

Welfare Reforms 2013 update

Six Town Housing update

The programme of welfare reforms introduced by the Government continue to bring new challenges and risks for tenants, Six Town Housing (STH) and Bury Council. As a result, we have seen a sharp rise in rent arrears over the last 12 months; with £154,735 of the total rent arrears owned attributable to welfare reform changes. The situation is likely to deteriorate further as more tenants migrate across to Universal Credit (UC) and become directly responsible for paying their rent.

Universal Credit

Since UC was introduced in the North West last year, we have seen a steady rise in rent arrears as tenants migrate across to the new benefit. This is despite individual UC cases being monitored and actioned on a weekly basis. A summary of the current position is given below:

	April 2015	August 2015
Number of tenants on UC	104	131
% of UC Claimants in arrears	86%	90%
Number of Managed Payment Agreements in place	50	65
Total UC arrears	£47,758	£71,973

STH is able to request a Managed Payment Arrangement (APA) from the Department of Work and Pensions if specific criteria are met. The payment is made directly to STH to cover the rent and a specified amount off the arrears.

APAs are in place for all relevant cases.

Despite the level of UC arrears, STH continues to perform well when compared to other housing organisations.

Under Occupation Charge

Until this year, STH and the Council have successfully mitigated against the Under Occupation Charge, with 'bedroom tax' arrears kept relatively low.

Unfortunately, the Discretionary Housing Payment funding allocated to Bury Council this year has been cut by £73,000. Inevitably, this cut will have an impact on tenants affected by the Under Occupation Charge and is leading to an increase in rent arrears. Bedroom Tax arrears have increased by £30,000 this year and now stand at £82,762.

Action being taken

Our work is overseen by the Welfare Reform Board and we continue to try and mitigate against the changes that have been introduced. Unfortunately, this is becoming increasingly difficult given the rollout programme. Examples of our work include:

- Raising tenant awareness through the BREAD road shows and other forums;
- Raising staff awareness through briefing sessions and providing job shadowing opportunities so that they are equipped with the necessary skills and information to provide appropriate advice;
- Learning from other housing organisations through benchmarking exercises, site visits and discussions at wider forums. The information gauged is being used to adapt our current working practices;
- Providing intensive support to a target group of UC tenants and using the learning to inform changes in working practices;
- Early identification of new tenants on UC/ applying for UC at Pre affordability interview stage; and

- Intensive monitoring of all UC cases.

New risks are emerging following further planned changes to welfare benefits as highlighted in the Queen's Speech. These particularly relate to the Total Cap in Benefits, the freeze in welfare benefits for two years and cuts in Housing Benefit for people aged between 18 and 21.

Council tax support

This devolved local scheme continues to be reviewed annually to consider whether any changes to the scheme for the next financial year are necessary.

There are no proposed changes to the 2016/17 scheme: this has not been amended until its inception in April 2013. It continues to be monitored very closely in order to ensure it remains within budget.

We remain one of the few local authorities not to have a 'top slice' (eg all claimants of CTS have to pay 20% or similar figure of their overall CTS bill) as a key feature of our scheme: this is something we have resisted to date as feedback from those authorities who have such provision indicates that this is very difficult to collect and puts customers in hardship. To date, since the scheme was introduced we have not experienced reductions in collection: indeed this has increased each year with last years outturn at 97.05%.

Bury Support Fund (ex national social fund)

This was devolved to local authority administration from April 2013. Each local authority could develop their own scheme. Funding was significantly reduced after 2 years. The current position is that due to 'carry over' of unspent grant due to careful monitoring and administration of the scheme, we have been able to continue its operation to at least 2017. This is the same approach being taken by many other authorities in order to maintain provision as long as possible and to ensure the most vulnerable customers are assisted.