

EQUALITIES MONITORING QUARTER 3 – IMPACT OF WELFARE REFORMS AND ARREARS

Report of the Director of Housing and Customer Service

1. SUMMARY

- 1.1 This report concentrates on the impact of the under Occupancy Charge, contained within the Welfare Reform Act 2012, on our customers broken down by equality characteristics/information.
- 1.2 The information contained in this report has been collected by the Welfare Reform Project Team.
- 1.3 The report includes a summary of the key reforms to be brought in by the Welfare Reform Act 2012

2. RECOMMENDATION

The City Board notes the content of this report.

3. MATTER FOR CONSIDERATION

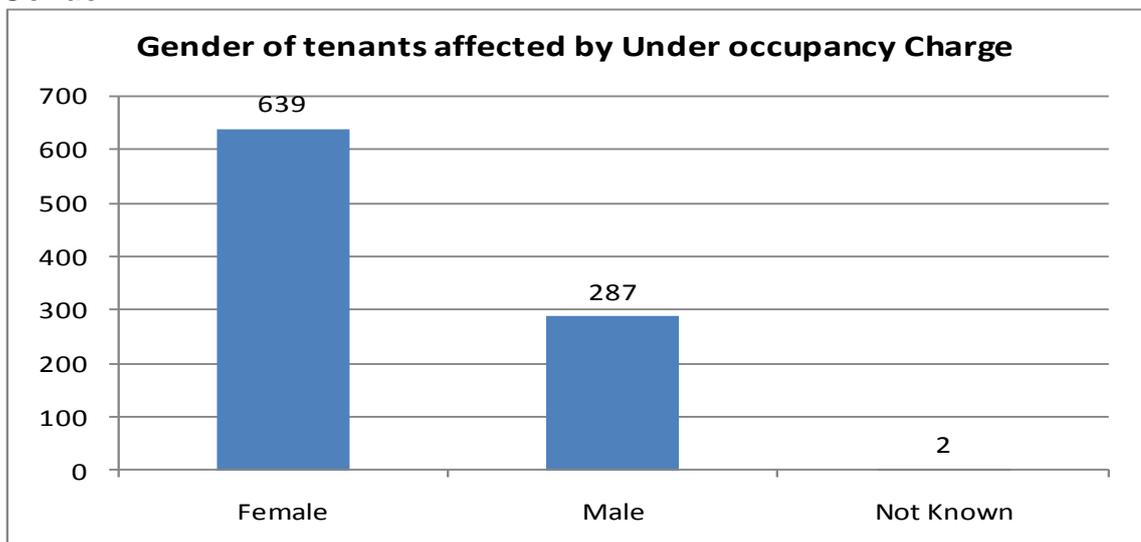
- 3.1 The Welfare Reform Act became law on 8 March 2012. Its aim is to make the benefits and tax credits system fairer and simpler by:
 - creating the right incentives to get more people into work by ensuring work always pays
 - protecting the most vulnerable in our society
 - delivering fairness to those claiming benefit and to the tax payer.
- 3.2 There are number of key reforms to be brought in by Welfare Reform Act 2012:
 - 1. Tenants who under occupy their homes will see a reduction in their housing benefit - April 2013.
 - 2. Localised Council Tax scheme will now expect working age tenants to pay 20% of their bill – April 2013.
 - 3. Benefits will be capped to £500 per week for families and £350 per week for single persons – April 2013, to be rolled out nationally summer 2013.
 - 4. Applying for Universal Credit will be ‘digital by default’ and claimants will need access to computing – October 2013.
 - 5. All tenants will need to have a bank account of some kind in order to receive their Universal Credit - October 2013.
 - 6. Universal Credit (containing money for rent) will be paid monthly in arrears, directly to tenants. Tenants will have the responsibility of paying the landlord – October 2013.

7. Introduction of the Personal Independence Payment (PIP) – October 2013.

Under Occupation

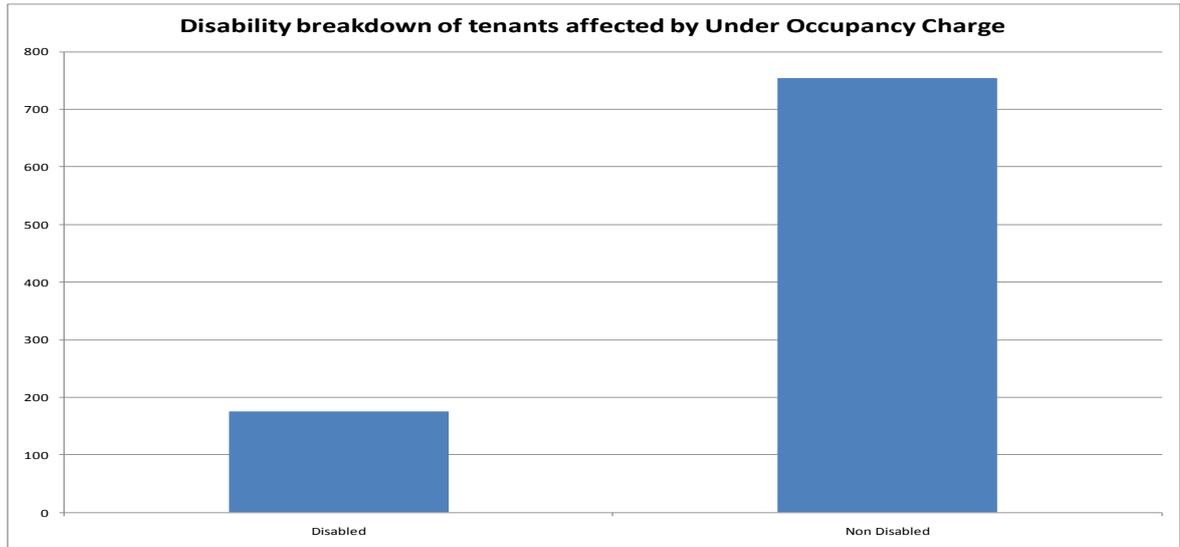
- 3.3 From April 2013 the Government is introducing an Under Occupancy charge. This charge will reduce the amount of Housing Benefit that tenants receive. Tenants will be responsible for paying the shortfall in their rent if their Housing Benefit is reduced.
- 3.4 The Under Occupancy charge will apply to tenants who are in receipt of Housing Benefit, are of working age and who have one or more spare bedrooms.
- 3.5 The Under Occupancy charge is calculated by taking a fixed percentage (14% for 1 spare bedroom or 25% for 2 or more spare bedrooms) off the Housing Benefit eligible rent.
- 3.6 Based on current information we believe that 1800 Derby Homes tenants will be affected by the under occupancy charge, with around 1520 under occupying 1 bedroom and 275 by 2 bedrooms:
- Under occupying by 1 bedroom – 14% of £10.36 based on a target average rent of £74 per week.
 - Under occupying by 2 bedrooms – 25% or £18.50 based on target average rent of £74 per week.
- 3.7 Changes to Council Tax benefit are also being implemented from 1 April 2013. This means that in a similar way to the under occupation charge, tenants of working age will have a deduction applied to their Council tax benefit which they will have to pay. Most of our tenants are in band A, which will mean they will have to pay an additional amount of £2.61 per week for a single person or £3.48 for couples.
- 3.8 This report provides equalities information and statistics in relation to the Customer Profile information held on those affected by the Under occupancy Charge which will be implemented in April 2013.

3.9 Key Points for Noting Gender



3.10 The gender breakdown in percentage terms is 69% female and 31% male. It is safe to assume that more female single parents will be affected.

3.11 Disability

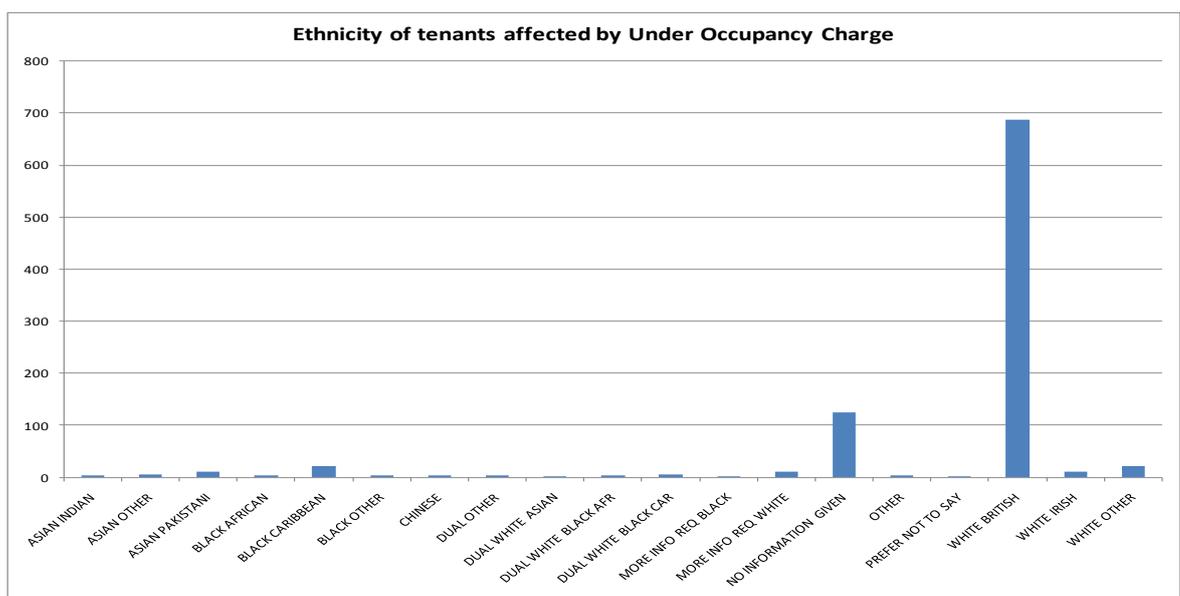


3.12 This represents from the information we have collected that 19% disabled tenants and 81% non disabled tenants will be affected by the Under occupancy charge.

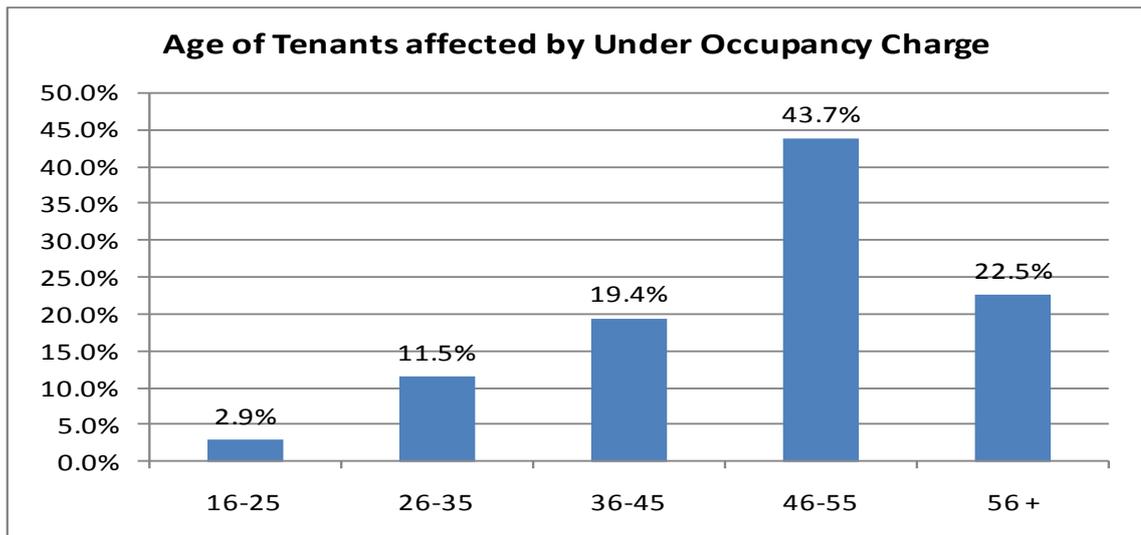
3.13 From April 2013, benefits for disabled people are changing. New claimants will claim Personal Independence Payment (PIP). This benefit has removed the safety element which was contained in the Disability Living Allowance benefit, and has substantially reduced the distance a claimant can walk to be eligible to claim.

3.14 From October 2013 this will impact existing DLA claimants as their claims will be individually assessed against the PIP criteria, which may result in loss of or reduction in DLA for many people.

3.15 Ethnicity



3.16 Age



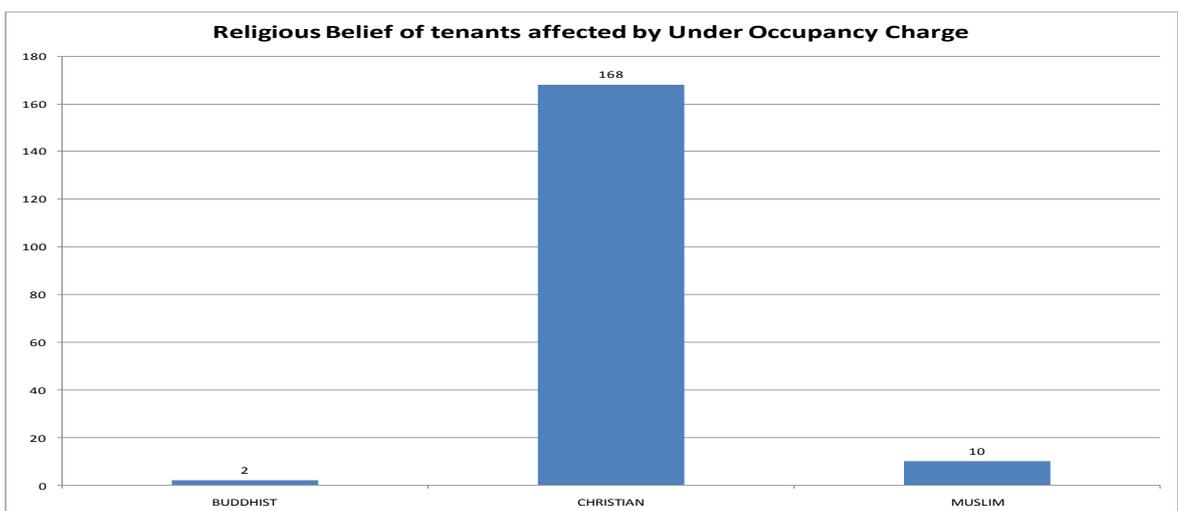
3.17 The Under Occupancy charge will apply to tenants who are in receipt of Housing Benefit, are of working age and who have one or more spare bedrooms. People are classed as 'working age' if:

- They are single and under pension credit qualifying age
- They are a couple and are both under pension credit qualifying age

3.18 As people get older they are more likely to be in receipt of Disability Living Allowance (DLA), due to age related ill health. These claimants will also be impacted by changes due to be implemented to DLA.

3.19 Couples claiming pension credits, where one claimant is over working age may also be further affected if one claimant is under 61. In these cases there may be an under occupancy charge if the lead housing benefit claimant is not the eldest. The Welfare reform project team and Derby City Councils Welfare benefits team are working to highlight this issue and where appropriate ensure the lead tenant claiming the Housing Benefit is over 61 and in receipt of pension credit.

3.20 Religion



Sexual Orientation

3.21 Currently we hold information in relation to the sexual orientation on 30% of tenants affected by the Under Occupancy charge. It is not perceived that the under occupancy charges will affect disproportionately in relation to a person's sexual orientation.

Poverty

3.22 According to a report from The Institute for Fiscal Studies more than a million children and adults will be pushed into poverty by 2013.

3.23 We don't know exactly how many Derby Homes tenants will be affected or impacted but it is fair to say that all families living on benefits will feel some effect of the benefit changes.

3.24 What we do know is:

- Derby Homes rents are due to rise by 5.2% in 2013 /14
- The impact of under occupancy charges on tenant's income at 14% or 25% of the rent
- Tenants will have to pay Council tax charges of tenant's income at 20%.
- We also know that for the next 3 years there will be a 1% increase in welfare benefits annually.

The areas listed below have no implications directly arising from this report:

Consultation
Financial and Business Plan
Legal and Confidentiality
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety
Risk
Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None.

Supporting Information: None.