

**Norwich City Council**  
**SCRUTINY COMMITTEE**

## **Item No 7**

**REPORT** for meeting to be held on 11 April 2013

### **Welfare reform and housing benefit changes**

**Summary:**

This report is an opportunity for the scrutiny committee to gain an overview of the implications of benefit capping and social housing under occupancy rules that come into force as from 1 April 2013, and to look at any outcomes available from the universal credit pilots.

**Conclusions:**

Members are requested to consider what impacts of welfare reform the scrutiny committee might wish to look at and any potential mitigation actions. Thought would need to be given to when might be the best time to do any proposed scrutiny.

As well as highlighting issues and areas of work the council and its partners might wish to focus in terms of preparedness, there may inevitably also be a limitation to what the council might be able to influence.

**Recommendation:**

To indicate what elements of welfare reform the scrutiny committee might wish to focus on as part of the work programme for 2013 – 2014.

**Contact Officer:**

Russell O'Keefe, Executive head of strategy, people and democracy  
Phone: 01603 212908  
Email: russello'keefe@norwich.gov.uk

## **1 Benefit Cap**

- 1.1 From 1 April 2013, the benefits cap will begin to be rolled out nationally and will apply locally from 1 July 2013. This will be made through the reduction in housing benefit and from October 2013 by limiting universal credit. Universal credit will also be rolled out incrementally around the country with the start date for Norwich, currently not known.
- 1.2 This means that following the welfare reform act 2012, from April 2013 the amount of benefits that can be received by any one family will be capped at £500 per week for single parents and couples with children. The amount for single people will be £350 per week. This will affect those claiming out of work benefit, employment and support allowance, and jobseekers allowance. However there will be some groups not affected by the cap. For example; those who claim some disability benefits, working families entitled to the working tax credit and families who receive war disablement, war widows and war widowers' pensions.

## **2 Social housing under occupancy rules**

- 2.1 The under-occupation penalty means that from 1 April, social housing tenants who are of working age and in receipt of housing benefit will have their payments cut if they have one or more spare bedrooms.
- 2.2 The Department for Work and Pensions has calculated 660,000 households across Britain will be affected by the policy, with an average annual reduction of £728. The National Housing Federation (NHF) has used the regional breakdown provided by the department to estimate the number of people who will be affected in each constituency, and how much they will lose. Our own estimations for tenants living within Norwich City Council's administrative boundary are that for the 2,800 council tenants and 320 registered social landlord tenants affected the average weekly loss will be £12 a week.
- 2.3 The NHF estimate some 50,000 people across the East of England will have to undergo an assessment. For those deemed to have one spare bedroom they risk losing 14% of their benefit and those deemed to have two spare bedrooms risk losing 25%.
- 2.4 According to Department of Work and Pensions data; the estimated social rents per week for 2 plus bedroom properties and numbers of social housing households estimated to be subject to the under occupancy penalty for Norwich are(revised January 2013 using DWP regional loser totals)  
  
; **Norwich South** – 1,973 (estimated losers) - £513 annual increase for one extra bedroom and £915 annual increase for two plus extra

bedrooms,

**Norwich North** – 1,095 (estimated losers) - £564 and £1,006 annual increase for two extra bedrooms.

- 2.5 Councils have been given an extra £155m this year so that they can help their vulnerable tenants with £30m specifically targeted towards supporting disabled people and foster carers. Norwich City Council's share of these monies is £288,000.

### **3 Universal credit**

- 3.1 The aim of the government is to shift benefits claimants to an on-line only system with the national incremental implementation of universal credit in the autumn (see 1.1). May be a question for the council to think about would be; how easy would this be to achieve in Norwich. What is the picture of digital exclusion in Norwich?
- 3.2 Universal credit will be paid a month in arrears to the 'head of household' by default. This means that landlords will no longer receive direct payment. Another factor of note is that the majority of benefits are being uplifted by 1% which is below current inflation levels.
- 3.3 A BBC report 10 March 2013 on a '**Universal credit pilot**' reports that; tenants in South Wales taking part in a trial of the UK governments benefits reforms have seen rent arrears rise seven-fold to £140,000 in seven months. Landlords in the pilot area in Torfaen warn evictions could increase if the trend continues after the system for paying benefits is fully adopted.
- 3.4 Torfaen is one of six areas where the Department of Work and Pensions is running what it calls 'demonstration projects' ahead of the introduction of universal credit in the autumn.
- 3.5 Eye on Wales (BBC Radio Wales' award-winning weekly current affairs programme) has learned that the first group of Torfaen tenants selected for the trial saw their total arrears rise from around £20,000 to £140,000 in the seven months from July to January.
- 3.6 The chief executive of Bron Afon Community Housing, the biggest social housing landlord in the area with 8,000 properties described the rise in arrears as significant, adding that a large proportion of the tenants were "never in arrears before". At the same time we've increased our staff levels by about double what we would normally, put into increase recovery.