 to 20m

Consider –

Cost of homelessness v cost of housing provision

Impact assessments to not provide information of eviction or in longer term

Impact on staff – increased abuse

Social services currently take on cases but they are facing cuts

NLA are involved in studies on direct payment to landlords

Affordable rent is 80% of market rent

Welcomed –

Element to help people back to work and to take ownership

Simplicity – principle is good and economically sound

Welfare Group

Jill – Chief Executive of Sevenoaks Mind

Arthur Rucker – Sevenoaks CAB

Mind -

Mind work to support people with mental health needs (approx 25% of people will suffer from some sort of mental health problem at some point in their lives) – from severe e.g. bipolar to less severe – OCD, acute anxiety, long term depression etc.

11- 16 years old in SDC area – 2500 will have some kind of mental health problem

Majority of people who MIND help are claiming benefits – currently 300 – 400 on books – about 5000 annual contacts per year

Welcome – broad idea of UC plus simplification is good!

However, anything that creates anxiety is bad, such as penalties, fear of going to work.

Jill talked through a case study for the benefit of the group.

Issues discussed

Lack of mental health mentors is a huge problem as without support a lot cannot cope

People who are mentally ill do not always present as so

That with UC people who have less diagnosed or medical needs may slip through the net

The end of work related support causes issues for individual and employer
How do we find a way that highly vulnerable people are supported within a system that lumps people together?

Barriers around digital – especially motivation and knowledge – mechanism needed to ensure people know about system, to find out who needs help, IT access – especially how do people make a case 'on-line'?

Current provision for training on a computer for disable people needs additional funding – Mind have facilities to assist (up to 12 places M to F per week run by volunteers – lack of funding may mean discontinued but could be used to help support people. Capacity to expand? Others such as Age UK and VAWK may also offer similar if assistance provided with funding.

Possible solution – link Age UK, Mind, CAB to build a package of IT and support

CAB -

Issues discussed

Implementation will be quite difficult

Support funding a concern as CAB experiencing serious financial difficulties – government must consider funding if they expect the voluntary sector to assist UC welcomed as an idea but concerns about difficulty in claiming – especially when HMRC had such huge issues initially

No local people for claimants to meet with face-to-face – experience of JCP+ is not good. National helpline often cannot answer queries and if BDC needs to call back this takes 3 hours – no good if you are with someone!

CAB Advise customers not to complete forms online e.g. DLA as easy to get it wrong and claim needs time to consider – initial form is ok, next form about limited capacity very complex – CAB advise not to complete independently. CAB providing evidence to Prof. Harrington enquiry.

Medical assessments problematic – on appeal 40% succeed generally but this rises to 70% with representation – system set to fail as no access to medical notes only what is in assessment

Need facility in UC to pay to landlords

Conditionality rules create difficulty e.g. can someone really spend 40 hours looking for work if there is no work about?

DWP – JCP+

Dave Ashton – District Manager for Kent

Issues discussed

UC Impact – still many unknowns but will be a phased approach

Need to consider may be/could be impacts

Need to identify issues as they happen to identify required support

JCP+ in Kent have 800 staff committed to support vulnerable people and those that are well enough to get back into work.

Want to work with stakeholders

Digital – currently 23% of claims are successfully made online in Kent –

Target is 50% by end of March (will not be met) then up to 80%.

How many applied and were not successful in process – **DA to supply ongoing information on monthly basis**

Customer insight suggests 50 – 80% of customers have access or with support would be happy to access claim on line – **DA to confirm wording of survey**

On line claim will be parametised to provide internal validation.

97 – 98% receive money direct into a bank account rather than giro

DWP considering accessibility of JCP+ offices – also co-location currently exists e.g. children's centres, connexions

Need where there is demand – can deploy staff to be in other locations

DWP considering best model for delivery

Build on liaison and collaboratively keep channels of communication to work with Las

Impacts on JCP+, HMRC and LA staff

Long –term vision for JCP+ in Tonbridge to include terminals – roll out due April 2012 to be completed by September 2012 – will have people on hand to assist

JCP+ in Kent currently recruiting 80+ vacancies due to rising register and youth unemployment as a current need

In Kent current JSA recipients is up 14% and for 16-24 age group up 24%

Provide rapid response teams e.g. Pfzier and Thames Steel

JCP+ has significant telephone contact often long waiting times – cost of 0845 number over £1m to customers – **DA to check!**

Not yet known what will happen to JCP BDC offices – envisage will still use some sites.

Use experience – need to prioritise relocation of existing staff

Clear messages to staff

Keep dialogue open

Benefit Cap is a big issue – potential displacement from London

JCP+ and partners working to assist people into employment

7000 vacancies across Kent

53.5% of JSA recipients go off benefit within 13 weeks, 74% within 26 weeks and 90.5% within a year – predominately into employment

In Kent 1700 participating in work experience of which 33% are kept on – nationally 51%

Direct payment pilots over 5 areas will include budgeting and money matters

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In depth Scrutiny of UC

Evidence Gathering 16 March 2012

Notes

DWP Session

Kim Archer – Customer Insight Team

Kim went through her presentation slides (already provided to members of the group).

Three issues arose which Kim agreed to send further details on –

- Tapers/Income - to provide a detailed briefing note about the effects of income changes against the UC taper
- How the time lag is expected to work - to provide details on when changes in earnings would be effective from when amending the UC claim especially with regard to minimising overpayments and potential claw backs
- What happens to the applicable amount when one partner reaches pension age and the other (who will remain or change to be the claimant under UC) is still working age? i.e. will they receive an additional premium for age as happens currently?

Additional discussion points –

Direct Payment –

DWP are developing a self-assessment tool for customers to provide information on the type of help people need for budgeting and financial management

DWP are working with banks and post office asking them to provide better products for those on low incomes

Significant claimant preparation activity being undertaken which Las could participate in

Message from Cllr Firth to DWP which she requested Kim take back –

You can never wholly replace a human being with a computer. Beveridge set up a safety net for people in need and benefit services and local authorities offer support which cannot be measured simply in £.

DCN Session

Allen Graham – Chief Executive Rushcliffe Borough Council

Issues discussed –

Two considerations –

Taking Housing benefit away from local authorities – remember why we got it in the first place!

Digital access at 80% - how achievable is this in reality?

Is it time for localised strategy for local engagement? Interaction in place at the start of a process to get it right first time.

If HB is removed then other customer service areas may be unsustainable – where is contact to come from? Who fills the gap?

Do not lose Las as a direct deliverer!

Face-to-face is part of core business – we need to assist people to self-serve.

Whilst Lord Freud has designed a service which allows self-service in the main, particular sections of the community will **never** self-serve.

Consider level of investment in face-to-face interface – can this merge and grow?

JCP+ offices – are they fit for purpose – the ‘Woolworths’ of the client group.

As a sector we should not be enhancing a dependency culture. There is a thin line between care and dependency

Who are the people on the margins? – access, complex needs, not average

Behavioural change is led by example - LAs should be proud as a sector of the depth of knowledge they have in this area e.g. recycling.

KISS – solutions need to be simple!

The big society – what are the big society issues? E.g. young people may be able to easily access UC but may have debt management issues.

Conflict between Aims and Actuality – a void to fill within service provision – how is it best to fill changing roles?

Customers need local access and support

Delivery in Rushcliffe – Allen described how customer service works for his authority –

Customer Service is integrated with the police within the Town Centre – LA delivers for the police – staff have access to police databases.

Important to manage expectations and allocate resources in the most efficient way.

Staff are skills based and ‘customer centric’ making them best placed to deliver front line services

Help coming on-line to provide the full picture of circumstances – including health and housing – at the front line with specialists available in the back office.

Aim to deliver face-to-face by building capacity e.g. JCP+ personnel within the building to offer Job side

Includes ‘softer’ specialist skills/interventions e.g. debt advice

High levels of acceptance and low resistance

Aspiration and progress is key
Undertake jobs fairs locally with JCP+_, schools etc
Want to help people get on-line
Big issue for all – who will be the pilots for UC?

Concluding remarks –

Opportunities to make a business case for income to provide a customer interface otherwise may not be viable.

Know/identify your vulnerable groups – consider ‘fairy job-mother’ approach

Issues raised by Cllr. Horwood – Financial planning v. risk and looking at the bigger picture. Overall financial reductions across the LA.

SDC Housing

Jane Ellis – Service Manager

Jane described to the group how the team is arranged.

3 x Housing Officers; 1 x PSL officer; 2 x HERO officers and 1 x support officer

Each Housing Officer has 80 – 100 cases (increases now being seen – more normal to have 100 cases).

From 1000 enquiries around 50 may be accepted as homeless

Team provides homelessness and housing advice – increase seen due to recession, HB changes and affordability issues, plus cases are more complex
Kent-wide task and finish group piloting scheme with Credit Union to provide budget accounts with guarantee direct debit to landlord

Housing undertook survey to see landlords concerns – these came out as payment of rent and condition of property.

Tenant accreditation is a useful tool for the above point.

Housing have resourcing concerns moving into UC as expect to see an increase in enquiries and people presenting as homeless – increased B&B use is damaging to the tenants, unsuitable accommodation wise and very expensive.

Customers need to be educated in their option.

Jane also explained that the Housing register belongs to SDC but is administered by WKHA – any application is considered and WKHA apply their applications policy

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Piloting Universal Credit

Meryl Young

Benefit Manager

Dartford and Sevenoaks Shared Service

What might pilots of UC look like?

- Customer Impact
- Transition
- Organisation and stakeholders
- Potential outcomes
 - What do the DWP need to address to ensure success
- Conclusions

Customer Impact

- Direct Payments
- Accessibility
- Assistance
- Communication
- Budgeting
- Debt
Management



Transition

- New Claims
- Current Caseload
- IT and software
- Data sharing
- Fraud
- Communication
- Overpayments
- Information sharing
- Legacy benefits



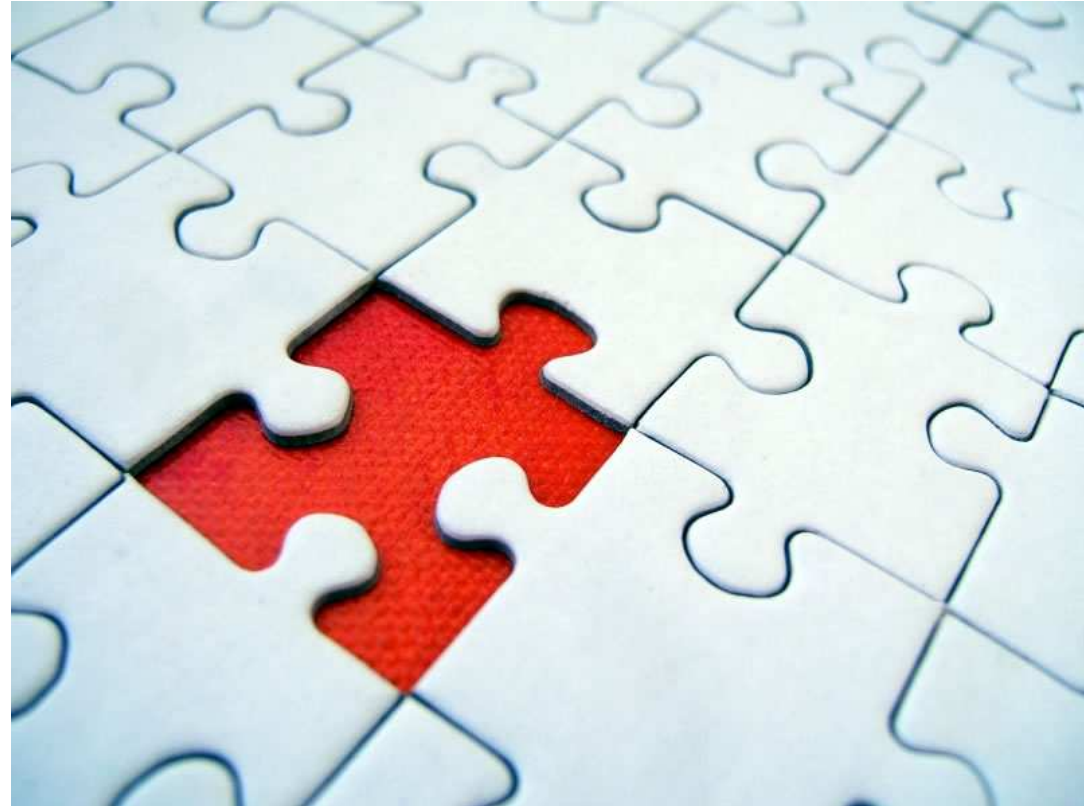
Organisation & Stakeholders

- LA involvement
- Local relationships
- Housing
 - Homelessness
- Staff
- Funding
- Residual issues
 - Support services
 - Decommissioning



Outcomes & Good Practice

- Customer education
- Communication methodology
- Data sharing and communication sharing protocol
- Risk
- LA fit



Conclusions

- Administration
- Communication
- Planning
- Funding
- Questions



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Appendix 1f

The Impact of Welfare Reform on Housing – CASE

The Impact of Welfare Reform on the South East
Housing Market

Michelle Chivanga, South East Policy & Practice Officer

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Impact of welfare reform on the South East housing market – opportunity or hindrance?



Michelle Chivunga

Agenda Item 6

The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the professional body for people involved in housing and communities. We are a registered charity and not-for-profit organisation. We have a diverse and growing membership of over 22,000 people – both in the public and private sectors – living and working in over 20 countries on five continents across the world. We exist to maximise the contribution that housing professionals make to the wellbeing of communities. Our vision is to be the first point of contact for – and the credible voice of – anyone involved or interested in housing.

Chartered Institute of Housing

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‘Shaping the housing and community agendas’

This paper is one of a series of briefing papers prepared to inform housing professionals about key current housing policy proposals and potential impacts. It builds on a series produced by the Chartered Institute of Housing (CIH) looking at transitional impacts, and develops it further to look at what the implications of the proposed policy changes are for the South East.

More policy papers are available on the [CIH website](#) and also at [CIH South East](#). Currently the Welfare Reform Bill is being debated in parliament. Several organisations, including CIH, have highlighted a number of concerns details of which can be found in in the [joint briefing on the second reading of the Welfare Reform Bill](#).

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BACKGROUND: WELFARE REFORM AND HOUSING BENEFIT

The UK has some fundamental economic and social weaknesses that continue to impact on citizens and businesses. Tackling the budget deficit is the first priority for the Coalition. A key element to achieve this is reform of the welfare system to reduce government expenditure on social security programmes, including housing benefit.

The housing benefit bill has risen from £11 billion in 2000-01 to £21 billion in 2010-11. Without reform expenditure is projected to reach £25 billion in 2014-15. Some reform was undertaken by the outgoing Labour administration but the Coalition is looking to introduce more radical reform and at a greater pace. The blueprint for the government's proposals were originally set out in the Centre for Social Justice report *Dynamic Benefits: Towards welfare that works*.¹

The Welfare Reform Bill largely implements the radical proposals set out in the Dynamic Benefits report. The broad vision is to produce a major shift away from communities that are dependent on state welfare to build ones that are independent, labour oriented and part of a thriving workforce that is able to deliver on its economic, social and environmental objectives. Providing greater incentives for claimants to move from reliance on state welfare and into work is the underlying aim. In practice this may prove to be difficult in the current economic climate where employment opportunities are limited and the economy continues to face uncertainty and instability.

The core elements of the Welfare Reform Bill are as follows:

- the introduction of universal credit² (UC) that will combine all of the current income-related out of work benefits into a single benefit that will ensure that people will always be better off in work
- a new 'claimant commitment' that more clearly sets out what is expected of claimants in return for benefit while providing protection to those with the greatest needs
- reforming the way the local housing allowance (LHA) is set for private tenants on housing benefit so that future increases will be restricted to the general increase in prices with the aim to bring greater stability to the market and improve incentives to work
- disability living allowance (DLA), will be replaced by a new *personal independence payment* with entitlement being based on a score derived from tougher 'ESA style' medical test
- the current council tax benefit scheme with national rules set by the DWP will be replaced with local schemes where each local authority will set its own rules.

1 www.centreforsocialjustice.org.uk/default.asp?pageref=266

2 www.dwp.gov.uk/policy/welfare-reform/legislation-and-key-documents/universal-credit/

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WHERE ARE WE NOW? WELFARE REFORM AND HOUSING BENEFIT CHANGES

The main feature of the government's plans to help ensure people are always better off in work is the introduction of universal credit (UC) from October 2013. UC will simplify the welfare system by combining the full range of income-related working age benefits (income support, income-based jobseeker's allowance, income-based employment and support allowance, child and working tax credits and housing benefit) into a single combined payment.

UC will initially apply only to new claims. Existing claims for all the benefits it replaces ('the legacy caseload') will continue alongside the new system until 2017. Transfers from the legacy caseload to the new system will take place as and when a major change of circumstance occurs. All the other remaining cases will be converted through a series of block transfers with the final transfers taking place in 2017. All of the existing benefits (including housing benefit) will be phased out by October 2017.

The government has planned to invest £580 million in establishing the new infrastructure required to administer the new benefit. Both the government and providers will need to adapt their existing systems to ensure that they are compatible.

The main features of universal credit are:

- the current system whereby several working-age benefits and tax credits exist side-by-side each with its own rules as to the rate at which it is withdrawn as earnings increase (a feature known as the 'taper') will be replaced by a combined payment with a single taper
- the amount the claimant may earn before benefit is withdrawn (the 'earnings disregard') are restructured and, in many cases, more generous
- UC will comprise four main elements: a 'standard allowance'; child allowances; housing costs (rent or mortgage interest), and other needs (disability, childcare costs)
- the housing costs element (for rent) will be broadly based on the reformed housing benefit scheme
- the award will be subject to a maximum limit (the 'overall cap') set by reference to national average earnings
- most claims will be made on-line (with an initial target of 50 per cent of claims) and in all cases will be administered by the Department for Work and Pensions (DWP)
- payments (including any housing costs element) will be made on a monthly basis and in most cases will be made to the claimant.

The unified taper, income disregards and housing costs element

The **unified taper** is meant to simplify calculation of benefit, make the system more transparent and ease the deepest part of the poverty trap (which occurs in the current system where several benefits are withdrawn concurrently). Initially the Centre for Social Justice recommended a taper rate of 55 per cent but the Bill proposes a rate of 65 per cent. The higher taper will result in lower awards that somewhat reduce the overall work incentive. Nevertheless the current highest overall rate of withdrawal will be reduced from 95 per cent to around 81 per cent.

Another central feature relates to the restructured earnings disregards which start at a higher level and increase with family size, but are also subject to a complicated system of deductions. In most cases tenants will be entitled to a similar disregard as at present but in some cases the amount is considerably more generous.

Despite these improvements it is disappointing that the Bill will abolish **extended payments** of housing benefit which are currently available when the long-term unemployed start back into work and are believed by many to be a highly effective work incentive.

The clauses in the Bill that relate to the **housing costs element** do not provide a guarantee that it will continue to be based on the actual rent the tenant pays and leaves open the possibility that the Department for Work and Pensions (DWP) will move to a more rough and ready system based on standard allowances at a later date. CIH has called for the housing element to continue to be based on actual rents in both sectors so that it takes account of local circumstances including rent inflation and ensures that at least 30 per cent of the market in the private sector remains affordable.

Payment of universal credit

Recently the Welfare Reform Minister Lord Freud announced that the government intends to consider the practical consequences of paying the housing costs element to tenants especially if they are vulnerable or need support to manage their finances. Five demonstration projects operating in England and Wales will explore the implications of direct payment to tenants and in particular will look into:

- switch-back mechanisms, where payment reverts back to the landlord if arrears build up, and repayment of any arrears to social landlords
- the provision of financial support and advice to tenants
- exceptions, where the payment should still go direct to the landlord.

Statistics on housing benefit and social security

Key housing benefit statistics	Other key social security statistics
<ul style="list-style-type: none"> • 4.88 million in the UK claiming housing benefit* • 1.3 million (27%) are aged 65+ • 2.7 million claimants (56%) are single with no dependant children – all ages • 1.1 million claimants (23%) are single with dependant children - all ages • 0.5 million claimants (10%) are couples with dependant children - all ages • 3.29 million housing benefit claimants live in social housing • 1.14 million housing benefit claimants live in the private rented sector • 279,000 housing benefit claimants are working • 570,000 housing benefit claimants are on JSA 	<p>February 2011</p> <ul style="list-style-type: none"> • 5.8 million working age benefit claimants • 631 thousand people claiming employment and support allowance and 1.91 million on incapacity benefit • 12.8 million people of state pension age claiming DWP benefit • 3.19 million claiming of disability living allowance <p>May 2011</p> <ul style="list-style-type: none"> • 5.8 million claiming council tax benefit <p>June 2011</p> <ul style="list-style-type: none"> • Total Child Support Agency (CSA) case load stood at 1.4 million cases.

*Source: DWP Table 9a Housing benefit recipients by age group and family type: June 2010

Source: DWP quarterly statistical summary, August 2011

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SUMMARY OF CHANGES AND IMPACT FOR THE SOUTH EAST

The South East has been associated with prosperity and substantial economic growth in the years before the recession. However, the region faces significant challenges from some of the policy reforms that have been introduced. The South East area is second to London in many areas of development and growth; it also has a severe shortage of affordable housing and pockets of deprivation. The average house price in the South East in 2010 was £284,379, over 12 times the regional income of £22,870.³ In November 2010, the South East had over 88,000 families with children claiming income support and over three million households living in poverty between 2005-11.⁴ The following figures help to highlight some of the difficulties that the South East faces.

Key South East indicators	South East figures
Disability living allowance (DLA) claimants by Feb 2011	322,570
Households in temporary accommodation (including those homeless and at home waiting for accommodation), 2003-10	3,680
Households accepted as homeless by local councils in the South East in 2010/11, rise of 17% on previous year.*	4,500
Local authority housing register by 2010 - number of households on the waiting list, increase of 5% on the previous year*	215,373
Repossession actions by Q2 2011 - selected county courts-number	3,525
Social housing stock, 1994-2010 – districts, number of dwellings	491,345
Unemployed and economically inactive between 2004-11	251,500 and 812,600

Source: East Sussex data figures; * Communities and Local Government (CLG) statistics, 2010 and 2011

Rising numbers on housing registers indicate the increasing demand for affordable housing in the South East. This trend will continue as unemployment rises and more people are financially constrained. There are over 800,000 people that have been classed as economically inactive. This presents risks to the development of the South East economy and action to support people gaining employment is a critical factor to strengthen the economy and build skills and capacity in the region. However, in these austere times, jobs are limited in many areas and the labour market needs significant support and incentives to deliver the additional work and training initiatives.

The housing market in the South East faces difficulties with affordability in almost all existing tenures. The shortages in the supply of affordable housing, the small proportion of social housing stock to meet demand (as stock has fallen through transfers and sales including the right-to-buy) all mean affordable housing options are extremely limited. Creativity in allocations in the social sector (e.g. looking at how transfers can

³ Land Registry data, 2000,2005 and 2010; Annual Survey of hours and Earnings(ASHE), 2000 and 2010

⁴ East Sussex data tables available at [ESiF](#)

produce a chain of lettings) balanced with affordable rental alternatives can help the sector but do not present long-term solutions. These include increased supply of housing overall, and pathways into ownership, which in turn should be on an affordable basis.

Welfare reform and the impact for the South East

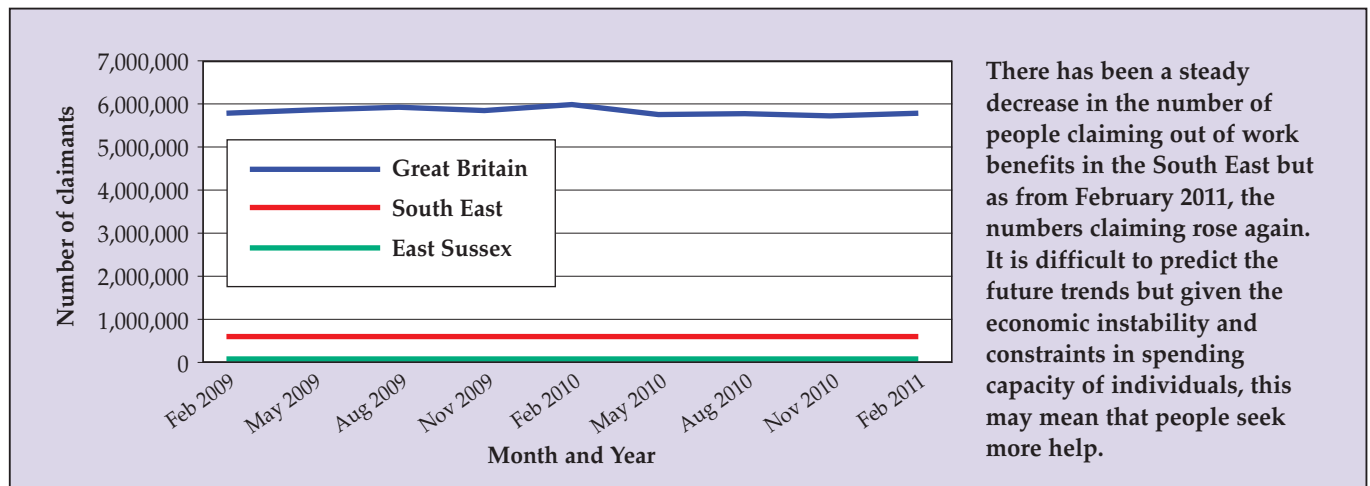
There are a number of reforms that have been introduced as outlined above. Other benefits are being phased out, for example incapacity benefit (IB) claimants will be transferred over to employment support allowance (ESA). ESA is a benefit that has replaced new claims for IB, severe disablement allowance and income support (IS). Claimants that have been receiving these as a result of sickness or, disability will be moved to ESA by 2014. There have been concerns raised about transitional impacts on claimants, for example it is predicted that up to 40 per cent of claimants will fail the medical tests and as result could be moved to jobseeker’s allowance which is paid at a lower rate.

The introduction of similar checks and tests will possibly also mean people claiming disability living allowance (DLA), which is being replaced by the *personal independence payment* (PIP) will face reduction in their income. The South East has over 300,000 on DLA. It is also being proposed that the time required to qualify for PIP be increased to six months which is double the time under the existing DLA. This might prove difficult for applicants that are usually in need of immediate support upon becoming ill.

The household benefit cap for working age tenants

People of working age but not employed will, in future, not be allowed to claim more out of work benefits than the average wage. The maximum award that can be claimed will be capped at £26,000 per annum (£500 per week). The benefits included in this cap are: jobseeker’s allowance (JSA), employment and support allowance (ESA), child benefit, child tax credit, council tax benefit, housing benefit and universal credit.

Working age claimants



The caps on total benefit entitlement will affect more expensive areas in the South East and it is one of the reforms that will have significant impact for people. The South East has over 250,000 people that are unemployed and a higher proportion that are economically inactive as outlined earlier. It is debatable if capping the benefit is enough to incentivise people into work, as that is also dependent on opportunities for employment. Within localities there needs to be greater local collaboration to assist in bringing people that can work back into employment.

Housing benefit for all tenants

Increased non-dependent deductions

Where a claimant has other adults living in the household that are not considered to be part of the family for benefit purposes such as adult children that may be sharing the home with their parents, reductions will be made to the amount of eligible benefit – non-dependent deductions – on the assumption that the adults can make a contribution to household expenses. This policy may lead some adult children to seek to leave home, but they may struggle to find an affordable alternative, due to other benefit changes, and this may also leave their parents under-occupying their home. Alternatively they could remain at home and reductions will be made to the parents benefits, which will result in shortfalls that will have to be made up, or arrears will accrue. Levels of deductions have been frozen in the past but, starting in April 2011, for the next three years these will increase by 20–30 per cent each year and thereafter, linked to prices.



Unemployment is very high. A more collaborative approach can be taken in promoting jobs available and offering support around this including advice on affordable housing options in the right locations. Greater insight into the local employment market and links to people that may skill up these markets is critical.

Housing benefit for social tenants and wider support for vulnerable households

The government is taking a very strong stand on under-occupation, to make best use of stock and address overcrowding, particularly in the social housing sector. People of working age under-occupying their home by one bedroom will lose up to 15 per cent of housing benefit and up to 25 per cent if under-occupying by two or more bedrooms. There are some negative outcomes for some claimants around these reductions, particularly those with disabilities who perhaps need extra room for family members/carers to support them.

Although tackling under-occupation is a significant measure to free up family housing, which is badly required in the South East, the measures need to be carefully implemented. The Coalition has made commitments to supporting disabled people and those who are vulnerable to remain at home, maintaining investment in the disabled facilities grant, but demand still exceeds capacity. Greater planning to deliver a wider provision of attractive housing options and help to move are important steps to encourage downsizing. This is applicable in all sectors of housing, not just the social sector. Housing professionals at the forefront, working with tenants, can perform a valuable role in recognising households that authorities can support to find solutions. The Making Best Use of Stock (MBUS) team,⁵ within CIH, is a DCLG funded team aimed to help local authorities identify strategies to address this. Kent County Council has highlighted that under-occupation changes could impact on a large number of people within their boroughs and districts.

Another area of support that is being changed is the Social Fund which is usually used by poorer members of the community in need. Community care grants and crisis loans will be localised and under the remit of local authorities. The authorities will have control on the funding that is available but it is not expected that this funding will be ring fenced. As with the inclusion of un-ring fenced Supporting People grant in local formula grant settlements, local authorities are then forced to look at the provision of all services, and there is no guarantee that the funds available will be used for the intended purpose or if they will be forced to be diverted elsewhere, given the severe constraints on local authority finances.

Under the localism agenda, there will be significant differences in the level of investment and delivery mechanisms in different areas. It is possible that loans will be limited posing the real risk that many people will find themselves in deteriorating financial situations leading to increased debt and instability, and vulnerable to 'door-step lending'. There is a role here for authorities and partners to look at how they can

⁵ See: www.cih.org/MBUS

pool or draw in additional investment, establishing shared mechanisms across a close geographic spread. These partnerships can be focused on specific areas such as shared investment, perhaps for a ‘new local funding pot’ where authorities collectively build up a fund that can be used to continue to support some of the activities of the Social Fund. This does, however, require realistic assessment of each locality’s priorities and capacity to deliver.

Housing benefit changes for private tenants

Significant changes have been introduced to the payment of local housing allowances for people in the private rented sector (PRS). In analysing the government’s estimates on the impacts, the figures show that there will be annual reductions of up to £2,810 million of government spend on housing costs; £2,745 million will be savings made from housing benefit.

Setting LHA at the 30th percentile instead of the 50th percentile

LHA rates will be calculated on lower proportions of the rental market, that is the bottom 30 per cent of the market instead of the bottom 50 per cent within each local rental market area. This essentially suggests that 30 per cent of the market will be accessible to LHA claimants but there is no guarantee that all those seeking housing within this 30 per cent will be able to access a home that is affordable in this bracket. Tenants claiming LHA are therefore likely to have less access to properties that they can afford in their localities.

This could result in increased inter-regional migration forcing people to seek cheaper housing in less pricey locations. A clear risk to labour markets in expensive locations where the required workforce may be unable to find suitable affordable housing or alternatively be forced to spend a large proportion of their incomes on transport costs. This would pose problems for individuals and households as well as the economic development of these local economies. Affordable housing solutions, coupled with sustainable infrastructure and transport is important to provide a strong workforce, for successful economies.

Table 1 below highlights some of the areas affected by these changes and the number of people likely to face difficulty as a result of LHA being based on the 30th percentile. Brighton and Hove has by far the largest number of people in one- and two-bedroom properties to be affected by the change. There is a clear pattern with other areas such as the Isle of Wight, Milton Keynes, Thanet facing high numbers of claimants losing out in the one- and two-bedroom categories.

Table 1: Impact of setting LHA rates at 30th percentile – estimated number of LHA recipients losing or notionally losing

	Shared room	One-bed	Two-bed	Three-bed	Four-bed	Five-bed
Brighton and Hove UA	0	4,200	2,500	500	60	0
Isle of Wight UA	0	1,530	1,120	350	50	0
Medway UA	0	1,630	1,900	690	70	30
Milton Keynes UA	0	1,220	1,750	740	110	20
Portsmouth UA	0	1,490	1,440	450	30	10
Reading UA	740	760	1,070	280	30	10
Slough UA	410	640	1,060	360	70	30
Southampton UA	1,260	1,180	1,160	390	40	10
Eastbourne	0	1,050	870	280	30	0
Hastings	0	1,790	1,070	310	50	10
Shepway	0	1,070	890	300	40	10
Thanet	650	2,070	1,540	550	100	30
Arun	0	1,060	950	270	20	0

Source : DWP 2010 impact assesment

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Increasing the upper age limit for the shared accommodation rate from 25 to 35 years old

In the past, the shared accommodation rate applied to single people under the age of 25 years old. The new shared accommodation rate (SAR – the rate for a room in shared accommodation) will be applied to an age limit of 35. The maximum amount of housing benefit that can be claimed by this group is now restricted to the rate for a single room in a shared property.

It has been estimated that 88,000 people will be affected by this change, 6,200 in the South East. Research conducted by the DWP indicate that at least 87 per cent of claimants will face shortfalls in the HB they receive. This will lead to an increased demand for shared housing or people facing significant shortfalls in their HB and the risk of increasing arrears and homelessness.

Table 2 below shows claimants on jobseeker’s allowance (JSA) in the South East, majority of which fall under a similar age category of ages 25-34. In July 2011 over 30,000 people were on JSA in the South East. There is a high possibility that some of these claimants may require shared accommodation as they search for employment opportunities in various areas. Shared accommodation and one bedroom properties are popular options for single people and working young professionals in local jobs.

The difficulty is that shared accommodation can be scarce in some areas and the alternative may be one-bedroom properties which might be expensive and also unavailable to single people dependent on HB, either due to landlords’ reluctance to take benefit claimants, or because they could not cover the difference between rent levels and HB.

Table 2: South East JSA claimant count by age, 2009-11 – districts

Month	Dec 10	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11
Total no. claimants	127,445	134,850	139,430	138,500	136,675	135,340	132,210	135,830
Age 20-24	22,500	24,035	25,525	25,165	24,820	24,310	23,485	25,920
Age 25-34	28,995	30,795	31,760	31,785	31,315	31,255	30,725	30,940
Age 35-44	27,510	29,130	29,550	29,510	29,180	29,210	28,640	28,670
Age 45-54	25,890	27,310	27,640	27,325	27,115	26,975	26,495	26,685

Appendix 1 shows a series of tables that show DWP assessments and in some tables CIH’s calculations of the impacts as a result of the various reforms. Table 20 (Appendix 1) highlights the disparities in the number of LHA recipients losing out and the average loss as a result of changes to the shared accommodation rate for those under 35 years; evidently some areas do not have high numbers affected (South Buckinghamshire, Canterbury, Wokingham) whilst Brighton, Medway, Hastings, Reading, Southampton, Thanet, Oxford and Worthing have more people facing higher levels of reductions.

Shortfalls in LHA as a result of changes under the shared room rate may also lead to an increase in demand for *discretionary housing payments (DHP)* as people find themselves struggling to make up the payments. Extreme hardship may also lead to increased arrears and in more severe cases, risk to homelessness. In almost all changes being made, the demand for DHP is highly likely to increase and be the only additional source of help with meeting higher costs that people face.

Although the government has increased discretionary housing payments, the increases will not have significant impact in addressing the shortfalls that people will face. Table 21 (Appendix 1) clearly shows the differences in the allocated DHP payments and the annual benefit shortfalls. Highlighted in red, annual

benefit shortfalls in Brighton, Arun, Dover and Eastbourne are over one million and the percentage of DHP in relation to these shortfalls is very low. These are coastal areas which face a multitude of problems including adequate supply of suitable housing opportunities.

In yellow are higher proportions of DHP but this is in line with significantly lower benefit shortfalls in some areas that are not typically expensive rental markets. But this is not the case for all areas – Elmbridge is an expensive area which has over 700,000 benefit shortfall and the DHP allocated is not even half of the shortfall.



Assess the number of people that will be affected within this age category and provide some early advice and alternatives before people face difficulty. Work closely with job centres and other private organisations to highlight areas that have decent and affordable shared accommodation.

Benefit caps – the maximum LHA rates and the four-bed limit

A further change is the limit to the maximum LHA that will be paid – set at the level for a 4 bedroom property. Appendix 1, Table 16 shows impacts for the South East resulting from the combined measures introduced. Brighton and Hove, Medway, Hastings, Eastbourne and Portsmouth all show significantly high numbers of people affected in the one, two and three-bedroom properties category. This category, particularly the three-bedroom element has become increasingly popular as the demand for family homes rises in line with population and household changes.

LHA changes – What are the government policy objectives and the intended effects?

'The 2011 changes to the LHA arrangements will both significantly reduce the levels of rent met by housing benefit in expensive areas and apply downward pressure on expenditure more generally. Currently, people can pay high rents in some areas because of the availability of housing benefit. These changes will mean that people on benefit cannot choose to live in properties that would be out of the reach of most people in work and will result in a fairer and more sustainable housing benefit scheme. They will also begin to address disincentives to work in the current system created by high rates of benefit. The measures will achieve cash-term benefit savings of around £1 billion by 2014-15. To provide additional support for disabled people the changes also allow for an additional room for non-resident carers.'

Source: DWP impact assessment on changes to LHA arrangements, November 2010

A significant number of people rely on accommodation in the PRS, a tenure that has expanded to at least 15 per cent of the overall housing market today. The people that use the PRS usually cannot access social housing and are not in a position to be homeowners (due to difficulty in obtaining mortgages etc). A large proportion of economic migrants are reliant on the PRS, which allows them to access job opportunities and support labour markets in various areas. Following the social housing reforms, it is expected that in future the PRS will be utilised more, for example by local authorities in meeting their homelessness duty. There are, however, some concerns here about the condition and quality of housing within the PRS. A study that is being conducted following this will provide some insight into the challenges within the PRS in the South East.⁶ In the South East approximately 39 per cent of PRS housing does not meet the Decent Homes Standard.

⁶ Contact the author for more information about the follow-up project on PRS.

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Tenants in the PRS and receiving LHA can only claim a maximum amount for each property size; the overall limit is the rate set for a four-bedroom property (£400) and hence benefit allowance cannot exceed this. Although the caps will hit areas in inner London in particular, expensive areas of the South East will also be badly affected particularly areas with one- and two-bedroom properties but also with fewer available larger properties (four and five bedrooms).

This will mean that people with more expensive properties/large properties will have a shortfall to meet if they rely on HB. Table 3 below shows the numbers affected by restricting LHA levels to the four-bedroom rate and applying the maximum caps in many areas of the South East.

Table 3: Impact of restricting LHA levels to the four-bedroom rate and apply maximum weekly caps – estimated number of LHA recipients losing or notionally losing

Area	Five-bed – number of people affected
Brighton and Hove UA	20
Medway UA	30
Milton Keynes UA	40
Portsmouth UA	20
Slough UA	50
Southampton UA	20
Hastings	20
Oxford	20
Thanet	30
Shepway	20

Source: DWP 2010 impact assessment – see also Appendix 1, Table 19 for other area impacts



Monitor local area activity in terms of internal migration and increased demand for affordable housing options. A closer assessment and understanding of property sizes, occupants and forecasted demand for each will assist to analyse the real impacts.

Linking LHA rates to CPI

From 2013 LHA rates will be linked to the consumer price index (CPI) instead of being based on local market evidence. CPI is based on calculating costs of a combination of consumer goods but only around 5 per cent of the index relates to housing costs. Consequently, LHA rates are likely to become disconnected from actual rent levels. If rental inflation is much higher than CPI rate then tenants on LHA will find it difficult to access affordable housing within properties that are in the 30th percentile. The people that are to be affected by this include low income earners, pensioners and vulnerable groups unable to work.

As rents rise, there will be less property and a shrinking proportion of the market that will be available to tenants claiming LHA. Historically rents have risen by up to 70 per cent (between 1997 and 2007), meanwhile CPI rose only by 20 per cent.⁷ The [CIH/BPF analysis](#) provides a more detailed study of the relationship between LHA and rental inflation. It highlights that since the introduction of LHA scheme up to March 2011, there has been a modest rise in rents. This review challenges the government’s assumption that rent increases can be checked by reducing LHA rates.

⁷ National Housing Federation Briefing, 2010

Rent increases in the South East have risen at a higher rate than in England. The South East is one of the most expensive regions and has limited access to affordable housing. The region struggles with developing new housing due to a combination of reasons: high land costs; planning constraints; difficulty in finance; significant opposition to development and the desire to maintain a predominantly greenbelt area (about 80 per cent of the South East is made up of greenbelt⁸). Following the launch of *Laying the Foundations*, the [housing strategy 2011](#), additional investment of £400m to provide 16,000 new homes from stalled projects has been announced. The proportion of South East homes amongst this is as yet uncertain. However, the Build Now, Pay Later scheme using freed-up public land can be useful to areas like the South East where land is difficult to access.



Monitor rental inflation in each local area and the impact this will have for private tenants and costs associated with using the PRS to house homeless households. Movements between areas will increase as people seek cheaper properties – is your area able to cope with a likely increase?

⁸ House of Commons, South East regional committee, *Housing in the South East, First report of the session 2009-10*, March 2010

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IMPACT FOR SUPPORTED HOUSING AND VULNERABLE TENANTS

Despite the government securing £6.5 billion for the Supporting People programme in the Spending Review, funding for this programme has been significantly constrained and providers are encouraged to seek additional private funding to meet the needs of often vulnerable and elderly people, for example by designing services that are useful and attractive to self funders in their own homes. The inclusion of the Supporting People grant into the reduced local authorities' formula grant has impacted on the services that local authorities can now fund. Many authorities and providers are looking at how they can continue to maintain or reshape services. A significant number of authorities have had to cut spending, some by up to 60 per cent. Brighton and Hove City Council will need to cut expenditure by £54 million over the next three years.

In this climate, it is important for authorities and providers to work closer together, developing the right partnerships to address these difficulties and source other means of extra funding. Supporting People services have demonstrable benefits for care and particularly health costs. Local authorities and partners may consider how they might work with these services to attract other investments. CIH⁹ argued for the importance of housing based solutions to address some of the challenges in the future for providing social care, as highlighted in the [Dilnot report](#).

The DWP recently undertook a consultation: *Proposals for change in the way housing benefit assists people living in supported housing within the social and voluntary sector with their rent*. The consultation focused on identifying appropriate means of administering HB to support vulnerable people so that these claimants are able to exercise choice and access specialist services that can enable them to live independently. The paper explores HB for supported housing; evaluating the potential of using LHA as a basis to calculate HB and using a simplified system to administer the benefit. It further outlines the various categories of supported housing. It is hoped that the simplified system that will be used will:

- recognise that supported housing carries higher costs but come with appropriate controls on levels of rent
- be clear about the types of additional activities that might be covered and those which would not
- be better targeted at those who need help
- be easier to understand and administer
- provide a predictable level of income for providers
- where necessary, use local expertise in setting the level of help available
- provide robust expenditure control and provide value for money
- compatible with UC.

The proposal categorises supported housing within two groups.

Group 1: people in **conventional supported housing** with low level support needs and possibly short term in nature (hostels, foyers, refugees, sheltered housing).

⁹ CIH response to Dilnot report: www.cih.org/resources/policy/Consultation%20responses/Long%20Term%20Care%20Commission%20call%20for%20evidence.pdf

Group 2: people with more **specific housing needs** (people that may need more intensive levels of personal care to help them live independently). The needs of this group go beyond services provided through mainstream supported housing. Housing for this category is specially adapted or built for this group.

For both groups, it is being proposed that HB is based on LHA. For the conventional supported housing, it is proposed that there is a system that takes into account higher housing costs, therefore to allow for additional payments to be made. In regard to people with more specific housing needs, on top of their rent, additional payments are proposed to be accessed through a 'supported housing fund' administered locally to meet additional cost.¹⁰ Decisions about exact funding arrangements are being encouraged to be made locally by local authorities, perhaps given that local service provision and requirements will be different in each locality.

CIH has given a full response¹¹ to the consultation which welcomed some elements but raised concerns about:

- the lack of clarity and definitions for the two groups; in particular which schemes or client groups will be in group 2
- the move from a system that supports rights, entitlement and choice to a discretionary system
- the risks for providers in an area where many are considering retrenchment/withdrawal from provision.

Focusing on a regional example, Kent County Council provided a response to the consultation questions that were raised as shown in Appendix 2.

Kent's Supporting People programme funds most of their short-term supported housing, some long-term supported housing and self contained sheltered accommodation. For conventional supported housing Kent argues that, in working out the additional amount, it should not be a flat rate but be based on the standard additional facilities, building or management and fixed costs attached on a differential basis.

In regard to people with more specific housing need, Kent agrees that long-term supported housing should be treated on the same basis as mainstream housing. It is suggested that claimants should be able to apply for funding above the LHA level to meet additional cost through administrators of LHA.

The government paper further consults on another alternative to consider **wider reform**, therefore thinking in broader terms about how care, support and supervision is commissioned, provided and financed. Under this, it is queried if an alternative approach would be to remove extra help for supported people from housing benefit altogether to administer locally in same way as personal budgets.

Supported housing provided by **registered providers and registered social landlords** is currently included in the more generous rules on HB and local authorities treat providers in the same manner as mainstream social housing. Rent levels in mainstream social housing are kept below market rents and are often fully supported by HB. The consultation proposes to treat supported housing provided by registered providers and registered social landlords in the same way for HB purposes.

More detailed information on each of the proposal is outlined in the consultation. In broader terms, local authorities that administer these services will find it challenging to continue to provide the same levels of

¹⁰ DWP, July 2011, *Proposals for change in the way housing benefit assists people living in supported housing within the social and voluntary sector with their rent*.

¹¹ CIH response: www.cih.org/resources/policy/CIH%20briefing%20papers/Housing-Benefit-Reform-Supported-Housing-200911.pdf

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service provision and care given limitations in funding and resources. A number of local authorities evaluated the impacts of some of the changes prior to this consultation as highlighted in CIH's earlier report, *Supporting People*.¹²

The housing sector should continue to seek closer engagement with health and care professionals and those who commission services, to promote better the contribution that housing can make in meeting more personalised care service provision. Housing has an important role for the prevention agenda, significant in minimising costs associated with care provision. Following the changes that the reform of the National Health Service and engaging with the new commissioning groups will be important for housing in the future.

The housing sector recognises the growth in the number of people requiring extra support and subsequently the necessity for more affordable housing that is adaptable to suit the needs of clients. It is difficult to establish how many new homes built under the affordable homes programme will be used to meet this growing need. To save costs and have effective solutions that are more suited to the individual, it is critical that, whatever funds are available, they are better targeted.

¹² CIH (2010) *Supporting People in a time of pressure*

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CONCLUSIONS AND RECOMMENDATIONS

The UK's economy is still fragile, with very slow growth. There are signals that times will continue to be difficult and constrained. Both citizens and businesses are feeling the strain of the pressures within the economy. The government intends to continue with the existing policy and fiscal rules to maintain focus on debt reduction. The government's ambitions for growth is still a primary focus and efforts are being made to reform policies to revive businesses – the recent measure of 'credit easing' being tailored to improve credit access for businesses.

The housing sector is facing many changes as key legislative measures are introduced. The Localism Act and the Welfare Reform Bill have particular significance. The many changes that have been outlined above present significant challenges for housing, more so because there is limited investment for the sector in particular financing models that can work within the current economic environment. Despite the government's investment in housing projects, announced in the housing strategy,¹³ many hurdles remain before the housing market can start to see a closer balance between demand and supply. The market remains complex and volatile.

The introduction of UC and the preceding reforms in housing benefits are intended to deliver a welfare environment that incentivises work and supports growth. The critical element is the pace of the changes and the difficulties associated with implementation of some of the policies. There is clear indication that some policies being introduced will be difficult to implement in practice or may, in the current climate, have greater adverse impacts for many households. It is important that in these cases, the sector is quick to identify these disparities. It is likely that the sector will also need to be innovative in finding solutions that are not necessarily stimulated by government thinking, but that can be used to address issues on a long-term basis.

The cumulative impact of so many changes is that private landlords, already reluctant to let to benefit claimants, will increasingly target those in employment, reducing the housing options of those in receipt of HB. With tenants receiving HB payments directly to them, some households will struggle to balance the competing calls on their limited finances. Direct payments to tenants has also caused concerns for housing providers in relation to increased arrears and the costs and logistical challenges of different payment systems. These in turn could result in falls in steady stream of rental income that is heavily relied on by providers.

In response to the welfare and benefit changes that have been summarised, housing providers and professionals can prepare to meet these challenges by considering some of the tips highlighted in the document but also the following:

- analyse and understanding the impacts of these changes for your customers and business structures
- know your local areas so that you understand who might be affected, where, and the best approach to help them
- profile your area in terms of stock, stock conditions, rent levels and income levels
- work closely to monitor the impact for vulnerable people and those with severe disabilities.

¹³ See *Laying the Foundations*: www.communities.gov.uk/publications/housing/housingstrategy2011

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- consider if your area is well placed to manage increased numbers of people seeking additional support (through your housing or health services) or can you work better in partnership with other authorities etc.
- is the area equipped with adequate support services (advice and counselling services)?
- can the housing allocations system handle the increased numbers seeking social housing? What are the alternatives?
- how can you work with the private rented market in your area: to monitor movements in the sector, to assess how well the PRS is prepared to respond to additional demand (e.g how many landlords will take tenants on housing benefit/UC?), issues of quality and standards etc.
- consider how to work across geographical boundaries with other authorities/partners to develop a pot of money for community support projects to add to what the government has in place
- map potential inter-regional migration and the impact to that particular local economy
- consider the practical challenges in adjusting systems to adapt for the UC system
- understand the longer term impacts of the policies and plan ahead.

APPENDIX 1: DWP AND CIH IMPACT ASSESSMENTS

Table 16: Combined impact: estimated number of LHA recipients losing or notionally losing

Estimated number of LHA recipients losing or notionally losing						
	Shared room	1-bed	2-bed	3-bed	4-bed	5-bed
Bracknell Forest UA	170	250	380	100	30	10
Brighton and Hove UA	0	8,490	3,040	830	160	30
Isle of Wight UA	0	1,970	1,170	410	60	10
Medway UA	0	2,190	2,020	770	210	60
Milton Keynes UA	0	2,280	1,860	790	230	60
Portsmouth UA	0	2,770	1,550	500	110	20
Reading UA	770	870	1,200	330	70	20
Slough UA	430	710	1,270	500	140	70
Southampton UA	1,280	1,410	1,470	510	110	40
West Berkshire UA	0	440	520	160	20	10
Windsor and Maidenhead UA	200	230	350	140	30	0
Wokingham UA	0	350	380	110	20	10
Aylesbury Vale	0	730	540	170	30	0
Chiltern	50	160	180	40	10	0
South Bucks	50	90	130	50	20	10
Wycombe	0	720	540	180	40	10
Eastbourne	0	1,590	1,000	350	60	10
Hastings	0	2,280	1,120	360	70	30
Lewes	220	540	640	230	60	10
Rother	160	550	550	190	50	10
Wealden	130	460	610	230	50	10
Basingstoke and Deane	220	280	460	150	20	10
East Hampshire	60	250	250	80	20	0
Eastleigh	170	300	460	130	30	10
Fareham	0	330	320	130	40	10
Gosport	0	660	540	190	30	10
Hart	60	110	180	80	10	0
Havant	0	650	600	230	50	10
New Forest	0	700	680	210	30	10
Rushmoor	0	770	410	140	40	0
Test Valley	0	320	350	100	20	0
Winchester	0	270	190	70	10	0
Ashford	0	570	620	230	50	10
Canterbury	0	1,180	740	210	60	10
Dartford	130	330	460	120	20	10
Dover	270	780	780	280	50	10
Gravesham	0	670	580	240	80	10
Maidstone	340	570	590	200	50	20
Sevenoaks	70	190	260	90	10	10
Shepway	0	1,340	960	340	80	20
Swale	240	800	1,100	400	100	20
Thanet	670	2,170	1,660	630	160	30
Tonbridge and Malling	0	320	270	100	20	0
Tunbridge Wells	130	370	350	100	20	0

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Cherwell	0	780	710	200	30	10
Oxford	680	420	640	200	60	30
South Oxfordshire	130	210	330	100	30	10
Vale of White Horse	110	210	280	80	20	0
West Oxfordshire	0	420	300	120	20	0
Elmbridge	140	300	480	140	30	10
Epsom and Ewell	180	150	250	110	20	10
Guildford	290	370	510	170	30	10
Mole Valley	60	180	220	60	20	0
Reigate and Banstead	0	500	460	120	20	0
Runnymede	0	270	260	70	20	10
Spelthorne	150	240	430	130	20	10
Surrey Heath	0	270	190	70	20	0
Tandridge	80	170	290	80	20	10
Waverley	80	270	300	90	10	0
Woking	160	210	410	120	20	10
Adur	150	230	360	110	20	0
Arun	0	1,490	1,110	310	50	10
Chichester	0	530	400	140	30	10
Crawley	0	690	620	250	60	20
Horsham	120	360	370	90	20	0
Mid Sussex	160	360	420	130	20	0
Worthing	370	930	740	160	30	10

Table 17: Availability of accommodation in the PRS, based on April 2009 market evidence dataset information

Broad rental market area	Current average estimate of availability of PRS accommodation	Post-reform average availability of PRS accommodation
Central London	52%	7%
Inner North & West London	51%	25%
Inner South West London	51%	29%
Rotherham	57%	30%
Crawley & Reigate	58%	30%
Bridlington	51%	30%
Outer North London	53%	30%
West Pennine	53%	31%
Aberdeen and Shire	59%	31%
Bath	54%	31%
Inner East London	51%	31%
Highland and Isles	52%	31%
Swindon	52%	31%
Lincolnshire Fens	51%	31%
Menai	51%	31%
Wigan	57%	31%
Staffordshire North	56%	31%
Dundee and Angus	54%	31%
Central Glamorgan	56%	31%
Exeter	57%	31%
Yeovil	56%	31%
Greater Liverpool	52%	31%
Lowestoft & Great Yarmouth	51%	31%
Portsmouth	51%	31%
Kirklees	58%	31%
Cambridge	52%	31%

Mid Staffs	54%	31%
Teesside	51%	31%
Tyneside	54%	31%
Hull	53%	31%
York	60%	31%
Greater Glasgow	54%	31%
Bolton and Bury	52%	31%
Central Greater Manchester	52%	31%
Central Lancs	54%	32%
Newbury	51%	32%
Chichester & Sussex Downs	54%	32%
North Nottingham	52%	32%
Leeds	51%	32%
Wirral	53%	32%
North-East Greater Manchester	52%	32%
Swansea	53%	32%
High Weald	52%	32%
South West Essex	56%	32%
Devon South	52%	32%
North Cornwall	62%	32%
Wolds and Coast	52%	32%
Ashford	51%	32%
Forth Valley	52%	32%
Sussex East	55%	32%
Bradford & South Dales	58%	32%
West London	51%	32%
Fylde Coast	52%	32%
Chesterfield	52%	32%
Oxford	52%	32%
Wakefield	69%	32%
Lothian	53%	32%
Mid & East Devon	54%	32%
Guildford	52%	32%
North Devon	51%	32%
The Scottish Borders	51%	32%
Rural Monmouth	54%	32%
Delyn	55%	32%
Weston-S-Mare	52%	32%
Luton	56%	32%
Derby	51%	32%
Wrexham	51%	32%
Outer East London	54%	32%
Cheltenham	53%	33%
Cardiff & Vale	52%	33%
Brecon & Radnor	52%	33%
Medway & Swale	55%	33%
Bristol	55%	33%
North Cheshire	57%	33%
Darlington	52%	33%
Northumberland	52%	33%
Bridgend	55%	33%
Dover-Shepway	55%	33%
Durham	51%	33%
North Cumbria	58%	33%
Sheffield	55%	33%
Fife North	51%	33%

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Leicester & Surrounds	52%	33%
Nuneaton & Hinckley	56%	33%
Scarborough	54%	33%
Outer South West London	51%	33%
West Wiltshire	58%	33%
Bournemouth	54%	33%
Peaks & Dales	56%	33%
Gloucester	51%	33%
Maidstone	52%	33%
West Lothian	67%	33%
Argyll and Bute	51%	33%
South West Herts	59%	33%
South Cheshire	54%	33%
Coventry	56%	33%
Carmarthen	54%	33%
East Thames Valley	52%	33%
Aylesbury	53%	33%
Walton	59%	34%
Lancaster	53%	34%
Herefordshire	55%	34%
Central Norfolk & Norwich	58%	34%
Chilterns	58%	34%
Chelmsford	52%	34%
Plymouth	51%	34%
Kings Lynn	54%	34%
Peterborough	55%	34%
Grimsby	55%	34%
Ipswich	53%	34%
Lincoln	52%	34%
Kendal	52%	34%
Basingstoke	54%	34%
Taunton & West Somerset	53%	34%
Barrow-in-Furness	56%	34%
Blackwater Valley	54%	34%
North West London	53%	34%
North Clwyd	53%	34%
Black Country	59%	34%
Okehampton & Launceston	62%	34%
Dumfries and Galloway	50%	34%
Barnsley	58%	34%
Solihull	53%	34%
East Cheshire	54%	34%
South Wales Valleys	53%	34%
Southport	53%	34%
Eastern Staffordshire	53%	34%
Rugby & East	58%	34%
Stevenage & North Herts	52%	35%
Reading	57%	35%
Nottingham	53%	35%
St Helens	54%	35%
Kernow West	52%	35%
Bury St Edmunds	55%	35%
Northampton	53%	35%
Sussex South	55%	35%
Harlow & Stortford	56%	35%
Outer South London	55%	35%

West Dorset	54%	35%
Severn Gateway	52%	35%
West Cumbria	56%	35%
Colchester	53%	35%
Richmond & Hambleton	51%	35%
Warwickshire South	55%	35%
South Lanarkshire	53%	35%
South East Herts	55%	36%
Worcester North	54%	36%
Mid Dorset	56%	36%
Thanet	53%	36%
West Sussex Coast	55%	36%
Brighton and Hove	52%	36%
Birmingham	58%	36%
Grantham & Newark	51%	36%
Worcester South	55%	36%
Welshpool & Newtown	51%	36%
Mendip	62%	37%
Sunderland	54%	37%
Southend	56%	37%
Outer South East London	54%	37%
West Dunbartonshire	54%	37%
Bedford	57%	37%
Tremadog Bay	56%	37%
Southern Greater Manchester	54%	37%
Ayrshire	60%	37%
North Lanarkshire	55%	37%
Scunthorpe	53%	37%
Milton Keynes	59%	37%
North West Kent	55%	37%
Doncaster	52%	37%
Isle of Wight	54%	37%
Salisbury	55%	37%
East Lancs	56%	37%
Salop	53%	38%
Harrogate	52%	38%
West Cheshire	53%	38%
Cherwell Valley	55%	38%
Halifax	58%	39%
Renfrewshire / Inverclyde	56%	39%
Canterbury	51%	39%
Outer North East London	56%	39%
Winchester	53%	39%
East Dunbartonshire	62%	40%
Fife South	52%	40%
Northants Central	54%	41%
Southampton	53%	41%

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Table 18: Impact of setting LHA rates at the 30th percentile – caseload

Estimated number of LHA recipients losing or notionally losing						
	Shared room	One-bed	Two-bed	Three-bed	Four-bed	Five-bed
Bracknell Forest UA	170	240	380	100	30	10
Brighton and Hove UA	0	4,200	2,500	500	60	0
Isle of Wight UA	0	1,530	1,120	350	50	0
Medway UA	0	1,630	1,900	690	70	30
Milton Keynes UA	0	1,220	1,750	740	110	20
Portsmouth UA	0	1,490	1,440	450	30	10
Reading UA	740	760	1,070	280	30	10
Slough UA	410	640	1,060	360	70	30
Southampton UA	1,260	1,180	1,160	390	40	10
West Berkshire UA	0	280	480	150	10	0
Windsor and Maidenhead UA	200	200	310	110	20	0
Wokingham UA	0	190	340	100	10	0
Aylesbury Vale	0	410	490	120	10	0
Chiltern	40	120	160	40	10	0
South Bucks	50	70	120	50	10	10
Wycombe	0	370	470	140	10	0
Eastbourne	0	1,050	870	280	30	0
Hastings	0	1,790	1,070	310	50	10
Lewes	210	450	530	120	20	0
Rother	150	530	530	170	30	10
Wealden	120	420	550	180	30	0
Basingstoke and Deane	220	240	430	140	10	0
East Hampshire	60	200	210	70	0	0
Eastleigh	170	260	430	110	10	0
Fareham	0	220	300	110	10	0
Gosport	0	380	480	150	10	0
Hart	60	100	160	70	10	0
Havant	0	400	570	210	20	0
New Forest	0	470	620	190	10	0
Rushmoor	0	230	330	110	10	0
Test Valley	0	200	300	70	10	0
Winchester	0	130	160	50	10	0
Ashford	0	310	580	200	20	10
Canterbury	0	600	670	180	20	0
Dartford	130	310	410	120	10	0
Dover	270	720	700	230	20	0
Gravesham	0	460	490	200	20	0
Maidstone	320	450	520	160	30	10
Sevenoaks	60	170	230	70	10	0
Shepway	0	1,070	890	300	40	10
Swale	240	690	1,020	370	30	10
Thanet	650	2,070	1,540	550	100	30
Tonbridge and Malling	0	220	240	70	10	0
Tunbridge Wells	130	300	300	60	10	0
Cherwell	0	400	610	170	10	0
Oxford	670	350	580	190	30	10
South Oxfordshire	120	160	300	80	10	0
Vale of White Horse	110	180	250	60	10	0
West Oxfordshire	0	230	220	70	0	0
Elmbridge	130	270	430	120	10	0
Epsom and Ewell	170	130	230	100	10	10
Guildford	280	280	410	120	20	0

Mole Valley	60	150	180	50	10	0
Reigate and Banstead	0	310	400	110	10	0
Runnymede	0	150	220	50	10	0
Spelthorne	140	210	370	100	10	0
Surrey Heath	0	110	170	60	10	0
Tandridge	70	150	260	70	10	0
Waverley	70	180	250	70	0	0
Woking	160	160	320	80	10	10
Adur	150	210	310	70	10	0
Arun	0	1,060	950	270	20	0
Chichester	0	340	350	110	10	0
Crawley	0	310	510	200	10	0
Horsham	120	300	320	70	10	0
Mid Sussex	150	290	360	110	10	0
Worthing	370	850	670	130	20	0

Table 19: Impact of restricting LHA levels to the four-bedroom rate – caseload

Estimated number of LHA recipients losing or notionally losing	Five-bed
Bracknell Forest UA	10
Brighton and Hove UA	20
Isle of Wight UA	10
Medway UA	30
Milton Keynes UA	40
Portsmouth UA	20
Reading UA	10
Slough UA	50
Southampton UA	20
West Berkshire UA	10
Wokingham UA	10
South Bucks	10
Wycombe	10
Eastbourne	10
Hastings	20
Lewes	10
Rother	10
Basingstoke and Deane	10
Gosport	10
Havant	10
New Forest	10
Ashford	10
Canterbury	10
Gravesham	10
Maidstone	10
Sevenoaks	10
Shepway	20
Swale	10
Thanet	30
Oxford	20
Epsom and Ewell	10
Guildford	10
Woking	10
Arun	10
Crawley	10

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Table 20: Impact of extension of shared accommodation rate to 35 years of age

Estimated number of those losing or notionally losing, by local authority	Losers or notional losers	% of total one-bedroom caseload	Average loss per loser, £ per week
Bracknell Forest	40	-0.16	-42
Brighton and Hove	840	-0.15	-51
Isle of Wight	220	-0.16	-35
Medway	270	-0.17	-35
Milton	290	-0.25	-45
Portsmouth	270	-0.18	-42
Reading	220	-0.25	-60
Slough	160	-0.22	-56
Southampton	310	-0.22	-45
West Berkshire	50	-0.16	-51
Windsor and Maidenhead	50	-0.21	-56
Wokingham	20	-0.11	-63
Aylesbury Vale	70	-0.15	-40
Chiltern	20	-0.15	-46
South Buckinghamshire	10	-0.16	-54
Wycombe	70	-0.18	-49
Eastbourne	150	-0.14	-36
Hastings	310	-0.19	-24
Lewes	60	-0.11	-48
Rother	50	-0.08	-25
Wealden	50	-0.11	-41
Basingstoke and Deane	50	-0.17	-50
East Hampshire	30	-0.13	-46
Eastleigh	60	-0.19	-46
Fareham	20	-0.09	-43
Gosport	80	-0.19	-40
Hart	20	-0.17	-51
Havant	60	-0.14	-43
New Forest	30	-0.06	-46
Rushmoor	50	-0.17	-50
Test Valley	20	-0.07	-51
Winchester	20	-0.12	-52
Ashford	40	-0.11	-47
Canterbury	10	-0.05	-45
Dartford	70	-0.21	-46
Dover	120	-0.15	-30
Gravesham	110	-0.21	-44
Maidstone	90	-0.16	-41
Sevenoaks	20	-0.1	-51
Shepway	150	-0.15	-30
Swale	110	-0.14	-35
Thanet	330	-0.15	-25
Tonbridge and Malling	30	-0.11	-49
Tunbridge Wells	70	-0.18	-48
Cherwell	70	-0.16	-48
Oxford	110	-0.26	-69
South Oxfordshire	30	-0.16	-62
Vale of White Horse	20	-0.11	-57
West Oxfordshire	30	-0.12	-63
Elmbridge	50	-0.17	-73
Epsom and Ewell	30	-0.17	-72
Guildford	40	-0.11	-74

Mole Valley	30	-0.16	-56
Reigate and Banstead	30	-0.1	-54
Runnymede	30	-0.15	-69
Spelthorne	40	-0.15	-71
Surrey Heath	20	-0.13	-51
Tandridge	20	-0.1	-59
Waverley	50	-0.17	-55
Woking	40	-0.18	-70
Adur	30	-0.12	-51
Arun	130	-0.12	-43
Chichester	40	-0.1	-47
Crawley	60	-0.17	-55
Horsham	40	-0.12	-51
Mid Sussex	50	-0.13	-51
Worthing	130	-0.14	-43
South East	6240	-0.12	-45

Table 21: Discretionary housing payments in relation to shortfalls in benefits

Local authority	DHP allocation 2011-12	Annual benefit shortfalls	DHP as % of shortfall
Adur	21,421	475,800	4.5%
Arun	80,180	1,287,520	6.2%
Ashford	42,111	468,000	9.0%
Aylesbury Vale	37,836	696,800	5.4%
Basingstoke and Deane	42,407	608,400	7.0%
Bracknell Forest	21,716	520,000	4.2%
Brighton and Hove	387,835	7,101,120	5.5%
Canterbury	48,030	729,040	6.6%
Cherwell	90,326	664,040	13.6%
Chichester	129,619	466,440	27.8%
Chiltern	38,759	292,760	13.2%
Crawley	52,388	625,560	8.4%
Dartford	25,507	535,600	4.8%
Dover	71,209	1,011,920	7.0%
East Hampshire	23,066	291,720	7.9%
Eastbourne	88,847	1,029,080	8.6%
Eastleigh	20,028	598,000	3.3%
Elmbridge	126,926	745,680	17.0%
Epsom and Ewell	32,780	542,880	6.0%
Fareham	23,076	307,320	7.5%
Gosport	18,358	549,120	3.3%
Gravesham	22,864	741,000	3.1%
Guildford	43,929	900,640	4.9%
Hart	13,872	203,320	6.8%
Hastings	98,509	2,026,960	4.9%
Havant	33,584	602,680	5.6%
Horsham	34,414	432,640	8.0%

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Isle of Wight	65,820	1,774,240	3.7%
Lewes	58,716	888,160	6.6%
Maidstone	109,924	744,120	14.8%
Medway	109,500	2,748,200	4.0%
Mid Sussex	25,054	505,440	5.0%
Milton Keynes	94,404	2,779,920	3.4%
Mole Valley	23,365	288,080	8.1%
New Forest	57,765	743,600	7.8%
Oxford	105,520	1,518,400	6.9%
Portsmouth	95,125	1,827,280	5.2%
Reading	102,237	2,207,920	4.6%
Reigate and Banstead	25,106	438,880	5.7%
Rother	73,222	838,240	8.7%
Runnymede	20,996	351,520	6.0%
Rushmoor	15,303	335,400	4.6%
Sevenoaks	46,746	366,080	12.8%
Shepway	54,651	1,407,120	3.9%
Slough	82,579	2,912,000	2.8%
South Bucks	27,737	433,680	6.4%
South Oxfordshire	27,489	457,600	6.0%
Southampton	100,882	2,508,480	4.0%
Spelthorne	25,811	605,280	4.3%
Surrey Heath	17,589	197,600	8.9%
Swale	83,537	1,314,040	6.4%
Tandridge	29,291	330,200	8.9%
Test Valley	29,957	317,720	9.4%
Thanet	75,708	2,415,400	3.1%
Tonbridge and Malling	32,834	324,480	10.1%
Tunbridge Wells	35,904	616,200	5.8%
Vale of White Horse	24,533	370,240	6.6%
Waverley	42,011	472,160	8.9%
Wealden	81,775	592,280	13.8%
West Berkshire	59,456	654,160	9.1%
West Oxfordshire	23,385	372,320	6.3%
Winchester	20,708	249,080	8.3%
Windsor and Maidenhead	75,801	687,440	11.0%
Woking	33,480	819,000	4.1%
Wokingham	18,060	460,200	3.9%
Worthing	38,742	1,140,360	3.4%
Wycombe	57,617	840,320	6.9%
South East	3,797,937	63,306,880	6.0%

Source: DWP and CIH assessment

APPENDIX 2: THE KENT SUPPORTING PEOPLE PROGRAMME RESPONSE

Conventional supported housing

1. What types of supported housing are available and how do you suggest they be identified and grouped?

The Kent Supporting People programme funds the majority of short-term supported accommodation (shared and self contained) and some long-term supported accommodation (shared and self contained), sheltered accommodation (which is all self contained but includes bedsit-type accommodation) and some extra care provision. The programme also funds supported lodgings (for people moving on from foster care) and some adult placements and two units of shared ownership.

Accommodation funded by the Kent Supporting People programme should be grouped as short term accommodation (maximum two years), long-term accommodation and sheltered accommodation and extra care sheltered accommodation. Long term supported housing tends to be a home for life and should be treated as such as should sheltered and extra care sheltered.

Adult Social Services/Children Social Services also fund some supported housing and extra care sheltered services, supported lodgings and adult placements and shared ownership which receives no funding from the Supporting People programme.

2. Should there be different geographical rates for each type of identifiable supported housing, such as hostels, sheltered housing or refuges or should a single rate be applied?

The Supporting People programme in Kent would like to see the same level of cost applied across the county for short term supported housing. In long term supported accommodation, sheltered and extra care sheltered accommodation differential rates should apply to those for short term supported accommodation.

3. What types of additional activities or resources are typical of supported housing and how should these be quantified into a weekly amount per unit?

In short term supported accommodation, additional cost should be added to benefit rates. Higher build cost and housing management should be recognised.

4. Should an amount for additional help be worked out using a flat rate addition representing typical additional costs or should a different method be used? Please tell us what you think are the advantages of your preferred option.

The additional amount should be looked at on the basis of standard additional facilities, building or management and fixed costs attached on a differential basis. Therefore there may also need to be additional consideration relating to client group: housing management cost is likely to be higher in services for often highly mobile vulnerable people such as single homeless.

People with more specific housing needs

5. What types of supported housing would fall into this group and how do you suggest they should be identified?

Long-term supported housing should be treated on the same basis as mainstream housing. Individuals should be able to apply for funding above the Local Housing Allowance level to meet additional cost via the administrators of LHA and its successors (Universal Credit). This type of accommodation is in general provided for people with mental health problems, learning disabilities, physical disabilities and older people.

6. What types of higher housing costs are typical of this type of supported housing, that are over and above adaptations or specialist equipment which have funding sources elsewhere, and how should these be quantified?

We do not think that there are necessarily additional costs over and above special adaptations or specialist equipment that cannot be met by personal care.

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7. **Would the additional help for those with very individual housing needs be better met from separate funding administered by local authorities, expert in providing housing and/or care in the community?**

This should be funded by local authorities that provide care in the community (Social Services).

8. **Which tier of local government should have responsibility for deciding how extra help should be allocated? And, which department within a local authority do you think is best placed to manage the allocation of this funding?**

The decision should be made by Kent County Council.

9. **Should a different method be used? If so please explain.**

No.

10. **How can funding be made sufficiently flexible to changing caseloads and demands without being unlimited or increasing unit costs compared to the existing system?**

Personalisation and individualised budgets/direct payments.

A wider reform than these

11. **Is there a case for considering housing costs more fundamentally within a wider context by having the extra help with supported housing taken out of housing benefit altogether and administered locally in the same way as Personal Budgets?**

Not in short-term supported accommodation but in long-term supported accommodation.

12. **Would this sort of approach only be appropriate for those that live in more specialised or adapted properties?**

As in 11.

Supported housing of registered providers

13. **Should the supported housing of registered providers and social landlords be treated in the same way, for HB purposes, as their mainstream housing?**

There should be a differential in treatment between short term supported and long term supported accommodation.

14. **What do you think of the proposed categorisation of supported housing; is there a sound basis for treating these three types of supported housing differently? (registered providers, those who can be identified by their accommodation type and those with more intense, individual needs)**

The differential should be between short term and long term supported accommodation no matter who the provider is.

15. **Is the process of rent-officer referral sufficient to ensure that only 'reasonable' supported accommodation costs are met in the registered provider sector? Are there ways in which the rent referral process could be improved?**

The rent officer should deal with all short term supported accommodation within a district/borough context until and unless a different model is applied, ie the application of Universal Credit (DWP or its successor agents).

Transitional arrangements

16. **How do you think the new rules should be introduced?**

The rules should be introduced at the same time as Universal Credit.

About CIH

CIH is committed to supporting housing professionals and the sector to address the challenges arising from housing benefit and welfare reform, as well as the other changes being introduced.

CIH continues to raise the issues arising from housing benefit and welfare reform and its impacts for tenants and businesses. For some of our impacts see: www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Still_worried_about_welfare_reform_still_more_to_do

Free briefing papers are available which will inform you about the implications of the Welfare Reform Bill and housing benefit changes:

- Welfare reform www.cih.org/news-article/display/vpathDCR/templatedata/cih/news-article/data/Welfare_reform
- Housing benefit www.cih.org/policy/display/vpathDCR/templatedata/cih/policy/data/Housing_Benefit

Housing benefit calculator

This is a tool to help organisations assess the impacts of housing benefit changes for tenants and businesses. It enables you to:

- Estimate the number of tenants at risk of losing housing benefit
- Estimate the possible impact on future arrears
- Support business planning and informed decision making
- It is regularly updated as new announcements are made, keeping you up to date with the latest intelligence.

The housing benefit calculator can be provided in a range of packages from one which provides the calculator with telephone and email support through to more bespoke and intensive support.

For more details see: www.cih.org/housingbenefitcalculator

CIH SE has produced a number of publications that develop key housing issues in relation to the region. Find these at: www.cihse.co.uk

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February 2012

Services Select Committee *Universal Credit Sub Group*



Update for SDC Meeting 03/04/2012

Michael Horwood

Members: Cllr Anna Firth (Chairman), Cllr Michael Horwood (Vice Chairman),
Cllr Simon Raikes, Cllr Roddy Hogarth and Cllr Laurence Ball

What is Universal Credit (UC)?



**Universal Credit will
be rolled out from
April 2013 – Oct 2017**

- A simpler benefits system that amalgamates most benefits – this will reduce fraud and make the system easier to understand.
- A more worthwhile benefits system that makes most people better off working.
- A system that is designed to respond to the flexibilities of modern working patterns.

What is the current system?

Responsible for

Institution

Housing Benefit

Council Tax Benefit

What is the current system?

Responsible for

Housing Benefit

Council Tax Benefit

Institution



What is the current system?

Responsible for

Institution

Housing Benefit
Council Tax Benefit



Jobseekers Allowance
Income Support
Employment Support Allowance

What is the current system?

Responsible for

Institution

Housing Benefit
Council Tax Benefit



Jobseekers Allowance
Income Support
Employment Support Allowance



What is the current system?

Responsible for

Housing Benefit
Council Tax Benefit

Institution



Jobseekers Allowance
Income Support
Employment Support Allowance



Working Tax Credits
Child Tax Credits
Child Benefit

What is the current system?

Responsible for

Institution

Housing Benefit
Council Tax Benefit



Jobseekers Allowance
Income Support
Employment Support Allowance



Working Tax Credits
Child Tax Credits
Child Benefit



What is the new system?

Universal Credit

Benefits Outside of Universal Credit



Council Tax 'Discount'



.... And that's it.

What have we done so far?

- We have held five meetings so far, all on a Friday from 9AM – 1PM, to discuss the impact on Sevenoaks residents from the changes to Universal Credit.
- Interviewed various witnesses from charitable and voluntary organisations, as well as officers from the Department for Work and Pensions and Jobcentre Plus.
- Attended a conference regarding Universal Credit and Council Tax localisation.

Some of the Challenges Ahead

- The 'ambitious' 80% of *applications online* target.
- The payment of Universal Credit monthly, not fortnightly.
- The payment of housing benefit to social tenants directly.
- Budgeting of Universal Credit, along with a possible reduction in Council Tax Benefit and reduced access to 'The Social Fund'.
- Creation of a new Council Tax localisation policy.



Thank you for listening

Questions?



AFFORDABLE HOUSING POSITION REPORT

Services Select Committee - 25 September 2012

Report of the:	Deputy Chief Executive and Director of Community and Planning Services
Status:	For Decision
Key Decision:	No

Executive Summary: This report provides Members with an overview of the District Council's affordable housing work programme. It covers previous results and performance, existing and future obstacles and opportunities, new and emerging policy, and how the programme is likely to be affected in the restricted financial environment.

This report supports the Key Aim of:

- (a) The Vision for Balanced Communities;
- (b) The Sustainable Community Action Plan; and
- (c) Housing Strategy.

Portfolio Holder Cllr. Mrs Carol Clark

Head of Service Head of Housing and Communications – Mrs. Pat Smith

Recommendation to Services Select Committee: It be RESOLVED that: Members endorse related housing strategy to deliver affordable housing in the area.

Background

- 1 The District Council transferred its social housing stock to the West Kent Housing Association (WKHA) as part of the Large Scale Voluntary Transfer (LSVT) process in 1989 and now, instead, acts as an enabler of affordable housing. This involves the assessment of a wide-range of needs and then working with housing associations and developers, other service providers and partners, and Government's Homes and Communities Agency (HCA) to secure funding to build affordable housing to meet existing and newly-arising need.
- 2 The direct provision of affordable housing is increasingly supplemented with a range of supporting measures aimed at meeting housing need by making better use of the existing housing stock, e.g. reconfiguring/refurbishing existing schemes/buildings; reducing under-occupation; and bringing long-term empty homes back into residential use.

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Tenure profile

- 3 At 01/04/12, there were 48,494 dwellings in the District with around 7,700 being affordable tenures (approx. 15% of the overall stock). The majority of the District's social housing stock is general needs rented with a small percentage being intermediate tenures (mainly shared-ownership).

Social tenure turnover rates

- 4 The District has a lower than average level of social housing re-lets which is due, in part, to there being a larger proportion of larger family-sized housing. Additionally, the area is a popular place to live and social housing rents are significantly lower than local open market equivalents.
- 5 The existing social housing stock goes some way to meeting housing need through the re-let process, but new housing must continue to be delivered if the level of housing need is to be reduced or at least maintained.

Year	Re-lets	Year	Re-lets
2011/12	296	2009/10	339
2010/11	323	2008/09	409

- 6 In the short-term, a number of re-lets will be taken up with decanted tenants as two sheltered housing schemes, no longer considered fit-for-purpose, are due to be redeveloped. This will see a negative effect on the housing register for a period of time, though a temporary surge in vacancies will arise - in both sheltered and general needs - when those new schemes are complete.

Identified need

- 7 The West Kent Strategic Housing Market Assessment identified a need for **646** new affordable dwellings per annum (2008-13) to meet the District's existing and newly-arising housing need. Meeting such a high level of need through direct provision of new affordable housing is clearly not achievable (Core Strategy target is 165 new homes pa) and housing strategy only ever aims to meet a part of that need through development, instead making best use of other options (typical strategy approach).
- 8 Housing need is also identified through a wide-range of housing needs sub-surveys which assess particular requirements, e.g. supported accommodation for people with health and welfare issues; those fleeing domestic abuse; rural housing needs; and younger or older people. The results are then considered alongside more general needs data as part of wider housing strategy development.
- 9 The Sevenoaks District Housing Register is a reliable and ongoing indicator of need with those actively seeking social housing in the District registered to bid for

vacant properties as they arise (subject to certain qualifying criteria). As at 01/04/12, waiting list data was as follows:

Size	H'holds	Size	H'holds
1-bed	958	4-bed +	67
2-bed	505	Not stated	1
3-bed	287	Total	1,818

Previous performance

- 10 Over the past 5-years, the District Council enabled the delivery of an average of **53** affordable units per annum.

Year	Number
2011/12	15
2010/11	51
2009/10	80
2008/09	57
2007/08	61

} KA2 period*

* Note: **188** units were delivered against a three-year target of **198** in the Kent Agreement 2. District/borough shortfalls were offset by over-provision elsewhere in the county and the overall KA2 affordable housing target was consequently achieved.

- 11 Over the same period, the District Council and its partner Housing Associations (HAs) secured **£15.12 million** in social housing capital grant to invest in new affordable housing in the District. Additional capital funding was also made available through recycled grant, which is mainly created as a result of shared-owners buying additional shares in their properties.

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General barriers to delivery

- 12 As would be expected, the provision of new affordable housing is that much more challenging in the Sevenoaks District. This is due to a number of factors, including:
- Strict planning restraints, i.e. 93% Green Belt and 60% AONB;
 - Limited land banks - the District Council and its HA partners have virtually exhausted their remaining developable land (this is key to higher rates of affordable housing development elsewhere);
 - HAs struggle to compete with the private sector for developable land - developers can achieve greater returns and will consequently pay far more upfront for land, whereas HAs have to borrow against low or zero short-term capital returns;
 - Many HAs concentrate their efforts on other growth and/or high priority areas, being able to develop and expand their businesses with relative ease in comparison to the Sevenoaks District (as demonstrated by just three fully active HAs in the area);
 - The recession and consequent downturn in the housing market resulting in fewer developments coming forward, which would have otherwise included an affordable housing contribution; and
 - Initial development assumptions can change and unforeseen problems can arise (more difficult to maintain viability in the current economic environment).

Loss of social housing stock

- 13 The existing social housing stock can be lost to the private sector in a number of ways, including:
- Social housing tenants taking up Right to Buy/Acquire;
 - Social housing tenants taking up Government's Social HomeBuy scheme, which allows tenants to buy shares in their homes (similar to shared-ownership);
 - Shared-owners stair-casing up to full ownership (open market sales follow); and
 - Current housing schemes not able to meet the Decent Homes Standard and consequently being decommissioned.
- 14 Stock tenure transfer is a factor in the delivery of affordable housing and can potentially cancel-out new delivery, leaving zero net additions to the stock or even a reduction. Housing Policy uses its best endeavours to ensure that all proposed stock disposals are transferred to locally-based HAs and not sold on the open market. This has prevented a significant number of affordable housing units

being sold on the open market in the last two-years as HAs rationalise stock to generate capital to fund grant shortfalls elsewhere.

Social housing grant programme

- 15 The District Council no longer has a capital programme for affordable housing and instead works with partners to secure public funding, which supports HAs' own resources. This is a typical housing strategy approach in many authorities in the enabling role.
- 16 Government has significantly reduced its social housing grant programme and this is unlikely to change for the foreseeable future. The grant-per-unit rate in Kent has been cut from **£65k** for social rented and **£30k** for shared-ownership to just **£18.5k** for (what is now) Affordable Rented (AR) tenure and **£8k** for shared-ownership. HAs must make best use of limited resources and this consequently requires higher rents to off-set reductions in social housing grant (see Para. 21 for further information on the new 'Affordable Rent' tenure).
- 17 The West Kent Local Investment Plan provides the long-term financial framework for housing and infrastructure in the West Kent sub-region (inc. the Borough of Maidstone). This sets out key aims and objectives for each local authority and also common wider sub-regional area priorities. The provision of affordable housing is a priority action across the area, as would be expected. A key consideration of the new funding programme is how intervention in housing will underpin other local strategies to expand employment and economic development (corresponding with respective LA community plans).
- 18 Under the new funding regime, WKHA has secured funding to build **39** units in the District and Moat Homes a further **44** units. This only includes those units being funded with social housing grant whereas most planned affordable housing units will be secured through planning contributions and nil grant, which will make up the majority of new development coming forward.
- 19 The English Rural Housing Association was unsuccessful in its bid for social housing grant (covering a wide geographical area), though the organisation has agreed to fund and deliver its programme in the District from its own resources with capital input via future planning gains or New Homes Bonus, if possible. It is currently planning to develop up to **35** rural housing units over the next five-years, subject to current projects going through to completion.
- 20 A number of other schemes are currently underway, having received funding under the last round of social housing grant. Examples are: a 20-unit rural housing scheme in West Kingsdown (specifically for those with a local connection to the village); a 20-unit general needs scheme in Edenbridge (which includes two 4-bed properties for wheelchair users); and a 10-unit general needs scheme recently completed in Swanley (Note: a complete list of current and pipeline affordable housing developments are available from Housing Policy, if required).

Affordable Rent

- 21 Government recently introduced the new AR tenure, which will be the main rented tenure in social housing development going forward. AR is pitched between social

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housing and open market rents at around 80% of Open Market Values (OMV). The District Council seeks to ensure that the 80% OMV figure is within respective Local Housing Allowance limits to ensure new housing is affordable to those on Housing Benefit and the low paid. This approach to AR will help to reduce the risk of rent defaults by ensuring that 100% Housing Benefit can be applied as a safety net, should it be required (for further information, see Welfare Reform Briefing paper [April 2012] on the Members' Portal).

- 22 With upcoming changes to welfare benefits, which will include housing benefit rent capping and direct payments, HAs will be subject to additional financial risk - particularly with AR tenure housing. Work is underway to try to mitigate those risks, where possible. Measures include providing the means for under-occupying tenants to down-size before rent restrictions are introduced. This area of housing strategy is currently under review by the Locality Board (LB) Officer Delivery Group's Strategic Housing Sub-group. The Committee's latest in-depth scrutiny project on under-occupation is also reviewing under-occupation in the social sector.
- 23 Additional income generated from AR is essential for future planning and this will be used to fund grant shortfalls. As a result, HAs will become more self-sufficient and this will, in turn, reduce pressure on public subsidy. This self-funding model is likely to be applied on all future schemes and consequently result in few, if any, social rented tenure units coming forward. The funding position post-April 2015 is uncertain and we await a Government announcement.
- 24 Both, WKHA and Moat bids are based on the new AR tenures in new development and by switching tenures on an agreed number of existing social housing units when vacancies occur. This is in line with HCA guidance and is being replicated throughout the country.

New opportunities

- 25 The Core Strategy now requires an affordable housing contribution on all new housing schemes with a net addition, as below:
 - Between 20% and 40% on-site affordable housing contribution (subject to viability) is required on sites with five or more dwellings, whereas the previous planning framework required contributions on sites containing fifteen units or more, and then just a 25% contribution (this meant over 60% of new developments were not subject to any affordable housing contribution); and
 - A financial contribution is required in lieu of on-site provision on sites containing the net addition of one to four dwellings (again, subject to viability). This is generating significant additional funding for off-site provision and other initiatives to make better use of the existing housing stock. Housing Services has drawn up a list of spending priorities, reflecting already agreed spending criteria in the Core Strategy, and these are being considered by relevant portfolio holders. This is set to make a significant contribution to future housing strategy.

- 26 Development planning is linked in to housing strategy and a new Affordable Housing Supplementary Planning Document was approved as policy in October 2011, further strengthening the District Council's position. The new planning framework is expected to work in favour of affordable housing output and associated outcomes.

Supporting measures

- 27 With recent changes to national policy, including cuts to social housing grant, the provision of affordable housing is set to become more challenging. As a consequence, future housing strategy must continue to focus on making better use of the existing housing stock to achieve relevant outcomes. This can be achieved in a number of ways, including:
- Bringing long-term empty homes back into use. As part of a county-wide consortium bid for Government grant, the District Council has secured **£0.9 million** and an additional **£1 million** has been agreed from KCC to deliver related initiatives - plus the No Use Empty scheme has funding until 2016/17 (**£2.5 million** available per financial year). Note: all of this money is recycled;
 - Reducing under-occupation and better matching households to properties (LB housing project group and in-depth scrutiny both looking at this area of housing strategy);
 - Refurbishment/remodeling of existing schemes - preserving the existing stock and/or meeting the needs of changing demographics, e.g. new generation older people are reluctant to go into institutional-type housing, such as sheltered accommodation;
 - Utilising the private sector with the assistance of the District Council's private sector lettings scheme, which provides loans for rent-in-advance and deposit bonds; and
 - Use of financial contributions in lieu of on-site provision to fund various initiatives, including a planned locally-based intermediate housing scheme in partnership with Moat Homes which will bring an extra **£720k** capital investment into the District.

New targets

- 28 In early 2012, the (then) Local Strategic Partnership agreed to set an affordable housing target annually, having regard to development schedules which give a best estimate of upcoming schemes at any given point in time. In such a changing environment, past performance cannot be used as an indication of future results - hence this new approach.
- 29 The forecast target for 2012/13 is **47** and the indicative target for 2013/14 is currently **62**. Officers will provide the LB with additional supporting data to demonstrate how direct provision is being supported with measures to make better use of the existing housing stock. This will provide a clearer picture of ongoing housing strategy, rather than just focusing on the one element.

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Summary

- 30 With the highest property/land values in Kent and across much of the country, coupled with strict planning constraints and limited land availability, the delivery of new affordable housing is an increasingly difficult challenge in the Sevenoaks District.
- 31 Typical barriers to the development of affordable housing are made worse in the current economic environment. This is compounded by growing numbers in housing need/crises as the wide-ranging impacts of the recession continue to take effect. As such, there are two hits to the affordable housing work programme.
- 32 However, a number of new opportunities will help to deliver additional affordable housing in the future, though it is too soon to say whether these will help to offset the negative effects on development brought about by the current economic environment.
- 33 There are currently **236** affordable units in the pipeline. Although subject to increasing pressure with significantly reduced funding, the District Council's affordable housing work programme remains active and housing strategy is being developed to support and build on this figure.

UPDATE BEFORE GOING TO PRINT (10/09/12)

- 34 Government has just announced a series of measures to increase house building, support infrastructure requirements, and create jobs in the construction sector. This includes removing restrictions on house builders to help unlock 75,000 homes currently stalled due to sites being commercially unviable. Developers who can prove that the local authority's affordable housing requirements make the project unviable may see them removed. Officers will be considering how these changes will be likely to affect the District Council's affordable housing work programme and will aim to provide a verbal update at the Committee meeting.

Next steps

- 35 It is proposed to re-evaluate the affordable housing work programme as the effects of upcoming welfare reform (and now Para. 34) are better understood and to report back to the Committee with a similar position report during 2013/14.

ABBREVIATIONS

AR	AFFORDABLE RENT
HA	HOUSING ASSOCIATION
HCA	HOMES AND COMMUNITIES AGENCY
LB	LOCALITY BOARD
LSVT	LARGE-SCALE VOLUNTARY TRANSFER
OMV	OPEN MARKET VALUES
WKHA	WEST KENT HOUSING ASSOCIATION

Key Implications

Financial

The District Council no longer has a capital housing programme, instead bidding for funding for local housing developments from the HCA. Other bids are made for funding to deliver supporting housing strategy objectives, such as long-term empty homes.

Community Impact and Outcomes

Affordable housing is key to sustainable communities and the housing stock needs to adapt/increase to reflect changing demographics. The District Council must make best use of the existing housing stock to better meet housing need/demand and to contribute to wider community aims and objectives. This is being addressed through the planning framework and related housing strategy.

Legal, Human Rights etc.

There are no legal issues to consider.

Resource (non-financial)

The affordable housing programme and associated housing strategy is being developed and delivered with existing non-financial resources.

Value For Money and Asset Management

The District Council has no capital housing programme.

Equality Impacts

Social housing is allocated through the SDHR and ensures equal access to services for intended client groups. Housing is built to meet a wide range of identified housing needs, linking in to wider housing strategy objectives. Where particular housing needs are not met, the District Council and its partners seek to make provision elsewhere. This is supported by the Housing Strategy, Community Plan, and external strategies including the Kent Supporting People Strategy. The strategic housing function supports and promotes equality by seeking to provide decent housing and associated services for all.

Sustainability Checklist

These are undertaken as part of the development process.

Risk Assessment Statement

There are a number of risks associated with not delivering new affordable housing, including:

- a) A lack of response to national and regional policy/guidance;
- b) Not delivering the District Council's Community Plan and Housing Strategy;
- c) Inconsistent with Balanced Communities;

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- d) Growing numbers in housing need;
- e) A growing housing register;
- f) Out-migration of the economically-active;
- g) Increased staff recruitment and retention problems for local employers;
- h) Increased pressure on the private rented sector; and
- i) Fewer housing options across sectors.

Attached Documents

None

Background Papers:

Sustainable Community Action Plan (2010-13)

Housing Action Plan (2012)

West Kent Strategic Housing Market Assessment (2009)

West Kent LIP (2010)

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BUSINESS RATES RETENTION

Services Select Committee – 25 September 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Also considered by: Cabinet – 13 September 2012

Key Decision: No

Executive Summary: Every local authority currently receives a major part of their Government funding through the Formula Grant which uses an extremely complex formula to allocate funding. From 2012/13 this will be replaced by the Business Rates Retention Scheme which will be one of the most significant changes ever made to the funding provided by Government to local authorities.

The effect of this change could be significant as experts are predicting large reductions to the funding received from the Government.

This report supports the Key Aim of effective management of Council resources.

Portfolio Holder Cllr. Ramsay

Head of Service Group Manager – Financial Services – Adrian Rowbotham

Recommendation to Cabinet: That the report be noted.

Recommendation to Services Select Committee: That the report be noted.

Introduction

- 1 The Department for Communities and Local Government (DCLG) launched the original business rates consultation on 18 July 2011 and subsequently published eight ‘technical papers’ to supplement and provide further detail. On 19 December 2011, the government set out its response to the consultation and how the business rates retention scheme will operate.
- 2 The legislative framework required to introduce the business rates retention scheme formed part of the Local Government Finance Bill with the intention that the new scheme will be implemented from 2013/14.
- 3 On 17 May 2012, DCLG released further information regarding the design of the scheme and on 17 July 2012 issued a consultation paper which brings all of the previous publications together.

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Why the Government wants to change the system

- 4 The local government finance system is one of the most centralised in the world with local authorities getting more than half of their income from a central government grant. Under the existing system, all businesses pay business rates to their local authority. Although the local authority collects the bills, it does not keep the money. It goes into a treasury pot and is then redistributed back to local authorities via an extremely complex formula.
- 5 The current system fails to reward local authorities for increasing new business in their area as they do not receive any of the additional business rates collected.

The new scheme

- 6 The scheme will set an initial “baseline” so that all councils receive funding broadly equivalent to their 2012/13 Formula Grant, whilst ensuring that the overall level of Government funding for local government in England does not exceed the estimate set out in the 2010 Spending Review.
- 7 This baseline figure will be compared with the actual level of business rates collected locally.
- 8 Where a local authority on average collects more than the baseline it will pay a ‘tariff’ to central government, where it collects less it will receive a ‘top-up’. As a billing authority, this council will pay a ‘tariff’.
- 9 Once underway the scheme allows local authorities to keep 50% of the additional funds they generate (split between the billing and major precepting authorities). Without adjustment this scheme would be weighted towards richer authorities who for a comparatively small investment in growth with a large amount of business property can gain large increases in their revenue.
- 10 To encourage enterprise in local authorities whatever their resources, the scheme will include a ‘levy’. For example if a local authority grows its business rates by 2% which would result in its funding level increasing by 4%, the ‘levy’ will only allow it to keep 2%.
- 11 The extra funding received from the ‘levy’ will be given to other local authorities who have had a reduction in business rates as a ‘safety net’ so that the reduction in their funding is reduced.
- 12 The initial effect of this extremely complex new scheme is very hard to predict as technical experts have come up with a wide range of forecasts that may have a significant impact on the Council’s 10-year budget. The longer term impact is also uncertain as the level of business growth in the local authority area is likely to be limited.

Key Implications

Financial

- 13 The estimated effect of the change to the Business Rates Retention Scheme is included in the 'Financial Prospects and Budget Strategy 2013/14 and Beyond' report.

Community Impact and Outcomes

- 14 The change to the Business Rates Retention Scheme is likely to affect the level of funding this council receives from Government which may result in savings being made as part of the new 10-year budget.

Legal, Human Rights etc.

- 15 None.

Conclusions

- 16 The change to the Business Rates Retention Scheme is a major change to Government funding. The effect on the funding for this council in 2013/14 and 2014/15 is unknown as various technical experts have estimated funding reductions of between 13% and 30%.
- 17 Changes in funding levels in the longer term will be affected by the level of business growth or reduction within the local authority area.

Risk Assessment Statement

- 18 The risks associated with the change to Business Rates Retention are the uncertainty of the level of funding to be provided to this council and the timing of the announcement. These risks affect the Budget Strategy.

Appendices None

Background Papers: Department for Communities and Local Government – Localising Council Tax Support documents:
<http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/>

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Deputy Chief Executive and Director of Corporate Resources

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