

REPORT TO SOCIAL WORK AND HOUSING COMMITTEE – 1 SEPTEMBER 2016

HOUSING & UNIVERSAL CREDIT UPDATE

(WELFARE REFORM & TEMPORARY ACCOMMODATION CHARGING)

1 Recommendations

The committee is recommended to:

- 1.1 **Acknowledge the challenges facing the local authority housing service from the introduction of Universal Credit as part of welfare reform and in particular the impact on Homeless Temporary Accommodation**
- 1.2 **Agree to receive a future report setting out a revised charging procedure for temporary accommodation to ensure the council is able to respond to the changes brought about by welfare reform and expectation of the homelessness service to reduce the use of bed and breakfast together with the financial impact of any changes**

2 Background / Discussion

- 2.1 Universal Credit (UC) was first announced in 2010 and introduced in 2013. It is designed to “bring fairness and simplicity” to the social security system, replacing six means tested benefits and tax credits, including Housing Benefit
- 2.2 UC has been rolled out gradually through local job centres between April 2015 and November 2015 initially in North Aberdeenshire, and the last remaining areas in South Aberdeenshire in April 2016. At this stage, UC only affects single claimants of working age unless:
 - They have moved from another area where UC has been rolled out further OR
 - Have a change of family circumstances
- 2.3 For those receiving UC, housing costs are included. The “default” is that this is paid to the claimant with the expectation they pay their gross housing costs to their landlord (unless there is an APA in place (Alternative Payment Arrangement)). Since the launch of UC, there were 115 cases and since moving on to UC, overall arrears for these cases increased by £16,000 (average £138 per case). The Scotland Act 2016 gives the Scottish Government some devolved powers over the delivery of welfare reform, with the likelihood of claimants given a choice that the housing cost element can be paid directly to the landlord; however this may not happen before mid-2017 or even later

- 2.4 Welfare reform changes (particularly UC) will have a major impact on homeless temporary accommodation, which requires consideration of long term affordability/viability. The UK Government announced in the Autumn Statement in 2015 that Housing Benefit and the housing costs element of UC for social sector tenants would be capped at the Local Housing Allowance (LHA) rate for the size and make-up of the household (except that it will not apply **initially** to “Supported Accommodation”). This takes effect from **1st April 2018 for all tenancies signed on or after the 1st April 2016**. However, of note is that the UC housing element is already capped at the LHA rate for people in Homeless Temporary Accommodation (excluding the hostels). The LHA rates vary across Aberdeenshire depending on post code and area. Officers are currently working on the likely implications and a further detailed report will come before the appropriate Committee in due course
- 2.5 Various studies have been published on the potential impact of welfare reform changes on homeless temporary accommodation. Some local authorities are reviewing the impact and how TAU’s (Temporary Accommodation Units) are funded. Housing is forming a Cross-Service Officers Group to consider alternatives. Like most other authorities, Aberdeenshire Council has implemented a “Homeless Prevention Strategy” to try and reduce the numbers of homeless presentations. Another issue of concern is the cost of TAU’s and the ability of those on low incomes (specifically where the costs are not covered by Housing Benefit) to pay the difference between charges and those that are covered by Housing Benefit. There is an element of non-payment and a review of the charging mechanism is intended to assist maximise payments
- 2.6 Our current method of charging for temporary accommodation is not considered sustainable in the longer term. Many homeless applicants placed in TAU’s are already unable to afford this type of accommodation; especially students or those in employment. With changes brought about by welfare reform, it is envisaged that more will be unable to afford the accommodation they occupy as their income will be insufficient to pay the charges. It would be questionable for a social landlord to attempt to collect money if the homeless applicant has no ability to pay and will cost significant staff resources to pursue debts where there is little or no chance of recovery. If there is a failure to pay for temporary accommodation, under current homelessness legislation, we still have an obligation to rehouse permanently irrespective of arrears accrued in temporary accommodation.
- 2.7 There are still significant and unanswered questions in relation to the treatment of Universal Credit and how it is likely to impact on the treatment of charges for TAU; however, linking these to the LHA will likely have a detrimental effect. That is why it is necessary to carry out a full review of costs, charges and impact assessment(s) and that a full report will come before a future Committee once the implications become clearer
- 2.8 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and any comments have been incorporated

3 Equalities, Staffing and Financial Implications

- 3.1 An Equality Impact Assessment is not required at this stage because a further report will be prepared detailing the financial analysis and impact of any changes
- 3.2 There are no staffing implications arising from the content of this report. Officers have worked jointly to ensure that any changes will be met from existing resources.

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August 2016

