

**MEMBERS' QUESTIONS**

**AGENDA ITEM 13**

**QUESTION 1**

**MR DUNCAN KERR** will ask the following question:

Question to the Cabinet Member for Housing;

As he will be aware George Osborne's Autumn budget has meant that social tenants claiming housing benefit for a tenancy created after the 1<sup>st</sup> of April this year will from 2018 be subject to the same restrictions currently placed on private tenants. This will have a devastating impact on single people under the age of 35 where benefit will be limited to the shared-room rate and for all tenants who have care and support needs which will no longer be eligible for benefit.

What is the Council doing to ensure that new tenants fully understand this situation and to lobby Government to ensure that the Discretionary Housing Allowance for Shropshire is increased so that all social tenants in the County can be protected?"

**MR MALCOLM PRICE**, the Portfolio Holder for Planning, Housing Regulatory Services and Environment will reply:

The reforms mentioned in Councillor Kerr's question are amongst a number of changes in the benefit system which could directly affect the affordability of rent for some of Shropshire's citizens.

- Reductions in the assessment of new housing benefit claims made this year will make the means test less generous for some. (1)
- Further changes to tax credits and Universal Credit in 2017 will particularly affect larger families. (2)
- We expect the reduced benefits cap to roll out later this year. (3)
- From April 2017 the automatic entitlement to housing support for new claims in Universal Credit from 18-21 year olds who are out of work will be removed although there are some exceptions. (4)
- The capping of Housing Benefit (HB) for social housing tenants to the same maximum as those in the private sector by applying the maximum Local Housing Allowance rates will include limiting allowances for single claimants aged under 35 without dependent children to the shared room rate. This cap will apply from 1 April 2018 but only to tenancies signed after 1 April 2016 (5)
- The Chancellor's autumn statement of 2015 announced the intention to apply these restrictions to supported housing but this is now under review. Government has said they are committed to protecting such housing and

has commissioned a supported accommodation research project and policy review to be published later this year the outcome of which will determine the level of any protections beyond April 2017. (6)

These changes are set against a backdrop of a four-year freeze to Local Housing Allowance rates from 2016-17 to 2019-20.

### **Discretionary Housing Payments**

The Government announced in the Autumn Statement and Spending Review 2015 their intention to cap the amount of rent that Housing Benefit will cover in the social rented sector to the relevant Local Housing Allowance for new tenancies signed on or after 1 April 2016 (for supported housing 1 April 2017) with Housing Benefit entitlement changing from 1 April 2018 onwards. This includes the shared accommodation rate for single people aged under 35 years. The 12 month deferral of this policy for those in supported accommodation is to allow both DWP and DCLG to consider the impact of the Local Housing Allowance caps on supported housing tenancies in the social sector and to find longer term solutions.

These changes mean that with effect from 1 April 2016 (for supported housing 1 April 2017) social landlords have a duty to inform all tenants who sign a new tenancy agreement from this date of the above change. The Government have provided all Registered Social Landlord Chief Executives with a model document for notifying tenants who sign a new or renewal tenancy from 1 April 2016 onwards, and for those taking on supported accommodation from 1 April 2017.

The Government has consistently reviewed funding levels for Discretionary Housing Payments and has provided additional funding for Local Authorities to ensure there is adequate provision to help claimants affected by welfare changes.

The government's response has been to pledge increased funding for local authorities in the shape of Discretionary Housing Payments but this is still a limited pot of money which is not designed to permanently replace income lost through changes in the benefits system. Whilst Councils may top this up from their own funds, severe financial pressures on our budgets would make this difficult or simply impossible.

Shropshire's policy in delivering Discretionary Housing Payment has purposefully been one of addressing a person's needs holistically and making only short term awards to people whilst they address any underlying or contributory factors. This is particularly the case with people who, with some challenge over their financial decisions and some adjustments as a result, would be able to meet their needs from their own incomes.

Adopting this approach has meant that Shropshire's allocation of Discretionary Housing Payment funding has been spent well within limits, it has been spent on those applicants whose situations leave them few options.

No false demand has been created nor expectations raised, specifically because we believe future change in the benefit system is highly likely to increase the demand on this limited pot of money from people who also have few options.

Amongst other changes, young people striving to keep their home whilst looking for work and the cost of meeting shortfalls in allowances for more expensive rents for elderly or vulnerable citizens will contribute to the strain on Discretionary Housing Payments. In response to Councillor Kerr's question, Shropshire is in a better position than many to meet this future need from the money made available.

### **Welfare Reform Group**

Shropshire Council is working closely with partners in the housing and support sector around a wide range of benefits changes through the Welfare Reform Strategic and Operational Groups. These forums are used to discuss and share strategy on Shropshire's approach to the impact of welfare reform include the communications strategy and pooling of available resources.

Additionally, because we do recognise that preventative measures will still miss some people, we will soon start work with our food banks so that they are better equipped to help those who come to them in need so that in addition to meeting the immediate need, the person is helped to address any underlying issues to achieve a more sustainable outcome.

#### **(Notes to benefit changes)**

- 1) Removal of the family premium in new claims to Housing Benefit
- 2) From April 2017, the child element in Universal Credit new claims – which we have been informed will roll out to a much wider population including families next year – will be restricted to the first 2 children. Universal Credit will include help with a person's rent.
- 3) The revised benefit cap which includes housing benefit in the calculation is £257.69 per week for single people and £384.62 per week for families. There are exceptions, these include pensioners and people with disabilities and not all benefits are included in the cap. The cap ceases to apply where a person works and is becomes entitled to working tax credit.
- 4) Universal Credit includes any element for help with rent. The roll out up to now has been mainly restricted to younger people. The exceptions to this automatic removal of entitlement are: vulnerable young people, those who may not be able to return home to live with their parents, and those who have been in work for 6 months prior to making a claim, who will continue to be able to receive housing support for up to 6 months while they look for work.
- 5) Those living in social sector accommodation will see their Housing Benefit restricted to the Local Housing Allowance rate from 2017 where a new tenancy is taken or renewed on or after April 2016. This is the rate applied to private renters
- 6) The most recent House of Commons briefing paper number 06080 April 2016 <file:///C:/Users/cc107154/Downloads/SN06080.pdf> has announced an evidence review in response to a number of comments received regarding the

intention to apply LHA restriction to supported accommodation. In his announcement, Lord Freud commented “My Lords, the introduction of local housing allowance limits to the social sector will apply to both housing benefit tenants and recipients of the housing element of universal credit from April 2018, but only where new tenancies have been taken out or renewed after April 2016. The department has jointly commissioned an evidence review with DCLG to look at the size and scope of the supported housing sector. The research results will guide our consideration for future policy development. We are collecting evidence about the size of the sector, who it supports, where the funding flows are coming from and how it is supported. There are various support sources, including the Supporting People fund and RR. We look to publish this report later this year. **I am able to announce today that the Government will put in place a year-long exception for all tenants of supported accommodation in the social sector so that this measure will only apply to these tenancies from April 2017, rather than April 2016. As examples, this will include refuges for those fleeing domestic abuse, homeless provision, housing for ex-offenders, as well as supported housing for older and disabled people. I can also confirm that the one year exception will extend to housing cooperatives, alms houses and Community Land Trusts.”**

## **QUESTION 2**

**MR DUNCAN KERR** will ask the following question:

Question to the Leader of the Council;

At the last Council meeting I asked why Shropshire has made no progress in implementing “50 ways to save: Examples of sensible savings in local government” published by the DCLG in Dec 2012. At the meeting I reminded you that the first sensible way of saving money in this document was by sharing back office functions. In reply you kindly provided a list of services that we share, but it did not include one single back office service. So given that the Council is apparently contemplating the closure of parks, libraries and leisure centres can I ask Clive Wright for a list of the support services we have identified as suitable for sharing, the savings we would make, the partners we could approach, and most importantly of all, the date by which these new shared arrangements will become effective?”

**MR MALCOLM PATE**, the Leader will reply:

Thank you for your question.

In October 2015, Cabinet approved the Financial Strategy which included the following in relation to Support Services:

In total these costs equate to £24m across the council and it is assumed and built into the model that these costs will have to be reduced more severely than front line services, reducing by almost 50% or around £12m by 2020/21.

The methods by which this reduction will be delivered includes sharing of services where this is appropriate.

We are looking at options for sharing services with other Councils and also with local public sector organisations. So far we have held meetings with Staffordshire County Council and Herefordshire Council.

The back office services under consideration include Finance, Legal, Property Management, IT, HR and Communications. It is too early to say which of these services are viable in terms of sharing or any cost saving that might be delivered by doing so.

Sharing services is likely to be a more straight forward option for smaller Councils covering a much less sparse population and where there is more management and costs of management are greater than Shropshire.

As is usual practice, our officers will bring forward proposals and options when appropriate.