



To: Executive Councillor for Housing, Councillor Catherine Smart  
Report by: Liz Bisset, Director of Customer & Community Services  
Relevant scrutiny committees: Housing Management Board 1/10/2013

Wards affected: All Wards

**Welfare Reforms and the impact on rent arrears.  
Key Decision**

**1. Executive Summary**

- 1.1 Since April 2013 City Council tenants of working age have experienced a reduction in Housing Benefit if they are deemed to have a spare bedroom. Originally nearly 600 households were identified as falling into this category. This has now reduced to less than 500 due to re assessment and exemptions.
- 1.2 Rent arrears for all current tenants at the end of August 2013 amount to just over £750,000 compared with £800,000 twelve months ago. The rent arrears due to the Housing Benefit Social Size Criteria since April 2013 amount to £29,271 after five months.
- 1.3 Discretionary Housing Payments (DHP) have been applied for by 158 tenants and 27 of those have been refused or had their bedroom requirements revised so that DHP was no longer needed. DHP may be refused if the tenant has too much capital or sufficient income. Reasons to award DHP may be where the property has disabled adaptations or the tenant is actively bidding to move on Homelink or seeking employment.

**2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To acknowledge the impact of the Welfare Reforms and the support given to tenants affected by the changes.
- 2.2 To instruct officers to continue to assist tenants in rent arrears and only seek eviction through the Court as a last resort.
- 2.3 Instruct officers to introduce a Local Lettings Policy in April 2014 to give priority to tenants wanting to downsize as a result of the Housing Benefit Social Size Criteria.

### **3. Background**

- 3.1 The “Housing Benefit Social Size Criteria” was introduced for social tenants of working age who were under occupying their council home by one bedroom or more. Originally nearly 600 tenants were identified and the Council approached them through visits, telephone calls and leaflets from October 2012 onwards. Letters were sent from City Homes as well as Revenues and Benefits. Advice was given on the options available to tenants which included taking in lodgers, seeking additional benefits or increasing income by working longer hours. Advice and assistance was given on the options available to downsize.
- 3.2 Originally a third (less than 200) indicated a desire to move to smaller accommodation. Now about 80 (17%) have registered on Homelink to move to smaller accommodation but few have moved due to the extreme demand for accommodation in Cambridge and the surrounding area and the need to rehouse tenants from the redevelopment sites. The Under Occupation Incentive scheme is available for tenants downsizing. This can also be used to pay off any rent arrears after the tenant has downsized. Tenants under occupying by one bedroom are usually allocated Band “B” in the Homelink allocation system and this is often not enough priority to move. Officers will review the position of those still wanting to move and introduce a Local Lettings Policy to assist them.
- 3.3 About 77 % of tenants being charged rent for a spare bedroom are making payments and only 23 % are not making regular payments. All of these arrears cases have received letters, visits and advice about their rent arrears. If appropriate, tenants have been referred to external advice agencies such as the CAB. Some of these cases have now received a warning Notice of Seeking Possession and may soon be subject to a Court hearing at the County Court. Before eviction proceedings are commenced the case will be discussed at the Council’s

Rent Arrears Panel and all cases being considered for eviction will be reviewed by the Director of Customer and Community Services before proceeding and will take into account the criteria in paragraph 3.5.

3.4 The Rent Arrears Policy adopted by HMB in January 2013 states **“City Homes and other Council sections will work together to further develop a corporate co-ordinated approach to debt recovery. Whilst recognising that evictions may occur as a last resort the staff of all sections and departments will work together to keep such evictions to a minimum.”**

3.5 Eviction will not be progressed for a tenant in rent arrears, which solely relate to the under occupation reduction in Housing Benefit, when all of the following criteria are met:

- Where the tenant has applied for rehousing and is making active reasonable bids.
- Where the tenant has applied for DHP.
- Where other tenancy conditions (such as ASB) have not been seriously breached.

3.6 The total arrears owed by tenants being charged for spare bedrooms is £29,721 after 5 months. If this is projected forward to the end of the financial year it may equate to £72,816 which is now half the projection made in June 2013. Current tenant arrears at the end of August 2013 equal £750,000 which is £50,000 less than a year ago.

3.7 The number of City Council tenants affected by the Benefit cap is low (about 10) and the analysis of their rent account has not yet been carried out because the DWP has only recently notified the City Council of the claimants affected.

## **4. Implications**

### **(a) Financial Implications**

The rent arrears implications are mentioned in this report.

### **(b) Staffing Implications**

There are no staffing implications identified as a consequence of this report.

(c) **Equal Opportunities Implications**

Tenants on low income or benefits can apply for Housing Benefit.

(d) **Environmental Implications**

There are no direct implications.

(e) **Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and Communication**

There was a small tenant survey carried out in April – June 2013.

(g) **Community Safety**

There are no direct community safety implications associated with this report.

## **5. Background Papers**

No background papers were used in the preparation of this report:

## **6. Appendices**

Appendix 1 is the August 2013 Briefing Note to HMB for Housing Benefit social size criteria and the impact on rent arrears.

## **7. Inspection of Papers**

To inspect the background papers or if you have a query on the report please contact:

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## APPENDIX 1

### HOUSING BENEFIT SOCIAL SIZE CRITERIA – HMB BRIEFING NOTE

AUGUST 2013

QUESTION	ANSWER	COMMENTS
1. Number of council tenants affected by the spare bedroom reduction of Housing Benefit?	About 480 86 % (408) by 1 bedroom 14 % (72) by 2 bedrooms	This has reduced from an initial 600 cases and from about 500 in June 2013.
2. How many of these have expressed a desire to move?	About 32 % from a sample survey originally expressed a desire to move. But only about 80 have registered.	Only about 17 % (80) have registered on Homelink.
3. How many have registered on Homelink?	About 80.	A number have still not yet registered.
4. How many have been housed?	Less than 10.	
5. How many transferred to CCC? How many by mutual exchange? How many with CBL/HOMELINK?	Not available. Not available. Not available.	
6. How many tenants not paying the charge?	About 23 % of tenants are not paying.	This has been reduced by more than half since June 2013.
7. How much is owed in rent arrears?	£29,721 to date after 5 months.	After 20 payable weeks. About £1,486 pw projected forward £72,816 pa. This is now half the original projected estimate.
8. Discretionary Housing Payments – how many City Council tenants have been awarded DHP?	131 tenants.	Increase from 66 in June 2013. Includes disabled adaptation, separated parents, seeking employment and those looking to downsize.
9. DHP – how many refused?	27	Includes tenants with too much capital or sufficient income.