

Appendix D - A transcript of Jeremy Hutchings's presentation on Welfare Reform.

Introduction to welfare reform

- Single biggest change to welfare benefits for over 60 years
- Contributes to £18bn welfare savings by 2014-15
- Promotes principles of personal responsibility
- A benefit system which is fairer, more affordable and better able to tackle poverty, worklessness and welfare dependency

Overview of Welfare Reform

- Timeline of Changes
 - Welfare Reform Act March 2012 – Non-dependant deductions
 - Size Criteria (Bedroom tax) April 2013 – CT support social fund PIP
 - Benefit Cap April 2013
 - Universal Credit October 2013
 - All claimants migrated to Universal Credit by 2017

The changes do not apply to people over the age of 65.

Size criteria

- Deductions to housing benefit for spare bedrooms
- 14% of rent for one spare bedroom or 25% for two or more
- No exemptions but concessions for parents with children in armed forces and severely disabled children

Size criteria – impact on L&Q

- 4,144 L & Q households affected by the size criteria
- 77% are under-occupying by one spare bedroom and will be facing average shortfalls of £16 a week
- 23% are under-occupying by two or more spare bedrooms and will be facing average shortfalls of £30 a week

165 households within South Bucks have been affected by the size criteria; this is lower than the average as there is a high proportion of over 65's in L & Q accommodation within South Bucks. L&Q have contacted all of them to discuss options available. The majority of those contacted are willing to pay the extra rent rather than move. This may be because they will fall into arrear, not be able to fund the shortfall or there could be undeclared income within the household.

Benefit cap

- Benefits capped at £500 a week for families and £350 a week for single people
- Equivalent to national average earned income after tax and NI
- Affects large families and people with high housing costs
- Exemptions for people with disabilities and people in work

Benefit cap – impact on L&Q

- 350 households affected by the benefit (estimate)
- Under housing benefit, affected households are facing average shortfalls of £62 a week
- As many as 39% losing over half of their housing benefit award
- Affects affordability of family homes and affordable rent properties

Only 5 households within South Bucks are affected by the benefit cap. L&Q have contacted all of them to discuss possible options.

Universal Credit

- A single means-tested benefit for working-age families both in and out of work
- Paid directly to one member of the household calendar monthly in arrears
- Claims made online, with claimants signing a claimant commitment

Universal Credit – impact on L&Q

- Approximately 23,500 working age households on housing benefit claiming £130m a year through housing benefit
- Residents will have to manage their money and make their rent payments
- Increase in transaction costs and income collection costs

This is the biggest issue for L & Q. Housing benefit claims will reduce by £5,7m per annum and whereas previously the £130m was paid directly to L & Q from the local Councils; L & Q will have to collect the rent from the tenants. L & Q carried out a pilot in Croydon about ten years ago to collect rents from tenants rather than the local authority. This resulted in a large increase in arrears before they started to come down again. Many tenants were unable to budget financially; some did not have bank accounts.

Communication campaign

- 100,000 leaflets distributed
- Information in Homelife, on rent statements and website
- Recorded messages on L&Q Direct
- Targeted letters to transfer and mutual exchange applicants
- Frontline staff raising awareness
- Welfare reform events
- 62% coverage (Dec 2012)

Contacting residents

- L & Q make three attempts to phone residents affected
- Supplemented by letters, emails and texts as appropriate
- After three attempts, refer for three doorstep visits
- Achieved personal contact with 97% of size criteria cases

Supporting Residents

Housing Options

- Moving Options Team to assist residents to mutual exchange
- Downsizing assistance payments
- Information on taking lodgers
- Updated bedroom criteria

Training & Employment

- T&E Officers in each area
- Free training and projects e.g. Boost
- Regular contact about opportunities
- Case Workers to work intensively with residents affected by the benefit cap

If people are working to get a job or completing training, we will defer collecting arrears.

Financial inclusion

- Your Money Team -telephone-based money guidance
- Pound Advice CAB partnership
- Referrals for specialist debt advice
- £50,000 Hardship fund
- Partnerships with food banks

Other

- Energy Save to save money on fuel bills
- KIT holistic tenancy sustainment for vulnerable residents
- Digital inclusion projects

What next?

- Continuing to work with residents affected
- Monitoring the impact of changes
- Preparing for Universal Credit

Thank you

- **Any questions?**