

Sandwell Metropolitan Borough Council

Action Taken Under Delegated Powers

Housing allocations to single persons affected by the Housing Costs Element withdrawal for Universal Credit Claimants aged 18 to 21

1 Summary Statement

- 1.1 The Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations 2017 came into force on 1 April 2017 and removes automatic entitlement to the housing element of Universal Credit from certain groups of single young people aged 18 to 21 for new claims after 1 April 2017.
- 1.2 The provisions will only apply to awards of Universal Credit (UC) in areas where the UC Service is operating. Full UC is to take effect in large parts of Rowley Regis and some parts of Oldbury from 05 July this year. Claimants who are not entitled to the housing element of Universal Credit will not receive any payments towards their housing costs, rendering associated tenancies unsustainable and exposing risk to Housing Revenue Account (HRA) income.
- 1.3 Last year the Council granted 50 tenancies to households (all flats) who could *potentially* be affected by these regulations, i.e. they may not fall into one of the exempted groups. The numbers of those affected across the borough are likely to be small in number. By default affected claimants are not entitled to any housing assistance through a Discretionary Housing Payment because they do not qualify for housing assistance.
- 1.4 In order to protect the authority from void turnover and to retain HRA income streams it is proposed, through a local lettings plan to amend Section D/8 of the existing mainstream allocations policy and restrict affected households from accessing the Council's housing stock. An Equalities Impact Assessment has been completed.

2 Recommendation

- 2.1** That the Council adopt a local lettings plan (LLP) that amends Section D/8 of the existing housing allocations policy by adding that:

If at any time during the offer or sign-up process it is established that the applicant will not be entitled to the housing element of Universal Credit either:

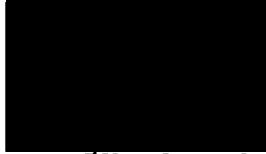
- a) A formal offer will not be made; OR,*
- b) The offer will be withdrawn*

The above will not apply in instances where the applicant can demonstrate a long term and sustainable income stream that will sustain the rental charge on the property.

This LLP will take effect from 01.09.17. The Housing Allocations Policy is currently under review and this LLP will cease to apply from the date that the revised policy takes effect.

In accordance with the authority delegated to Chief Officers to act on matters within the authority delegated to them under Part 3 of the Council's Constitution, I intend to take the action(s) recommended above.

I do/do not have an interest to declare in this matter



Director: Ajman Ali – interim Director of Neighbourhoods

Date 31.08.17

If the Constitution requires the decision to be taken in consultation with another chief officer, the following signature box should also be included

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.

Director of XXXXX

Date X

If the Constitution requires the decision to be taken in consultation with a Cabinet Member, the following signature box should also be included

I confirm that I have been consulted on the above proposals and have no objection to their proceeding.


Cllr Kerrie Carmichael
Cabinet Member for Housing

Date 31.08.17

Contact Officer

Neville Rowe (Ext 5190)

3. Background Details

- 3.1 The Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations 2017 came into force on 1 April 2017 and remove automatic entitlement to the housing element of Universal Credit from certain groups of single young people aged 18 to 21. These provisions only apply to new claims after 1 April 2017 by claimants who are subject to all work-related requirements, and who are single or a member of a couple claiming as a single person.
- 3.2 The provisions will only apply to awards of Universal Credit (UC) in areas where the UC Service is operating. Based on a national planned roll out from local Job Centres, Full UC is expected to take effect in Sandwell from July 2018. However, Halesowen Job Centre Plus which covers large parts of Rowley Regis and some parts of Oldbury, will go live with Full UC from 05 July this year. People in these areas will therefore be affected immediately. Further Job Centre roll-outs are expected later in the year making further areas affected in the same way.
- 3.3 Claimants who are not entitled to the housing element of Universal Credit will not receive any payments towards their housing costs rendering tenancies unsustainable and exposing a direct risk to the Housing Revenue Account. By default these claimants are also not entitled to any housing assistance through a Discretionary Housing Payment because they do not qualify for housing assistance. Single persons aged under 25 who do not qualify for any additional add-on benefit qualify for a weekly Universal Credit entitlement of £58.10p (*Source: <https://www.gov.uk/universal-credit/what-youll-get>*). The weekly charge on a one bedroom flat averages at £75 per week.
- 3.4 The Regulations specify certain categories of young people who will be exempt from the removal of the housing costs element of Universal Credit¹. The list is extensive and includes those responsible for a child, care leavers, certain offenders, those at risk of domestic violence, those where it is inappropriate to live with parents and those at serious risk to physical and mental health. Like all other claimants, persons in the exempted groups (i.e. those who qualify for housing

¹ Housing Costs Element for UC Claimants Aged 18 to 21, Memo ADM 6/17
[ILO: UNCLASSIFIED]

assistance) who are tenants in the social housing sector will receive housing benefit sufficient to cover the rental charge on their property UP TO April 2019. After that date, Local Housing Allowance rates will then be applied.

- 3.5 As a social housing landlord, the question arises as to how the Council should deal with those affected applicants who are solely dependent on Universal Credit and not entitled to any housing element and likewise existing tenants affected the same where they have made an application to change their circumstances.
- 3.6 Section D/8 of the Housing Allocations Policy states that *The Council and its partner organisations reserve the right to refuse a successful bid made for one of its properties....on risk or management grounds.* The policy does not explicitly state that successful bids can be refused on grounds of affordability. The Council’s legal team have advised that in any policy review it would be advisable to include ‘affordability’ as a specific reason to refuse a successful bid. This will form part of the existing review.
- 3.7 Based on the last financial year the projected impact is likely to be small in number, particularly as only certain parts of the borough will initially be affected. As *figure one* overleaf illustrates, across the whole borough a total of 80 flats out of 1,357 were let to single persons aged 18 to 21. Of these, 32 were reliant on full housing benefit (HB), i.e. their only source of income to support their housing was benefit related and 18 were in receipt of partial HB. From this group of 50 an unknown proportion would not qualify for the housing element of UC.

Figure One: Number of tenancies generated by single person households aged 18 to 21 where they acquired a flat by bedroom number by Housing Benefit status 2016/17:

	<u>Bedsit</u>	<u>1 Bedroom Flat</u>	<u>2 Bedroom Flat</u>
Full HB	0	25	7
Partial HB	1	7	10
Zero HB	0	22	8

3.8 The roll-out and impacts of the housing costs element for UC claimants aged 18 to 21 living in Sandwell are as follows:

- a) **From July 2017** parts of the borough covered by the Halesowen Job Centre will become Full Universal Credit areas. Other areas will follow as per Job centre boundaries. New claimants from this date aged 18 to 21 and who are not entitled to the housing element of UC will not receive any financial support towards their housing costs. This includes both new housing applicants and those who are required to make a UC application notifying a change in circumstances (i.e. an existing tenant). Those who qualify under at least one of the exempted groups will receive housing benefit that covers their social rent in full, or will receive the appropriate rate of Local Housing Allowance if renting in the private sector.
- b) **From July 2018** the whole of Sandwell will be covered by Full UC and the above regulation will apply across the whole borough.
- c) **From April 2019** all claimants eligible for assistance and renting in the social housing sector, whose tenancy commenced on or after April 2016 or is on Universal Credit, will only receive support towards their housing costs based on the appropriate Local Housing Allowance Rate. (i.e. the LHA rate will be used as the starting point in their claim, factors such as 'means testing' may mean that their final level of entitlement is lower than their appropriate LHA rate)

Source Documents

Equalities Impact Assessment

