
Council Referrals: - Notices of Motion 1 & 2 - Housing Benefit Social Rented Size Criteria

To: **Cabinet – 14 November 2013**

Main Portfolio Area: **Housing Services**

By: **Craig George, Housing Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: Report for Cabinet regarding the Social Rented Size Criteria (SRSC) and options to tackle the impact.

For Decision

1.0 Introduction and Background

1.1 In April 2013 the SRSC came into force which has reduced Housing Benefit entitlement for working age tenants who are deemed to have more rooms than they need. Tenants under-occupying by more than one room have their Housing Benefit reduced by 14% and two or more extra rooms attract a reduction of 25%.

1.2 There are some exceptions to the size criteria:

- Pensioners are not affected by the provisions so will continue to receive full Housing Benefit if they have spare rooms;
- Foster carers are allowed a room in between placements;
- Families with adult sons or daughters in the armed forces are allowed a bedroom when they are away on active duty (so long as they intend to return);
- Disabled children who would normally be expected to share because of their ages no longer have to do so where it is unreasonable to expect this.

1.3 The implementation of the SRSC brings social housing tenancies in line with the private rented sector, where there are twice as many people in Thanet renting their property.

2.0 Notice of Motion 1

“This Council believes that the Government’s ‘Bedroom Tax’ is unfair and disproportionately impacts upon the poorest and most vulnerable people in Thanet.

“Council therefore requests that the Cabinet, in association with other relevant organisations, review policies on rent arrears in the light of the impact of the Bedroom Tax upon tenants of social housing which is owned by Thanet Council. Cabinet are requested to report the results of this review to Council.”

2.1 It is important to consider the changes to Housing Benefit that relate to under-occupation through the SRSC in the context of the government’s wider welfare reforms. The welfare reforms are broad and complex. The council’s response to any

one aspect of it must be mindful of all the other changes that are already taking place and still to be rolled out.

- 2.2 The next challenge for the Council is to consider how best to support tenants who may fall into arrears as a result of SRSC. The Council is committed to working with and supporting vulnerable tenants and assisting them to downsize to appropriate accommodation. It is a challenge for the Council to ensure that we do offer support to those struggling but also ensuring that those who can pay do so. Although some pressure groups are calling for landlords not to take legal action against tenants who do not pay their rent, this is not a recommended policy.
- 2.3 Taking this stance could give the false impression that it is acceptable not to pay rent and could impact on the collection of other elements of the rent e.g. non-dependent charges, heating costs etc. This will become even more of a challenge with the introduction of Universal Credit. It also means that there would be little incentive for tenants to move to smaller accommodation. This would impact significantly upon the debts owed to the Council and would undermine the Housing Revenue Account Business Plan.
- 2.4 The council needs to be mindful of its fiduciary duties to council taxpayers. The collection of income is essential in order to ensure that the council is financially resilient and can afford to meet its agreed priorities.
- 2.5 In these cases East Kent Housing is collecting rent from the tenants on behalf of Thanet District Council and not collecting a tax. We have always done this and we need to continue to collect the rent.

3.0 Notice of Motion 2

“Thanet District Council commits to protecting tenants from the Bedroom Tax in the following ways:

Proactively engaging with tenants and offering advice and assistance;
Preventing tenants from losing their homes through sensitive debt management and rent arrears procedures;
Identifying the need for and processing Discretionary Housing Payments quickly;
Adjusting allocations and letting policies to assist tenants who wish to downsize.

“Thanet District Council also commits to protesting to Government to repeal the Bedroom Tax by:

Working with tenant organisations who call for the repeal of the Bedroom Tax;
Communicating the hidden costs and impracticalities of the Bedroom Tax;
Demonstrating to Government the unfairness of the Bedroom Tax;
Working with the Government to provide alternative strategies to address housing shortages.”

- 3.1 In February 2013, the council identified 401 tenants affected by the SRSC. As of the 30 September 2013, there are now 313 cases where people are affected. By using a combination of options such as mutual exchange and direct lets to those who are affected and wish to move we have successfully reduced the number of tenants impacted.
- 3.2 Of the 313 cases, 64 tenants are affected by a 25% reduction in Housing Benefit and therefore, are under occupying by two bedrooms.
- 3.3 The total level of arrears for these cases is £5,568.31.

- 3.4 Out of the 64 cases, 33 are paying their rent shortfall and in credit, 5 have a nil balance & 26 tenants are currently in arrears.
- 3.5 249 tenants are affected by the 14% reduction in Housing Benefit and have one bed deficiency.
- 3.6 Total arrears for these tenants is £23,601.98
- 3.7 Out of the 249 – 101 are paying and are in credit, 21 have a nil balance & 127 in arrears.
- 3.8.1 Total arrears of SRSC cases is £29,170.29, this represents 10.1% of the overall total arrears figure of the Council.
- 3.9 When the SRSC was first implemented, all residents who were due to be affected by the SRSC were written to advising to contact their Neighbourhood Housing Manager for further advice. This would enable them to discuss the options available to them. East Kent Housing (EKH) has also been helping tenants to maximise their income. This includes assistance with making claims for Discretionary Housing Payment, budget management advice and taking in a lodger.
- 3.10 An estate based event in Newington in conjunction with Orbit Housing Association for residents to drop in for advice regarding welfare reform and the SRSC also took place.
- 3.11 A further event on the 21st October at the Community Centre in Lillian Road, Ramsgate has been arranged for residents affected by the SRSC. All the remaining residents still affected will be invited to attend so that mutual exchanges and other options available to them can be discussed.

4.0 Options

- 4.1 To remove 25% of all allocations and make them direct lets to tenants who wish to move and are affected by the SRSC. This will ensure that we seek to help people affected by the SRSC to down size and find accommodation that ensures that they are not affected by the SRSC. This will equate to approx 70 units per year being directly allocated to tenants within our stock. This is only for the first two years of the scheme. It will then be reviewed and it is anticipated that not as many units will be required to tackle the issue due to the on-going work that will be undertaken by Housing Options and East Kent Housing.
- 4.2 To not take any legal action against any tenant for non-payment of their rent if they are affected by the SRSC until two direct offers of appropriate accommodation have been offered to them. All the best endeavours will be made to accommodate the requirements of the tenant, but there may be cases where the request for property is not feasible.
- 4.3 That the client officer continues to monitor legal action taken by EKH against people affected by the SRSC to ensure fairness and all avenue of assistance have been addressed. That no tenant affected by the SRSC is taken to Court for possession of the property without the Council making two direct offers for accommodation. This will mitigate future risk to both the tenant and reputational risk to the Council.
- 4.4 Although the council will seek to do all it can to support tenants affected by the SRSC through the above activities, enforcement action will be taken against non-payers of rent through the Courts.

5.0 Corporate Implications

5.1 Financial and VAT

- 5.1.1 Any reduction in income to the HRA Business Plan would seriously undermine the Council's aspiration to fund the building of new homes. The council has a duty to protect the interests of prospective tenants on the Housing Register, as well as supporting existing tenants.
- 5.1.2 The 2013/14 HRA budget includes an increase of contribution to the bad debt provision because the introduction of benefit changes may make it harder to collect rents.

5.2 Legal

- 5.2.1 It is vital to draw a clear distinction here between a reduction in benefit and an obligation to pay rent. Whilst it is clear that some tenants will be receiving lower subsidies by way of Housing Benefit towards their rent the obligation to pay rent is a contractual obligation through which tenants obtain security of tenure.
- 5.2.2 All of the Recommendations set out in this report are designed to reduce the impact of these reductions. Owing to the contractual nature of the tenancies mean that failing to pay rent could have potentially serious consequences. The measures outlined will provide considerable scope for tenants to avoid the burden of SRCS.

5.3 Corporate

- 5.3.1 The proposal has been considered adopting the priorities of the Corporate Plan.
Priority 2 - We will tackle disadvantage across our district.
- 5.3.2 The wider welfare reform programme has a risk map for all the welfare reform changes.

6.0 Recommendation(s)

- 6.1 That we remove 25% of all allocations within our own housing stock and make them direct lets to tenants who wish to move and are affected by the SRSC;
- 6.2 That we do not take any legal action against any tenant for non-payment of their rent if they are affected by the SRSC until two direct offers of appropriate accommodation have been offered to them;
- 6.3 That the client officer continues to monitor legal action taken by EKH against people affected by the SRSC to ensure fairness and all appropriate assistance has been offered.

7.0 Decision Making Process

- 7.1 Full Council referred two Notices of Motion to Cabinet which were broadly on a similar subject. The outcome of the Cabinet decision on these issues will need to be reported back to Council for final decision.

Contact Officer:	Craig George, Housing Services Manager
Reporting to:	Madeline Homer, Director of Community Services

Corporate Consultation Undertaken

Finance	Sarah Martin, Financial Services Manager
Legal	Harvey Patterson, Corporate and Regulatory Services Manager
Communications	Hannah Thorpe, PR & Publicity Manager