

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	29 th April 2014
Report of:	Benefits Manager
Subject/Title:	Notice of Motion – Spare Room Subsidy
Portfolio Holder:	Cllr Peter Raynes, Finance

1.0 Report Summary

- 1.1 The purpose of this report is to outline the response to the following Motion to Council on 27th February 2014 on Spare Room Subsidy¹ which was proposed by Cllr K Edwards and seconded by Cllr P Raynes:

“In line with the aspiration to improve the quality of life of all in Cheshire East, this Council should be satisfied that there has been no harm done to the health and wellbeing of the residents who have been affected by the Spare Room Subsidy.

We therefore call upon this Council to carry out Health Impact, and Equality Impact Assessments on the effects of the implementation of the Spare Room Subsidy throughout the Borough.

In particular, the Council should assess the impact on those residents who have been detrimentally affected, because they have been in receipt of Housing Benefit Support since before 1996.”

2.0 Recommendations

- 2.1 That Cabinet review the response to the Motion as set out in the report and support the recommended actions, building on all the preparation and partnership working already undertaken as part of the implementation in April 2013 of the Spare Room Subsidy.
- 2.2 That officers be authorised to undertake all necessary actions to implement the recommendation above.

3.0 Reasons for Recommendations

- 3.1 To undertake a review to fully understand the wider implications of the Spare Room Subsidy (under-occupancy).

1

<http://moderngov.cheshireeast.gov.uk/ecminutes/documents/s32658/Notices%20of%20Motion%20Council%2027%20Feb%202014.pdf>

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 Those affected by the Spare Room Subsidy are entitled to apply for a Discretionary Housing Payment (DHP). The DHP Policy² outlines the discretionary support for those facing a shortfall between their housing benefit award and rental liability.
- 6.2 The Cheshire Homechoice Common Allocation Policy³ ensures those households downsizing, where agreed by their landlord, are placed in the highest priority band (band A).
- 6.3 The Council introduced the Emergency Assistance Scheme⁴ in April 2013 to support vulnerable residents within Cheshire East, facing hardship and needing assistance.

7.0 Implications for Rural Communities

- 7.1 Those living in rural communities may have less access to alternative affordable properties in the local area.

8.0 Financial Implications

- 8.1 The Council receives funding from the Department for Work and Pensions (DWP) for the DHP Scheme. Any spend over the Government's contribution is to be funded by the Council. The Council looks to maximise this expenditure.
- 8.2 As the Council does not have its own housing stock, any impact on rent collection rates and increased cost of collection only affects Registered Housing Providers (Housing Associations). Further investigations are to be undertaken to identify the impact this is having on providers within the borough.

9.0 Legal Implications

- 9.1 The government made changes to housing benefits with effect from 1 April 2013. The Housing Benefit (Amendment) Regulations 2012 reduce the rent that

² http://www.cheshireeast.gov.uk/benefits_housing_council_tax/discretionary_housing_payments.aspx

³ http://www.cheshireeast.gov.uk/housing/housing_options/rented_social_housing.aspx

⁴ <http://www.cheshireeast.gov.uk/default.aspx?page=18767>

is eligible for housing benefit by 14% where a recipient of housing benefit is judged to have one spare bedroom and by 25% where there are two or more extra bedrooms.

9.2 However, when previous changes to the housing benefit scheme were introduced in 2006, transitional protection was provided to claimants in certain circumstances. When the housing benefit rules were changed again in 2013, this transitional protection was preserved and some tenants were seeking to have their housing benefit entitlement decided in accordance with the transitional provisions in the 2006 Regulations instead of the Housing Benefit (Amendment) Regulations 2012. This in effect prevented any deductions due to under-occupancy, which was causing an anomaly and defeating the policy intention of the government in certain circumstances.

9.4 Amendments have therefore been made to The Housing Benefit and Council Tax Benefit (Consequential Provisions) Regulations 2006 which came into force on 3 March 2014. This amendment should ensure that all tenants are now subject to The Housing Benefit (Amendment) Regulations 2012 and therefore ensure consistency of approach in application of the under-occupation reductions to housing benefit claims.

10.0 Risk Management

10.1 The Corporate Welfare Reform Group and the Benefits Section maintain a risk log in connection with all the welfare reform changes. The main areas identified for April 2013, concerning the Spare Room Subsidy were:

- Failure of software to correctly calculate claims
- Insufficient staffing resources for administering claims
- Incorrect data about properties from Registered Housing Providers
- Lack of historic data on claims
- Reputational risk to the Council of an incorrect decision and risk of compensation claims

11.0 Background and Options

11.1 Principles of under-Occupancy (Spare Room Subsidy)

From April 2013, when assessing claims for Housing Benefit, the household is reviewed to determine the number of bedrooms required, compared to the number of bedrooms in the property. If a working age claimant is considered to be occupying a property with more rooms than their household requires, the rent used for calculating Housing Benefit is reduced by:

- 14% if classed as having one spare bedroom
- 25% if classed as having two or more spare bedrooms

Those of pension age are not affected.

11.2 The objectives of the reforms are to encourage households to:

- Downsize, freeing accommodation for larger households in need
- Encourage those who can work to do so

11.3 A great deal of publicity was undertaken by the Council and the Registered Housing Providers to ensure all those affected were aware in advance of the changes being introduced, and of the options available to them. Claimants were advised in mail shots, at drop-in sessions and by visits and telephone about the changes and signposted to support and advice, such as moving to smaller properties or taking on lodgers, claiming Discretionary Housing Payments and assistance in managing household budgets.

11.4 Pre-1996 'loophole'

The DWP notified Councils at the start of 2014 that there was a potential 'loophole' in the regulations, whereby the following groups should not be affected by the change:

- They have lived in the same property since 1 January 1996 AND
- They have continuously received Housing Benefit on or before 1 January 1996

The exemption stood if:

- they have moved due to fire, flood, explosion or natural catastrophe rendering the home uninhabitable
- they have a break in claim of up to 4 weeks
- they have a break of up to 52 weeks if the claimant or their partner is a welfare to work beneficiary
- The protection can also be inherited on the death of the claimant in respect of the same dwelling

11.5 The regulations have been amended from 3 March 2014 so that the exemption will cease and the under-occupancy deductions will apply again, restoring the original policy intention. The DWP have told Councils to take reasonable steps to identify those affected from their own records.

11.6 The Council does not hold data to identify claims back to January 1996 because:

- two system conversions have been undertaken
- of compliance with data retention guidelines
- large scale stock transfers of council housing stock to registered housing providers have been undertaken since 1996. Many housing associations do not hold detailed records back to 1996

11.7 Actions taken

- All households who have been affected by under-occupancy since April 2013 (2,536) have received a mail shot; asking for a self

declaration to assist with identifying those who should be exempt, taking the opportunity to explain the 'loophole' due to coverage in the press.

- All Housing Associations have been approached to provide lists/verify tenancy start dates to try & identify tenants who have been resident since 1996, and where possible confirm if Housing Benefit (HB) has been paid continuously
- Council Tax records checked to verify residency
- Customer Service advisors are undertaking an initial screen to see if the claimant is self-declaring compliance with the requirements

11.8 Suggested further work to be undertaken

The following are the key actions underway, in response to the Motion, building on the positive work already undertaken to support those affected. However time constraints for the reporting deadline means that the work could not be finalised. Once fully completed, a further report can be submitted later in 2014/15 detailing the findings.

- Undertake a health impact assessment and include financial impact data, along with an updated Equality Impact Assessment
- Review the impacts on the Housing Waiting lists and availability of suitable accommodation
- Review the impacts on the Registered Housing Providers
- Update the Equality Impact Assessment and consider alongside the impacts of the other welfare reforms
- Map the households affected

11.9 The Corporate Welfare Reform Group is continuing to review and plan for the introduction of the wider welfare reforms, working with partners, and to evaluate the impacts on Cheshire East.

12.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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