

Report title: Under-occupation charge: policy response for Council tenants

Wards affected: All

Strategic Director: Alison Comley

Report Author: Mary Ryan

RECOMMENDATION for the Mayor's approval:

It is recommended:

1. The temporary blanket 'no eviction' policy be ended.
2. The Council's approach to managing rent accounts and dealing with cases in arrears be endorsed.
3. A fund to assist Council tenants to move be established.

Key background / detail:

- a. Mayoral decision required regarding the future of the blanket 'no eviction' policy implemented as a temporary response to the Under-Occupation Charge
- b. Key details:
 1. The government is introducing a wide range of welfare reforms. One of the measures which took effect on April 1st 2013 is a reduction in Housing Benefit for social housing tenants of working age who are deemed to be under-occupying their home.
 2. This change means tenants receive less Housing Benefit if they live in a housing association or council property that is deemed to have one or more spare bedrooms.
 3. The Mayor announced on March 20th 2013 that 'the Council will not evict any tenants for arrears they build up due to a genuine inability to pay this new sum until a cross-party working group has had time to examine the issue and propose a sustainable way forward'.
 4. A cross-party working group was formed to examine the Council's no eviction policy and propose a sustainable way forward.
 5. A decision is needed regarding the continuation of this policy in the light of the cross party report and concerns raised by members at Full Council.

**BRISTOL CITY COUNCIL
CABINET
16 January 2014**

REPORT TITLE: Under-occupation charge: policy response for Council tenants

Ward(s) affected by this report: All

Strategic Director: Alison Comley

Report author: Mary Ryan

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**Report signed off by
executive member:** Councillor Gus Hoyt 22 Oct 2013

Purpose of the report: A temporary blanket no eviction policy for Council tenants was announced in response to the introduction of the under-occupation charge on 1st April 2013. This report seeks to clarify a permanent policy response for Council tenants.

RECOMMENDATION for Cabinet approval:

1. The temporary blanket 'no eviction' policy be ended but further actions to mitigate the impact of the Under Occupation Charge be implemented, as recommended by the Working Party in Appendix A
2. The Council's approach to managing rent accounts and dealing with cases in arrears be endorsed, including a range of actions introduced to mitigate the impact of welfare benefit reforms.
3. A fund to assist council tenants to move be established as set out later in the report, subject to a Direction from the Secretary of State if required.

Background

1. The government is introducing a wide range of welfare benefit reform. One of the measures which took effect on April 1st 2013 is a reduction in Housing Benefits for social tenants of working age who are deemed to under occupy their home. The Government anticipates this measure will encourage people to downsize their homes and help alleviate the nationwide housing crisis.
2. This change means tenants will receive less Housing Benefit if it is deemed they

have one or more spare bedrooms. Having one spare bedroom means that tenants are not eligible to claim benefit on 14% of their rent and having two or more spare bedrooms means they are unable to claim benefit on 25% of their rent. They are required to make up the shortfall from other income.

3. As a temporary response to this change in legislation, the Mayor announced on March 20th 2013 ‘that the Council will not evict any tenants for arrears they build up due to a genuine inability to pay this new sum until a cross-party working group has had time to examine the issue and propose a sustainable way forward’.
4. A cross-party working group was formed to examine the no eviction policy. A copy of their report is attached (Appendix A). The working group recommended:
 - i. To end the blanket no eviction policy
 - ii. A number of actions and policies to mitigate its impacts

The working group also asked the Mayor to lobby government for changes to the under-occupation charge that allow Councils greater local discretion to give more flexibility and exceptions to the policy. Also, for more local control and ability to tackle the housing shortage and provide more affordable homes to adequately house those affected.

5. The working group’s report was discussed at Full Council in September, when it was proposed a hardship fund be established to help tenants affected by the charge. Options relating to this fund are set out later in the report which recommends resources used to help tenants to downsize will provide the most sustainable and equitable option.

Impacts of the under-occupation charge

6. Prior to the introduction of Benefit Reform, it was estimated that 3,600 tenants would be impacted. The average loss of benefit for claimants was calculated as:
 - £10.61 per week for tenants under occupying by 1 bed, and
 - £20.23 per week for those under occupying by 2 bedrooms or more

In financial terms, this equates to an increased rent liability of £2.1m. An increase in the bad debt provision to £3m was approved by Council to reflect the anticipated difficulties in collecting rent due.

The current impacts of the under-occupation charge are detailed in the table below:

Increased liability as a result of under occupation charge = c.£2m per annum	Baseline (March 2013)	End April 2013	End June 2013	End July 2013	End Aug 2013	End Sept 2013
Number of tenants affected by the under occupation charge	3,532	3,478	3,092	3,027	3,002	2,924
% of tenants affected by the under occupation charge	12%	12%	11%	11%	10.69%	10.41%
Number of those affected with a zero balance	1184	268	137	140	149	95
% of those affected with a zero balance	34%	8%	4%	5%	4.9%	3.25%
Number of those affected who are in arrears	1,392	2,352	2,215	2210	1,967	1,939
% of those affected who are in arrears	40%	67%	72%	73%	65.7%	66.31%
% of tenants affected whose arrears have increased since the baseline	N/A	73%	72%	69%	61.6%	59.30%
Total amount owed by tenants affected by the charge	£585,039.10	£681,241.38	£696,023.84	£736,821.64	£717,581.70	£725,346

Points of significance include:

- An overall reduction of tenants affected by the charge. This is a result of tenants contacting the HB team to clarify the details of their household, moving to a smaller home or accessing employment/training; and is in line with the experience across the social housing sector in Bristol.
- There has been a 26% increase in the numbers of tenants, impacted by the charge, in arrears
- The total amount owed by tenants affected by the charge has increased to £725k.

It is anticipated that these trends will continue, the issues of debt and hardship will require further consideration across Council services.

Financial considerations

7. Rents and service charges are the primary source of income for the Landlord Service. Rents and service charges totalled £111.6m in 2013/14. Rental income is held in a landlord account (HRA) containing income and expenditure arising from the authority's landlord functions. These functions include day-to-day repairs to homes, capital investment and the management of homes and tenancies. HRA budgeted expenditure in 2013/14 totals £113.7m. A failure to collect rent due will have a direct impact on bad debt and have a consequential impact on the quality of services delivered.

Approach to managing rent accounts

8. The approach taken by the City Council to managing rent accounts is preventative.

Emphasis from the start of each tenancy is placed on developing a strong payment culture. If a tenant falls behind with payment, contact is established as soon as a debt arises and individual plans are negotiated to deal with arrears. Prompt and appropriate advice and support is offered to enable tenants to meet their rental obligations. Formal action, including eviction, will be taken if appropriate but only as a last resort.

This approach was endorsed by the working group.

No eviction policy

9. The conclusion of the working group was that a no eviction policy is unsustainable for the following reasons:

- The policy would send a message to tenants that paying rent was not important. This is unfair and would affect the services of tenants, often on low incomes, who do pay.
- The policy would be ambiguous in that it is not easy to distinguish between
 - inability to pay as a result of other circumstances (40% of tenants were already in arrears prior to the introduction of the charge)
 - inability to pay as opposed to the tenant's decision not to pay.
- The policy could be seen to disadvantage those tenants who choose to prioritise their rent payments, at the detriment of accruing other debts
- The policy would be unfair in that it would provide advantage to those tenants specifically impacted by the under-occupation charge.

It was noted that the Council would potentially forego significant rental income in applying the policy and in doing so could be deemed to be fettering its financial responsibilities (meaning it could be unlawful). Furthermore, many tenants struggle to pay their rent. A no eviction policy linked to the under-occupation charge would be unfair in that it would result in tenants on low incomes effectively subsidising tenants who failed to pay their rent.

It is therefore recommended that the findings of the working group be endorsed and the temporary blanket no eviction policy be ended.

Other options considered (no eviction policy):

Other options considered by the working group were:

Option 1 - To continue with a no eviction policy for those tenants affected by the under-occupation charge, but to recommend a number of further actions and policies to mitigate its impact

Option 2 - To end the blanket no eviction policy with no further actions to mitigate its impact

Hardship/Mitigation Fund

10. The working group recommended that the Council work with households who will consider downsizing and offer help and support to do so. The group recommended that this support should include: 'Providing a range of support (financial and practical) and information to help secure moves for tenants'.
11. The under-occupation charge (UOC) was debated at Full Council in September 2013, it was recommended that a hardship fund to benefit Bristol City Council (BCC) tenants affected by the charge be established and options for how such a fund could be used be considered.
12. Some local authorities and social landlords have set up similar services aimed at assisting tenants to move to smaller homes thus creating more sustainable tenancies. It is recommended that such a fund is established, and options relating to its application are detailed below.
13. Such a fund could be used to support households who will consider downsizing by offering help to do so. The benefit of this approach is that it provides a long term solution for both tenants and BCC as the landlord. There are 341 BCC tenants affected by the UOC actively seeking rehousing.
14. A fund of £150k (from the HRA) could facilitate moves for approximately 150 households by covering removal and administration costs. As this would be a finite resource it should initially be targeted at those in the most need, for example households' under-occupying by two or more bedrooms facing the larger shortfall. Any scheme should apply in principle to all tenants wishing to downsize not just those affected by the UOC. This will ensure fairness so that tenants' affected by the UOC are not given advantages not available to other tenants'.
15. Access to support/services for other long term solutions (budgeting advice and back to work activities) is already being provided.
16. Other options regarding how a hardship fund could be utilised were considered but are not recommended, these are explored below.
17. **Option 1:** Discretionary Housing Payments (DHP) to be topped up by Landlord Services (HRA). There are several reasons this option is not recommended:
 - The government has changed the legislation so tenants with 'spare' rooms no longer receive full Housing Benefit to cover their rent. Efforts have been made to work with tenants to find long term solutions (moving, return to work and budgeting). Paying tenants rent/paying more DHP masks, or even negates, the impact of the legislative changes.
 - DHP only creates a temporary solution.
 - It does not help promote a 'payment culture' and may stop tenants from looking for a long term solution.
 - The current DHP fund is adequately resourced to cover all the applications that meet the current criteria.
 - If the eligibility criteria were changed this would have to be applied to households in other tenures to avoid a two tiered system. This would have a

- significant financial impact that could not be covered by the HRA.
- There is an equity issue with using the HRA, rental income from low income households, to effectively pay ‘benefit’ to some tenants.
- This option requires specific Government approval so there is a risk this could be denied.

18. **Option 2:** Use HRA to pay tenants rent directly. This option is not recommended as the advantages and disadvantages that apply to topping up the DHP fund also apply to paying for this. Also this option would be inequitable as it would only be available for BCC tenants affected by the under-occupation charge – no fund would be available for BCC tenants affected by other welfare benefit reforms or affordability issues or to other tenures affected by welfare benefit reforms.

Consultation and scrutiny input:

Extensive consultation was undertaken by the working group examining the under-occupation charge and its impact. This is detailed in the working group report (Appendix A). No further consultation has been undertaken.

Risk management / assessment:

Not applicable, this report is a cover report for the working part recommendations.

Eco impact assessment

Not applicable, this report is a cover report for the working part recommendations.

Resource and legal implications:

Finance

a. Financial (revenue) implications:

The Housing Revenue Account (HRA) budget which was approved by Council on 26 February included an increase in the bad debt provision to £3m in 2013/14 to reflect the projected increase in rent arrears due to a number of different welfare reforms. This scheme will help to keep rent arrears at a manageable and affordable level. The costs of setting up a hardship fund will be met from the HRA.

Subject to obtaining Secretary of State approval, the impact of setting up a hardship fund and impact on the levels of arrears and any associated increase in the bad debt provision will need to be included within the 30 year business plan to ensure the plan remains sustainable. The business plan will continue to be reviewed on a regular basis as further changes to welfare benefits are introduced.

Shahida Nasim, Finance Business Partner
31st December 2013

b. Financial (capital) implications:

Not applicable

c. Legal implications:

The recommendations in the report in respect of the policy and Council's approach are lawful. The Council cannot unlawfully fetter its discretion and its general public law duties should be considered. The preferred option puts in place a policy framework but allows for each case to be considered on its own merits. The recommendation to establish a hardship fund should be subject to approval being sought from the Secretary of State for use of the HRA for this purpose..

Nancy Rollason, Service Manager (People), Legal Services
31st December 2013

d. Land / property implications:

Not applicable

e. Human resources implications:

Not applicable

Appendices:

Appendix A – The under-occupation charge (bedroom tax) report the of the cross party working group

Appendix B – Draft Equalities Impact Assessment

Access to information (background papers):

None

Appendix A

The Under Occupancy Charge (“Bedroom Tax”)

Report of the Cross-party Working Group

1. Introduction

The UK government is introducing a wide range of welfare reforms, one of the measures which took effect on April 1st 2013 is a reduction in Housing Benefit (HB) for social housing tenants of working age who are deemed to be under-occupying their home. The Coalition Government anticipates that this measure will encourage people to downsize their homes and help alleviate the nationwide housing crisis.

This change means tenants receive less in Housing Benefit if they live in a housing association or council property that is deemed to have one or more spare bedrooms. Having one spare bedroom means that tenants are not eligible to claim benefit on 14% of their rent and having two or more spare bedrooms means they are unable to claim benefit on 25% of their rent. They are required to make up the shortfall from other income. This brings rules regarding rents for social housing tenants in line with existing restrictions that exist for tenants renting in the private sector.

The Mayor, George Ferguson announced on the March 20th 2013 “that the Council will not evict any tenants for arrears they build up due to a genuine inability to pay this new sum until a cross-party working group has had time to examine the issue and propose a sustainable way forward.”

On June 18th a motion was passed by Full Council calling upon the Mayor:

- A) To commit to a continuation of the ‘no eviction’ policy that he announced in April (sic) until the working group’s recommendations are adopted – and to consider a longer-term policy of not implementing the under-occupancy charge for those tenants who volunteer to downsize.
- B) To review our local definition of a ‘bedroom’ and reclassify all small box rooms or small upstairs rooms as ‘non bedrooms.’
- C) To review the city council’s policy on second rooms on ground floors that have been previously categorised as bedrooms and instead consider categorising them as extensions of general living space.

1.1 Approach

A cross-party working group was formed to examine the Council’s no eviction policy and propose a sustainable way forward. The membership of the group comprised Councillors Gus Hoyt (chair), Colin Smith, Peter Main, Claire Hiscott and Tess Green. The group met 7 times and heard evidence from a wide range of organisations (list attached as Appendix) as well as Council officers.

The Council's no eviction policy can only be applied to homes we manage therefore the recommendations in this report refer specifically to policies that are applied to Bristol City Council tenants.

2. Background

2.1 General

- a) The UOC is only one of range of changes to the housing benefits system. The cumulative impact of the changes already implemented and in the pipeline will vary considerably from person to person depending on the amount of benefit that they receive and their type of housing.
- b) It is estimated that welfare reform (including UOC) will result in an overall loss £6-8 million loss of income per annum to people in Bristol.
- c) It was a generally accepted fact that the majority of tenants in social housing were amongst the poorest and most vulnerable members of our community. The Council owes them a particular duty of care and this factor must be balanced against any effect on our finances.
- d) The working group would like to recognise the work that was undertaken by Council staff to prepare for the introduction of Welfare Benefit Reforms. This includes identification of those affected, early and targeted communication and collaborative working to maximise the information and support available from existing resources.

2.2 What is Under Occupancy?

The DWP regulations allow one bedroom for:

- Every adult couple
- Any other adult aged 16 or over
- Any two children of the same sex aged under 16
- Any two children regardless of sex aged under 10
- Any other child aged under 16
- A non-resident carer (where the claimant and/or their partner have a disability and need overnight care).

In addition on the 12th March 2013 the following exemptions/room need were added;

- People who are approved foster carers will be allowed an additional room, whether or not a child has been placed with them or they are between placements, so long as they have fostered a child, or become an approved foster carer in the last 12 months.
- Adult children who are in the Armed Forces but who continue to live with parents will be treated as continuing to live at home, even when deployed on operations.
- An extra bedroom for children where they are satisfied that they are unable to share with other children because of their severe disabilities

Note: The foster carers and adult children of armed forces change has been written into the regulations, the extra bedroom for children with severe disabilities has not, but the decision is supposed to be treated as case law.

3. The Current Situation in Bristol

As at August 2013 the latest under occupation statistics reveal the following picture:

- A total of 3,901 under-occupiers of which
 - 2,989 are council tenants
 - 912 are housing association tenants
- 3,204 are under-occupying by one bedroom with an average HB loss £12.70 per week
- 697 under-occupying by two or more bedrooms with an average HB loss £23.90 per week
- Landlord Services will need to collect an additional £2.5 million in rent as a result of the reduction of Housing benefit to their tenants (the actual amount of lost income will depend on the extent to which tenants pay the shortfall between their reduced HB and the rent due).

3.1 Other challenges: as well as the impact on tenants the changes present a number of challenges for services. As well as the obvious pull on resources to prepare for these changes and support tenants other issues include:

- Before the under-occupation charge was implemented 40% of the households to be affected were in arrears, this has risen to 70%.
- Any reduction rental income affects Landlord Services capacity to provide quality homes and services, and potentially their plans to start building new homes.
- There is already significant demand for one and two bedroom homes in Bristol (approximately 85% of the 15,000 households on the register need small homes). This makes it difficult for tenants who choose to down-size to do so.

3.2 Opportunities: The Coalition Government anticipates that this measure will encourage people to downsize their homes and help alleviate the nationwide housing crisis. It should not be forgotten that:

- There are over 15,000 households on the housing register.
- Approximately 2,500 have priority due to over-crowding/having fewer bedrooms than they require; of these 500 are existing BCC tenants.
- If existing tenants choose to downsize this presents rehousing opportunities for those households in need.

4. Options & Recommendation

The Working Group has identified four options:

- **Option 1** - To continue with a no eviction policy for those tenants affected by the UOC, but to recommend a number of further actions and policies to mitigate its impact
- **Option 2** - To end the blanket no eviction policy with no further actions to mitigate its impact
- **Option 3** - To end the blanket no eviction policy, but to recommend a number of further actions and policies to mitigate its impact
- **Option 4** - To end the blanket no eviction policy, to recommend a number of further actions and policies to mitigate its impact and also to ask the Mayor to lobby government for firstly: changes to the UOC that allow councils greater local discretion to give more flexibility and exceptions to the policy, and secondly for more local control and ability to tackle the housing shortage and provide more affordable homes to help adequately house those affected

Having reviewed the evidence put to us, the Working Group has concluded that the fourth option is our recommendation - a blanket no evictions policy is not sustainable and should be ended as soon as possible but we believe more can be done to help lessen the impact of the UOC.

The Group also recommends that if a change is made to the policy then the impact of this needs to be carefully monitored (including the level of arrears and evictions occurring) and the approach should be reviewed as part of the budget setting process for 2014/15.

Our recommended further actions to mitigate the Charge are summarised below:

5. Mitigating actions & policies

a) Eviction Policy & Arrears

Recommendation: The Group do not believe a no evictions policy is sustainable as it may send a message to tenants that paying rent is not important - this is unfair and would affect the services of those tenants, often on low incomes, who do pay. However the group also recognises the financial pressures many tenants are now under and recommends:

- A clear statement about ending of the blanket no evictions policy is made to ensure the importance of paying rent is understood by all tenants.
- It is made clear that arrears that have arisen cannot be simply written off but that the council works with all tenants affected to help find a case by case approach to helping them pay.
- That the council continues with its preventative approach to tackle arrears early and only uses formal action, including eviction, as the last resort.

Background and reasoning: The analysis below provided by Landlord Services shows that at the end of the first quarter of this financial year the number of our tenants in arrears and the overall total of arrears have increased since the introduction of the UOC.

Date	Total Housing Stock	Number of tenants Affected*	% of Stock Affected	Number of Tenants in Arrears	% in Arrears	Average balance of affected tenants	Total Level of Arrears
31/3/13	c.28,200	3,500	12%	1,392	40%	£118.55	£585,039
30/6/13	c.28,200	Aprox 3000	11%	2,211	71%	£186.23	£696,024

[*The number of tenants affected changes as their circumstances change e.g. they find work, the number of occupants in the household changes etc.]

The Council's policy for managing rent arrears is to support tenants in arrears to hold on to their homes. The focus is on prevention and early intervention with eviction being very much the last resort but this does require the tenant to engage with the Council.

The working group have considered information that suggests the no eviction policy is unsustainable for the following reasons:

- The policy would be ambiguous in that it is not easy to distinguish between:
 - Inability to pay as a result of the introduction of the bedroom tax and inability to pay as a result of other circumstances (40% of tenants were already in arrears prior to the introduction of the charge);
 - It will be hard to distinguish inability to pay vs the tenants' decision not to pay.
- The policy could be seen to disadvantage those tenants who choose to prioritise their rent payments, at the detriment of accruing other debts.
- The policy would be unfair in that it would provide advantage to those tenants specifically impacted by the U/O charge. Many tenants struggle with the affordability of rent and other bills, especially those on low incomes and those affected by other Welfare Benefit Reforms (eg benefit cap). If there was a no eviction policy linked to genuine inability to pay it would be fairer to extend that to all tenants, not just those affected by the under-occupation charge. By applying a preventative and case by case approach the Council will effectively be doing this, in that every option will be explored before pursuing any formal eviction action.
- A no eviction policy could stop some tenants from making any attempt to pay the charge or engage with the service to find solutions (eg to consider budgeting advice or the option to explore down-sizing).
- The Council would potentially forego significant rental income in applying the policy and in doing so could be deemed to be fettering its financial responsibilities (meaning it could be unlawful).

- Determining ability to pay the UOC charge will be impossible when Universal Credit is introduced. At this stage tenants will receive one benefit payment and will be responsible for paying their entire rent bill. If they fall into arrears there will be no way to distinguish the unaffordability of the UOC charge at that time.

b) Communication

Recommendation: The Working Group recognise the good work done by BCC in early communications with affected households but believes more could be done to improve communications, including

- Ensuring all communications are in Plain English and jargon free
- Using a range of communications methods, not just letters
- Working with other partners who tenants may be more happy to engage with

Background and reasoning: The Group heard from officers about the work that has taken place so far to ensure tenants are aware of the changes and the support available this includes: letters outlining the changes and offering further information, 5 briefing sessions for tenants held across the city, detailed information on the web-site/digi-TV/Facebook pages, a Housing News article (tenants newsletter) and leaflets and flyers produced and distributed.

Four additional members of staff were appointed within Landlord Services to:

- increase the number of staff in Rent Management Services as arrears were likely to increase; provide additional resources to deal with pro-active communications as the most vulnerable tenants were targeted for personal contact.

Comments from other organisations and tenants have identified that a number of improvements or changes could still be made. These include ensuring letters are in Plain English and jargon free and using a range of communication methods. Also it was suggested that some tenants may be more willing to engage with other organisations rather than BCC.

c) Classification

Recommendation: The Working Group endorses the council's current policy on defining bedrooms – i.e. that small bedrooms (under 50 square feet) are disregarded and second living rooms (or parlours) are not counted as bedrooms.

Background and reasoning: BCC already has a clear policy regarding classification of rooms (see above comment regarding 50 square feet and parlours). Where room size may be unclear (for example where there is unusable space due to ceiling height) an inspection is undertaken to ascertain if the room meets these standards. The Council's current rent charging system is based on the type of property and the number of bedrooms. It follows that any reclassification of the number of bedrooms that a property

has would have an impact on the income to the HRA and our ability to deliver services and improvements (including the building of new homes).

Changing the policy about what is classified as a bedroom would significantly reduce rental income and would need to be applied to all tenants, not just those affected by the under occupation charge.

Councils have been warned by Lord Freud, Minister for Welfare Reform, against re-designating homes as having fewer bedrooms without a corresponding reduction in rents or risk having their Housing Benefit subsidy restricted or refused. The reclassification of rooms simply to avoid the UOC charge is therefore not sustainable.

Reclassifying bedrooms would also have other consequences such as:

- Rooms would have to be reclassified for all tenants, not just those affected by the under-occupation charge. Some households may end up being assessed as overcrowded if their properties were reclassified as having fewer bedrooms.
- There is an equity issue as the loss in rental income would impact on all tenants, including those not affected by the under-occupation charge and those tenants who are currently living in homes that are too small for their needs.

d) Exchanging and down-sizing

Recommendation: The council needs to work with those households who will consider downsizing and offer help and support to do so. This should include:

- Relaxing the rules for tenants moving who have arrears, where a move will help their under occupation.
- Improving the standard of homes that are relet to help encourage moves
- Providing a range of support (financial and practical) and information to help secure moves for tenants.
- Providing advice on a range of housing options, possibly including other tenures.

Background and reasoning: There is very little mobility in the social housing sector in Bristol and one of the stated objectives of the UOC is to improve that level. This of course presumes that there are a suitable number of one and two bedroom homes both in total and in the right location for tenants who wish to downsize and/or downsize in their own locality, this is not the case.

Issues that can limit rehousing options for those wishing to down-size due to under-occupation include:

- The high demand for small homes means that households may not have sufficient priority on the register to successfully secure an alternative offer of accommodation, this is especially the case for one bedroom homes;
- Some locations do not have a high supply of social housing or a good mix of property types meaning there may be no suitable properties available at all in a households preferred location;

- Tenants who have maintained their homes to a high standard may be deterred from moving as empty homes are bought up to a very basic standard. The cost of moving (decorating and providing new floor coverings and/or the cost of removals and reconnections) to a new home may mean moving is not a realistic option.
- Landlord Services have consulted tenants and found that another deterrent to moving is that some people struggle to manage the process. Tenants have identified the need for practical support to help from the start of the process (completing the application forms and bidding) through to any actual move (support arranging removals, reconnections, post redirection etc).
- Exchanging is the more probable way of securing a move but many tenants find the process difficult (comments include not being able to use the web-based system and people in sought after homes feeling pressured to move by other tenants).
- If a tenant has arrears they are expected to clear these before an exchange can take place or it can affect their housing priority on the housing register for a transfer. This limits options for tenants who have arrears as they cannot afford the under occupation charge.

Doing more to help under-occupying tenants to move helps to alleviate the burden of the under occupied tenant plus it frees up larger homes for other households in need.

e) Maximising income and managing money

Recommendation: The Group recognises that much work has happened to provide tenants with financial and debt advice but believes more could be done, including:

- Working with Credit Unions and other ethical financial services to give tenants access to financial products to help them manage their money.
- Ensuring all front line staff are able to give good basic financial advice and signpost tenants to more expert advice.
- Better linking tenants to 'into work' initiatives.
- Looking at the option of tenants taking in lodgers to help with finances – but the Group is aware of the potential problems with this option and recognises it will not be appropriate in many cases.

Background and reasoning: again activities have been undertaken to prepare the service for the increased need to provide tenants with advice on how to make the most of their money. This has included:

- Briefings from advice agencies to ensure staff are aware of support services available
- Producing desk aids and tool kits for staff
- A budget planner featuring advice and designed by tenants was produced and made available for tenants
- Work has started to create services, to be provided by the Centre of Sustainable Energy, that would target energy efficiency advice at tenants to help them make the best use of amenities and energy deals to minimise outgoings.

Feedback from organisations that offer benefit and debt advice suggests that:

- More resources are needed to cope with the level of demand for advice.
- More work needs to be done to ensure BCC frontline staff provide a consistent and high level of advice.

Also, to this point little advice has been given to tenants regarding the option of taking in a lodger as there are potentially negative consequences (impact on benefit entitlements and vulnerable tenants ability to 'manage' a lodger). Some consideration needs to be given to whether or not to better promote this option.

f) Staff

Recommendation: Staff have already worked to identify and contact all tenants affected and work with them to look at ways to mitigate the impact of the UOC.

This is adding to the workload of staff and the council needs to ensure the right level of staff with adequate training are available to deliver the best service possible to tenants.

Additionally the Group recommends:

- Identifying how to put more resources in place to help those affected by welfare benefit changes – assess whether more in-house staff or funding of other agencies is the best route
- Ensuring all parts of BCC work together to get the best outcome for tenants affected – in particular being clear how to work with tenants to prioritise and manage multiple debts to BCC.

Background and reasoning: As well as appointing four new members of staff to Rent Management Services a number of activities have been undertaken to ensure that frontline staff are aware of the reforms and are able to offer advice to tenants. This includes: briefings and training sessions, creating desk aids and tool-kits so staff have information to hand about the most appropriate help and advice to provide or signpost tenants towards.

The Group heard from various groups regarding the impact the changes are having on service demand. Additional duties have been placed on existing BCC staff to target communication, advice and support at tenants affected by the reforms. Advice agencies, particularly those who offer welfare benefit and debt advice, are also reporting a steep rise in service use which they are struggling to meet and the need for additional funding to meet this need.

Many Registered Providers offer in house welfare benefit and financial inclusion advice, BCC's Landlord Service does not. The Group recognises the need for more resources but work has to be carried out to ensure value for money is achieved. An assessment should be carried out to determine if these services should be delivered in-house or commissioned from other agencies.

There is a project underway to create a Common Debt protocol: this would set out an agreed cross service approach to residents who owe money to more than one service area (for example owing money against their rent account and council tax and parking fines etc).

g) Working with partners

Recommendation: The council already works with a number of partners but could improve:

- Collaborative working with partners, especially the 3rd sector, to use their skills to help support individual households
- Working in better partnership as “enablers” to help households rather than as “gatekeepers” to service

Background and reasoning: Considerable work has been undertaken internally to ensure services have a joined up approach to the benefit reforms. Services have also worked with the 3rd sector to share information and effective sign posting.

Specialist advice agencies state that more could be done to work with them and utilise existing skills to support tenants affected by the change. Additionally they stated that at times tenants need to be helped to access services but staff can be guilty of acting as ‘gate keepers’ (therefore an emphasis on helping find solutions).

h) Exceptions

Recommendation: Those affected by UOC need to be treated on a case by case basis and the council should be:

- More supportive of cases who consider they should be treated as exceptions and therefore excluded from the UOC.
- Maximising use of Discretionary Housing Payments to help reduce the impact of welfare benefit changes.

Background and reasoning: Feedback from advice agencies and staff suggest that a number of particular groups are more negatively affected by the under-occupation charge, for example people with part time access to children or those who feel they have a medical need for an additional bedroom.

The Group is recommending that more should be done to target support and/or target Discretionary Housing Payment (DHP) at these groups. Current levels of funding for DHP are unlikely to last so support needs to be targeted at those currently receiving DHP as it is unlikely to be a long term solution.

i) Longer term

The council should also look at longer-term actions to help mitigate the impact of not only the UOC but also other welfare benefit changes (Benefit Cap, Universal Credit, etc.) This could include:

- Actions to increase the supply of new affordable homes, including building more council homes (which is being looked at the Affordable Housing working group).
- Advice and support to tenants to move into ownership – accessing government schemes such as “Help To Buy”.

- Doing more to help tenants manage their money and providing real support to tenants who will struggle to manage their finances following the introduction of Universal Credit.
- Continuous review of other opportunities and best practice used by others to help households affected by welfare benefit changes.

Background and reasoning: A number of staff and organisation presenting information spoke of the need to increase the supply and range of affordable housing to better meet housing need. This means not just increasing the volume but looking at the size and locations of homes to match need.

This could be achieved by various methods that could include:

- Building more homes (already being explored by the Affordable Housing working groups) and ensuring that the properties built increase the diversity of social housing stock
- Creating more churn or movement within existing stock to better match needs
- Creating more rehousing opportunities through other more creative options, for instance free up homes from those who can afford other tenure types with help.

Those consulted stressed the need for more support for tenants (and other residents) to manage their money, especially when Universal Credit is introduced. There will be an additional pressure placed on vulnerable tenants who will be expected to manage a monthly income received as one lump sum (compromising all benefit payments including Housing Benefit).

With reforms on the horizon (Benefit Cap and Universal Credit) it is important that BCC services continue a collaborative approach in preparing and responding to the impact these will have. This includes reviewing their impact, keeping up to date with best practice and monitoring the effect of any policy changes introduced (whether that policy change is internal, such as the impact of removing the no eviction policy or external, for example a change in policy or legislation from Central Government regarding an aspect of the Welfare Benefit Reforms, ie repealing the under occupation charge).

List of Witnesses

Organisations giving evidence

Bristol Fawcett Society (Dr. Jackie Barron, Pamela Trevithick, Caroline Stevenson)

Citizens Advice Bureau (Ahmed Muqem, Housing Caseworker – Good Tenants Scheme)

CHAS (Bristol) Housing Advice Service (Mike Mills, Advice Service Manager)

Bristol Disability Equalities Forum (Laura Welti, Forum Manager)

Bristol Older Peoples Forum (Keith Evans)

Curo Group (David Clarke, Head of Service Development)

St Paul's Advice Centre (Steve Woodcock, Manager)

Single Parents Action Network (SPAN) (Tove Samzelius Director of SPAN Family and Study Centre)

Welfare Rights and Money Advice Service (Ruth Frost, Manager; Julia Timothy, Welfare Rights Co-ordinator)

Bristol Credit Union (James Berry, Chief Executive)

North Bristol Advice Centre (Drew Huskisson, Advice Team Manager)

South Bristol Advice Centre (written submission - Fran Begley, Manager)

Women's Voice (written submission - Marilyn Howard, Research and Projects Officer, Women's Aid)

Bristol City Council Officers giving evidence

Julia James, Service Director, Integrated Customer Services

Mary Ryan, Service Director, Landlord Services

Nicky Debbage, Service Manager, Strategy, Planning & Governance, Landlord Services

Mike Newman, Service Manager, Commissioning & Performance, Children, Young People & Skills

Richard Nochar, Strategic Manager, Housing Solutions, Strategic Housing

Martin Hodges, Senior Policy & Project Officer, Strategic Housing



Bristol City Council Equality Impact Assessment Form

(Please refer to the Equality Impact Assessment guidance when completing this form)

Name of proposal/ Policy	Under Occupation Charge (Social Sector Size Restriction)
Directorate and Service Area	NCD – Landlord Services
Name of Lead Officer	

Step 1: What is the proposal?

Please explain your proposal in Plain English, avoiding acronyms and jargon. This section should explain how the proposal will impact service users, staff and/or the wider community.

<p>1.1 What is the proposal/ Policy?</p> <p>On 1st April 2013 a size criteria (Bedroom tax/Under Occupation charge as some media commentators have called it) was introduced for working age Housing Benefit Claimants, living in the social rented sector. This replicates the size criteria in the private sector so that claimants only receive Housing Benefit based upon the accommodation needs of their household. The maximum amount of rent that can be covered by Housing benefit is reduced depending on the number of spare bedrooms in the household. The reduction rates are approximately:</p> <ul style="list-style-type: none"> • Where under occupying by one bedroom – 14% • Where under occupying by two or more bedrooms – 25% <p>This means, tenants who are under-occupying by:</p> <ul style="list-style-type: none"> • one bedroom – have to cover a reduction of about £12 • two or more bedrooms – have to cover a reduction of about £22 <p>Legislation to allow the Government to introduce this policy is contained in the Welfare Reform Act 2012.</p> <p>Discretionary Housing Payment (DHP) funds have been increased for 2013/14 to assist some tenants in exceptional difficulty on a temporary basis due to the welfare reform changes but there is no provision for ongoing support.</p>
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Step 2: What information do we have?

Decisions must be evidence-based, and involve people with protected characteristics that could be affected. Please use this section to demonstrate understanding of who could be affected by the proposal.

2.1 What data or evidence is there which tells us who is, or could be affected?

The impact analysis conducted on **3,657** affected tenants prior to the charge being introduced shows:

Age	Bristol residents	BCC Tenants	BCC affected Tenants
16-24	20%*	5%	4%
25-44	38%	33%	35%
45-64	26%	36%	61%**
65-74	8%	12%	NA
75 +	8%	12%	NA
N/K	0%	2%	NA

* (census 2011) 15-24

** working age tenants only – up until 61 ½ years

Ethnicity	Bristol residents	BCC Tenants	BCC affected Tenants
BME	12%	16%	14%
White British	83%	75%	75%
White other	5%	3%	2%

Gender*	Bristol residents	BCC Tenants	BCC affected Tenants
Male	50%	39%	35% (1282)
Female	50%	61%	64% (2357)
*Principle claimant in the household			
Disability	BCC Tenants	BCC affected Tenants	
	18%*	24%*	
* Tenants who consider themselves disabled (Northgate Housing database)			
2.2 Who is missing? Are there any gaps in the data?			
Transgender and Religion and belief mostly undeclared.			
2.3 How have we involved, or will we involve, communities and groups that could be affected?			
<ul style="list-style-type: none"> Letters were sent to the affected tenants (November 2012 and February 2013). Pro-active contact by Rent Management with those tenants who returned slips requesting advice and more information. Five Housing Benefit/Landlord Service briefing sessions held for tenants across the city in local communities – 3rd sector partners advised. Three joint BCC and Advice Centre information and advice sessions held in 			

the North, South and Central areas of the city.

- Housing News featured a series of articles on benefit changes (translated version of Housing News provided to Somali Advice Centre)
- Links with Somali Advice Centre strengthened to improve joint working
- Housing Benefit leaflet advising on changes distributed widely
- Benefits Briefing newsletter produced by the WRAMAS distributed to every household in Bristol.
- Detailed information and advice on the council website
- A credit card sized flyer advising tenants of benefit changes distributed by staff making home visits to tenants and included in packs for new tenants.
- The Bristol City Council tenants' conference, in March 2013, focused on benefit changes.
- A flyer outlining Housing Benefit changes and sources of information and advice was included in entitlement letters following this year's rent increase
- A budget planner, featuring information and advice, designed and produced by tenants is available on request from Customer Service Points
- Living Local TV featured detailed information on benefits changes.
- Facebook pages on welfare reform were developed as a way of sharing information and advice with housing associations, tenants groups, advice agencies, etc. Information is also being posted on the BCC tenant participation Facebook pages.
- A series of media briefings and advice sessions featured on local radio
- A Home swap event was held in Hartcliffe to bring under-occupying and overcrowded tenants together with a view to exchanging homes.

Step 3: Who might the proposal impact?

Analysis of impacts on people with protected characteristics must be rigorous.

Please demonstrate your analysis of any impacts in this section, referring to all of the equalities groups as defined in the Equality Act 2010.

3.1 Does the proposal have any potentially adverse impacts on people with protected characteristics?

- The ability of tenants to transfer to smaller homes via Homechoice Bristol is limited due to both the low banding, if downsizing by just one bedroom, and the lack of available one bedroom properties. This is compounded by being relegated if tenants have outstanding debts or rent arrears.

<ul style="list-style-type: none"> • Single, particularly young tenants, on Job Seekers Allowance or Employment Support Allowance, have less disposable incomes to cover the shortfall. • No exemption for single fathers with access rights to children. • Disabled people living in specially adapted properties may not qualify for discretionary housing payment (which is only granted for a temporary period) and not be able to afford the shortfall in rent. • There is also a lack of suitably adapted smaller homes for tenants to downsize into and these tenants will also be given a low priority as they are already suitably housed. • No exemption for disabled couples who need to sleep in different rooms. • No exemption for disabled tenants who require a second room for medical equipment. • Older tenants, disabled tenants, and tenants whose first language is not English could have difficulty with the process for applying for discretionary housing payment. • Older and disabled tenants could find the Rehousing process and the online mutual exchange service Home Swapper difficult to use and be unable to move. • Older people may find the prospect of leaving a lifetime home too distressing and the practicalities of moving too difficult to manage.
<p>3.2 Can these impacts be mitigated or justified? If so, how?</p>
<p>In house advice that has already been given to tenants:</p> <ul style="list-style-type: none"> • Paying the charge (budgeting/benefit check/debt advice) • Ask other adults in household to pay more to help with the cost • Consider moving to a smaller home • Move into work or increase working hours • Take in a lodger to occupy an extra bedroom • Apply for discretionary housing payment
<p>3.3 Does the proposal create any benefits for people with protected characteristics?</p>
<p>The under-occupation charge is intended to discourage under occupation in social housing and will have a positive effect on equalities communities by helping to tackle overcrowding by reducing under-occupation (overcrowding significantly affects larger BME families).</p>

Equality groups are generally over- represented in both council housing and as applicants on the housing register and therefore making better use of stock by the under-occupation charge will have an impact on both these current and future customers who are over-crowded.

The launch of two Big Lottery Funded projects, Pennywise (offers advice on personal finances and home budgeting to social housing tenants over 25 either in their first tenancy, who have lost their job or looking for work) and Cashpoint for under 25's.

The launch of the 'move on' project, based in the Economy, Enterprise and Inclusion Team, offering free confidential advice on support and work, education and Training opportunities.

Older tenants in large homes downsizing could save money on fuel costs and the general cost of living.

3.4 Can they be maximised? If so, how?

- Targeted support to affected tenants includes direct referrals to Pennywise, Cashpoint and the Move On Scheme.
- In recognition of the need for smaller property types:
 - Phase 2 of the new build programme will concentrate on building smaller homes with an aim of at least 50% having one bedroom and most of the remainder to be two bedroom
 - Homes will be targeted at resolving under-occupation in existing council/social housing so should be built in or around Filwood, Hartcliffe, Avonmouth, Henbury, Southmead and Kingsweston
 - To encourage downsizing consideration should be given to the property types tenants most want (bungalows, houses and house type flats)

Step 4: So what?

The Equality Impact Assessment must be able to influence the proposal and decision. This section asks how your understanding of impacts on people with protected characteristics has influenced your proposal, and how the findings of your Equality Impact Assessment can be measured going forward.

4.1 How has the equality impact assessment informed or changed the proposal?
Future targeted work with helping tenants to downsize
4.2 What actions have been identified going forward?
<ul style="list-style-type: none"> • Further communications to tenants reinforcing message that rent must be paid and options available to deal with the changes • Targeted visits by Housing Benefits to single people on JSA/ ESA who are in arrears to determine potential for discretionary housing payment. • Consideration to hardship fund and piloting rehousing resource within Landlord Services to facilitate/ support mobility within/ best use of stock. Including better use of Locally Agreed Transfer (direct offers). • Working with Credit Union to give tenants access to financial products to help them manage their money
4.3 How will the impact of your proposal and actions be measured moving forward?
<ul style="list-style-type: none"> • Outcomes of activities • Continual rent arrears monitoring and targeted intervention

Service Director Sign-Off:	Equalities Officer Sign Off:
Date:	Date: