

Report To:	CABINET	Date:	26 NOVEMBER 2018
Heading:	THE ADDITION OF A WELFARE REFORM OFFICER TO THE INCOME TEAM (HOUSING AND ASSETS)		
Portfolio Holder:	COUNCILLOR J. WILMOTT, CABINET MEMBER (OUTWARD)		
Ward/s:	ALL		
Key Decision:	NO		
Subject to Call-In:	YES		

Purpose of Report

This report seeks authority to add an additional Welfare Reform Advisor to the Income Team to assist with the wider roll out of Universal Credit.

Recommendation(s)

Approve the decision to add a Welfare Reform Officer to the establishment (fixed term post for 2 years) to assist with the wider roll out of Universal Credit (UC) and assist tenants in paying their rent.

Reasons for Recommendation(s)

The post was outlined as a requirement within the approved HRA Welfare Reform reserve. However as the collective salary over the 2 years exceeds £50k Cabinet approval is required. The purpose of the role is to increase the range and capacity of advice and support offered to tenants in order to both reduce the risks of rent arrears and also assist in the sustainment of tenancies.

Alternative Options Considered

Not to recruit. This option does not make good business sense due to the number of tenants who will be directly affected by the introduction of UC (which will be 'full service' across the whole of Ashfield by end of November) and the need to protect the HRA income stream which faces significant risk due to the direct payment of housing costs to tenants rather than the Council itself (as is currently the case).

Outsourcing the advice was not considered as the objective is to act as swiftly as possible when the tenant switches to Universal Credit and/or needs assistance with paying the rent. The Council (unlike other bodies) receives direct notification of changes in UC from the DWP, whilst the Council is also the data holder of the rent accounts. Passing this information to a third party will cause

delays which are of both detriment to the customer and Council, and would require data sharing agreements. Equally advice given by third parties may be contrary to Housing's 'rent first' policy when using HRA money to provide monetary advice.

Detailed Information

Many of our tenants are already experiencing financial difficulties as a result of the Government's welfare reform programme.

UC, the new benefit system that replaces a number of current benefits, is already being phased in within the Ashfield area (Hucknall – from October 2018 and the Rural areas – June 2018).

Universal credit **full service** – the full digital system – will arrive at Ashfield Jobcentre Plus from **November 2018**. From this date, any new claim will be directed to UC.

UC requires claimants to accept a claimant commitment setting out what is expected in return for receiving benefit, receive a single payment to the household every month (housing element e.g. rent costs and personal costs) and make and maintain their claim online. UC will lead to significant changes (and often reductions) in entitlement for households.

There are concerns about tenants' capacity to manage direct payment of housing costs, as families and particularly vulnerable tenants, may not be used to receiving their benefit in one combined monthly payment and spreading that money across the month whilst meeting various liabilities such as rent which previously went directly to their landlord. There is a strong and statistically proven likelihood that tenants (particularly in the early days) may end up using the housing element of UC to cover other bills and debts instead of prioritising rent payments.

Currently the payments from Housing Benefit come directly into Housing into the rent accounts (approximately 68% (£16.3m p.a.) of our rent is received directly from Housing Benefit).

It is a known and proven fact that the transition of tenants from current state benefits to Universal Credit (UC) is having a detrimental effect on rent collection. E.g. The Association of Retained Council Housing produced a report in July 2017, which stated that average value of arrears for a UC tenant was £772.21 verses a non-UC average of £414.40, and that 40% of UC tenants in arrears had no arrears before transitioning on to the new benefit.

ADC currently has 102 tenants on UC (81 of which currently have rent arrears).

When UC is rolled out fully, there is estimated to be around 3500 tenants who will move across to Universal credit. This equates to an estimated £13 million p.a. of rental income at risk. (All Pensioners and a limited number of claimants will remain on Housing Benefit).

UC will mean a high level of support will be required to assist tenants, particularly those vulnerable tenants, with budgeting support and paying their rent on time and avoiding arrears. We need to work closely with our tenants to support and lessen the effects of the changes due to the introduction of UC.

The priority areas for supporting tenants' is as follows:-

- Identifying key groups and monitoring impacts
- Engagement - reaching those at greatest risk and engaging effectively
- Targeted support - to manage and mitigate the impacts of UC
- Building resilience – towards long term responses (financial and employment)

To manage the increasing demand on our services and to prepare and manage the imminent wider roll out, Housing requires an additional Welfare Reform Officer whose role will enable them to switch between money advice (assist those that can't pay) and income recovery (deal with those that won't pay) depending on the flow of work. Beyond the current role out the officer will continue through in to the live stage (where all existing rather than new claimants go on to UC), as clearly additional support will be required to both give advice and collect the rent, which is being received directly by the tenant rather than the Council.

This additional post would enable the Income team to increase the range of advice and support offered to residents, so as to reduce the risks of rent arrears. The post would also identify, engage, target and support residents affected by UC and will play a key role in a busy team, working collaboratively with various partner agencies to mitigate the impact of UC on council tenants in Ashfield.

Other housing organisations have invested in more staff to deal with the changes in advance of the roll out, but anticipated roll out dates have changed considerably. Our approach is to act on a 'just in time' philosophy which means that no money has been wasted, though the time to act is now. As such a budget of £200k (total budget for three financial years) has already been approved to cover the costs of additional resources required to manage UC and deploy them at the specific time they are required for the service and its customers.

Whilst clearly there are operational reasons as to why the Council is increasing resources in this area, one should not overlook the fact that this is a mutually beneficial arrangement for the District's customers and residents. There has in recent weeks been significant publicity around the complexities of Universal Credit and the fact that a number of households will in fact be worse off under the new benefit. Customers must ensure they fulfil their obligations in order to receive the benefit (which has proved problematic and complex for some) whilst also many will be placed with stark choices to make as and when a larger single monthly payment is placed in to their bank account. The role of the Welfare Advisor will be to ensure customers fully understand their obligations and navigate the new Universal Credit system, whilst help and support will be given to manage their finances in such a way that they can meet their financial commitments, and also maintain their rent payments so as not to jeopardise their tenancy (and home) as well.

Implications

Corporate Plan:

This will support Corporate Plan priorities of:

- Offering additional tenancy support and money advice to our tenants
- Increasing financial capacity and tenancy sustainment
- Minimising homelessness through increased prevention

Legal:

In accordance with Financial Regulation B12, Cabinet must approve expenditure for a specific project from a reserve between £50,000 and £100,000.

Finance:

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	Salary met from the approved HRA Welfare Reform Reserve.
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
Not employing the member of staff in a timely fashion will have a significant detrimental effect on rent collection and thus the HRA's ability to achieve its 30 year business plan.	Employ additional member of staff specifically to help tenants transition on to UC and maintain their rent payments

Human Resources:

As the proposal is for a 2 year fixed term contract a redundancy payment would be payable. Any appointment will be in line with the Recruitment and Selection Policy and Fixed Term Workers Regulations.

Equalities:

None – service is available to all with a strong focus on those who are potentially vulnerable. The recruitment process is available to all who meet the person specification skill set.

Other Implications:

None

Reason(s) for Urgency

Due to the wider roll out Universal Credit in Ashfield.

Reason(s) for Exemption

Not applicable

Background Papers

HRA Welfare Reform reserve – paper documenting planned use.

Report Author and Contact Officer

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