

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview & Scrutiny Committee    **DATE:** 11<sup>th</sup> October, 2011

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**WARD(S):** All

### **PART I**

#### **FOR COMMENT & CONSIDERATION**

#### **HOUSING BENEFIT REFORMS AND THE IMPACT ON SLOUGH**

1. **Purpose of Report**

The purpose of the report is to advise members of the impacts of the Government's current and proposed changes to the housing benefit system and how the impact of these changes are being addressed.

2. **Recommendation(s)/Proposed Action**

The Committee is requested to note the report and to confirm whether any additional information or follow up reports would be of interest

3. **Community Strategy Priorities–**

- **Celebrating Diversity, Enabling inclusion**
- **Adding years to Life and Life to years**
- **Being Safe, Feeling Safe**
- **A Cleaner, Greener place to live, Work and Play**
- **Prosperity for All**

The proposed changes to benefit entitlement and the threats to the availability of permanent and appropriate accommodation is fundamental to building a stable and sustainable community within Slough. Accordingly any proposals which are brought forward following consideration of this report will contribute to all of the above priorities.

4. **Other Implications**

(a) **Financial**

There are likely to be financial implications as a result of the changes to housing benefit, with likely increased demand for temporary accommodation and homelessness assistance. However, continued investment and reforms to the prevention of homelessness should mitigate the impact of the changes.

(b) Risk Management

Predictions relating to the implications of proposed benefit changes suggest that the borough is facing increased pressure on limited affordable housing stock and that this situation may be exacerbated by other London boroughs 'exporting' their homeless households into areas of cheaper temporary accommodation, one of which may be Slough. These risks cannot be removed however then can be mitigated by maintaining a close scrutiny on service demands and responding rapidly by implementing policies and procedures which best protect the council and its citizens

(c) Human Rights Act and Other Legal Implications

There are no Human Rights or other legal implications implicit in this information report. The Council has a statutory duty to implement changes to the benefits system introduced by central government notwithstanding the impact such changes may have on the Borough and which have to be addressed pursuant to other statutory powers and duties.

(d) Equalities Impact Assessment

There are no equalities impacts associated with this information report however changes to benefit entitlement and the threat of homelessness will undoubtedly affect certain parts of our community disproportionately, for this reason any proposed policy changes will be subject to a full corporate equalities impact assessment.

5. **Supporting Information**

**Background**

- 5.1 Housing demand in Slough has increased by 30% in the past 18 months. The Government's welfare reforms are likely to lead to more unmet need and greater demand for our services. This unmet need will be exacerbated by people in housing need moving into Slough where rents are predicted to remain more affordable. There is already evidence that some London local authorities are seeking to secure housing from Slough landlords. There are also direct financial implications of the reform for benefit claimants - households will lose on average £12 per week nationally; in Slough, some may be faced with a reduction of £180 per week due to the abolishing of the 5 bedroom rate and the LHA rates being set at the 30<sup>th</sup> percentile from the median as it was.
- 5.2 There are 2 critical issues: the potential increase in housing need and poverty (together with the associated impacts) and the potential reduction in the supply of privately rented accommodation - our main tool for preventing homelessness.

**Housing Benefit changes**

- 5.3 In the Emergency Budget on 22 June 2010, the Government announced changes to the Local Housing Allowance (LHA). The most significant and immediate of these changes are:

- The new upper limit on LHA payable meaning that many properties in central London will become unaffordable to claimants forcing them to move to cheaper areas; and
- Payments for 5 bedroom properties will be capped at the 4 bedroom rate.
- Single Accommodation Rate (SAR) to apply to single applicants up to the age of 35 from 25 from January 2012. This will mean single persons on benefits under 35 years of age will no longer be able to afford self contained accommodation. In current terms, this will mean a 26 year old single person will go from being entitled to £144.23 per week for a one bedroom property as they are now; down to £73.85 per week from January 2012 until they make a joint claim, have children or reach the age of 35.

There will be transitional protection arrangements in place for existing claimants but new claims were affected from April 2011.

- 5.4 LHA rents were set at the 30th percentile rather than the median as it was. This effectively means that LHA claimants are only realistically able to afford to rent the cheapest 30% of private sector properties due to restrictions on the amounts covered by benefit.
- 5.5 The other significant change is the affect on households with an adult living as part of the family – a non-dependant in benefit terms. Deductions are made from benefit for non-dependants and these have been frozen since 2001. From APRIL 2011 there will be staged increases in the amount of deduction. This may result in adults being forced to leave home as these deductions become higher. This, along with Single Accommodation Rate (SAR) will create additional pressure on 1 room accommodation in shared houses and potentially HMOs.

### **Impacts**

- 5.6 CLG advice that impact assessment figures for the South East on 2 priority areas – number of claimants affected, and the highest average losses per loser – show Slough as the only South East authority in both 'top ten' lists. Slough is in 10th and 3rd respectively.
- 5.7 This position is likely to be worsened by Slough's relatively cheap rental prices and its proximity to London. Large areas of London will become unaffordable to benefit claimants and predictions show that by 2016, affordable private rented housing in West London will be concentrated in Hounslow, Ealing and Hillingdon – all close to Slough.
- 5.8 Figures inform that prior to April 2011 there were 47 households in receipt of the 5 bedroom housing allowance rate, which will continue until at least 2nd January 2012 as only new claims were affected from April 2011. Existing 5 bedroom claimants will start to be affected from January 1st 2012.
- 5.9 Some 266 applicants currently in receipt of local housing allowance for one bedroom accommodation are going to be affected by changes to SAR from January 2012. A further 20 people not currently in receipt of Local Housing Allowance, but are in receipt of housing benefit are aged between 25 and 35 and will also be affected by this change.

## **Housing Supply and Demand**

- 5.10 Housing demand has increased resulting in higher levels of unmet need. Demand for social housing already outstrips supply by 11:1. Suitable private sector housing will become unaffordable for some household types.
- 5.11 The housing register is increasing rapidly with around 100 new applicants being registered per month since the start of 2011. Currently there are 79 households registered for 5 bedroom accommodation and over 3,000 households waiting for 1 bedroom accommodation. A total of 6,645 households are on our waiting list.
- 5.12 Homelessness approaches are also increasing at a very fast rate, with numbers approaching highs of 10 years ago. This has increased demand on temporary accommodation and on the private rented sector in Slough. Homelessness has increased from around 21 approaches per month in 2009 to around 34 per month this year so far which is an increase of 62%.
- 5.13 Last year the housing needs service prevented over 200 homelessness situations. Use of private sector accommodation was critical in this as were use of supported accommodation, mediation, negotiation with landlords and lenders as well as assistance from women's aid refuges.
- 5.14 Since January, LHA claims have increased from 3,665 cases in payment, to 3,950 in August. Nearly 14,000 households currently claim housing and/or council tax benefit in Slough. This is the highest figures we have ever recorded.
- 5.15 In the 3rd quarter of 2010 there were 36,000 homeless households in temporary accommodation in London Boroughs and a further 12,000 households in London were accepted for re-housing in that quarter. If Local Authorities in London discharge the re-housing duty in areas of cheaper housing, or procure temporary accommodation en-bloc in areas of cheaper housing, such as Slough, our local privately rented housing supply is at risk.
- 5.16 The savings to the London Boroughs will be so significant that they will be able to offer large incentives to acquire housing stock in close proximity to London. We have anecdotal information of local landlords being approached and procurement companies being formed and securing property in Slough.

## **Broader Impacts**

- 5.17 There are many associated factors that will impact negatively on the environment, health and wellbeing of our communities and neighbourhoods. There will be potential increases in child poverty and in children living in overcrowded accommodation for longer. Vulnerable single people on low incomes are more likely to be living in transient, unsettled shared housing. An increase in demand for shared housing could lead to high risk, poor quality and undetected houses in multiple occupation. There is the potential to re- create a culture of rough sleeping in the Borough.

## **Mitigation**

### **The use of Discretionary Housing Payment**

- 5.18 Discretionary Housing Payment (DHP) is administered by the housing benefit department and around £82k has been allocated to Slough this year compared

with £21k last year. DHP is awarded following an application made by a customer and considered by managers from housing needs and housing benefits. This is currently held fortnightly but is likely to be increased to weekly. Some DHP funds are being held back until the last quarter of this year as we anticipate spending more when the changes take place from the 1st January 2012. Monies can be carried over into the next financial year if not spent.

- 5.19 We have identified those housing benefit applicants who will be affected by the SAR (single accommodation rate) changes and written individual letters to the 286 applicants who will be affected to inform them of the changes.
- 5.20 DHP is advertised on all our housing benefit notification letters and in posters in all our Local Access Points, whilst housing benefit assessors send application forms to all claimants who have a shortfall in their benefit. We are also in contact with Slough's welfare and advice agencies to promote the fund. However it needs to be stated that DHP is meant to be a short term solution to a problem in order to provide time for the matter to be resolved.

### **Additional work to mitigate impact**

- 5.21 The deposit guarantee scheme is under review to increase take up by local landlords. This scheme provides landlords with a guarantee that the council will reimburse them in the event of damages to a property when the tenant has vacated up to a set amount per property size. Any damage agreed, will be recharged to the former tenant. This scheme has been recommended nationally by specialist advisors in the government. In 2009/10 we let 180 private rented sector homes via this scheme which contributed to the significant reductions of households in temporary accommodation and without this resource the council would potentially face additional costs of £400,000 a year. The scheme is under review and is at risk to competition from other local authority areas that pay LHA direct to landlords or offer management arrangements and guaranteed income schemes. Payment of rent direct to landlords is a critical factor in recruiting landlords to let to local authority schemes and is something we are able to now offer landlords who join our scheme.
- 5.22 An options appraisal on the future use of low demand 1 bed council housing for older people is under way with a view to de-designating more of this to meet the increased general needs demand;
- 5.23 An empty homes strategy and action plan is in draft pending approval. There is potential to remove existing discretionary council tax exemptions to encourage bringing homes back into use and generating income; and the Resettlement Officers based in the Housing Needs team have undertaken formal training in debt and money management advice.
- 5.24 We have sent letters to all other local authorities who have placed people into emergency private rented accommodation within Slough for temporary periods, reminding them of their duty to inform us and to take necessary steps to return the applicant to their own borough.
- 5.25 We have adopted a strategy to deal with rough sleeping in partnership with other Berkshire authorities following award of a Government grant which also funded specialist officers to work with rough sleepers and squatters and to assist people to move on from supported housing in the borough to create vacancies.

- 5.26 Our Housing Needs officers are trained in preventing all aspects of homelessness, including mortgage repossession as well as the prosecution of landlords who carry out illegal evictions in the borough.
- 5.27 Current policy means applicants who live out of the borough have no chance of an offer of accommodation through our waiting lists.
- 5.28 Looking to the future there are proposed amendments to the housing policy for social housing to include a qualifying residency period in order to join the queue. This would limit the rate at which the list increases in size and also demonstrate that the council will give priority to those households in need who can demonstrate longstanding links to the area
- 5.29 We will continue to increase the supply of private rented properties to Slough households by working with landlords through Landlords Forums and by revamping our deposit guarantee scheme.
- 5.30 We will be increasing the supply of social housing through development of garage sites and within the forthcoming development in Britwell which represents our single greatest opportunity to build new homes for our community.

## 6. **Conclusion**

- 6.1 Local homes for local people are at risk when these reforms are implemented, adult social care, children's and education services, supporting people, housing services and the housing benefit service all have an interest in managing the impact of the reforms in order to minimise cost and distress to the community. These reforms do present at least a transitional risk to the community of Slough. The impact is likely to be higher in London and may lead to a London wide concerted policy to move families to more affordable areas such as Slough
- 6.2 As in Slough, statutory homeless acceptances in London and the South East generally during 2009/10 show that loss of private rented accommodation accounted for 14% of all agreed homelessness cases. Once the implications of the housing benefit changes have fully taken affect, it is quite likely that this figure will increase over the near future. Shelter and CAB in Slough already report a pressure on their capacity to meet the increased need for money and benefit advice.
- 6.3 Whilst there has been a large increase in applications for social housing, homelessness assistance and housing benefits since the changes in housing benefit, there have only been 6 new housing benefit claims from applicants who had previously claimed outside of the borough. This suggests that Slough has not yet been inundated with out of borough applicants as may be perceived.
- 6.4 Pressures on housing in Slough are immense and work needs to continue to ensure we are well placed to meet the increased demand that is likely to continue into the foreseeable future.

## 7. **Background Papers**

'1' - None