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Measuring the Impact

2015 NFA & ARCH Welfare Reform Survey Findings



Executive Summary

This document sets out the results of a survey of stock retaining councils and ALMOs, conducted during October and November 2015. It covers a number of topics relating to welfare reform including:

- overall performance on rent arrears
- the ongoing impact of the removal of the spare room subsidy, (sometimes referred to as the 'bedroom tax')
- preparations for, and initial experiences of, universal credit (UC)
- the expected impact of forthcoming further welfare cuts – specifically the lower overall benefit cap and the removal of help with housing costs from many 18 – 21 year olds.

A total of 36 organisations, responsible for managing a total 386,000 homes, responded to the survey. Headline results include:

Overall performance on rent arrears

In total 31% of respondents' tenants were in arrears at the end of 2014/15. This is an increase compared to the end of 2013/14 but lower than the peak experienced in the first half of that year.

Impact of the removal of the spare room subsidy

10% of respondents' tenants were still affected by the removal of the spare room subsidy at the end of 2014/15, fewer than at the end of the previous year. However 51% of these were in arrears and 24% were in receipt of discretionary housing payments (DHPs). The impact of the removal of the spare room subsidy is greatest in the North of the country, where 13% of tenants are affected.

Universal credit

At the time of the survey, respondents housed around 2,000 households already in receipt of UC. Of these a very high proportion, 89%, were in arrears and 34% were subject to an alternative payment arrangement (APA) – meaning that they had accrued at least eight weeks of arrears

Respondents reported a number of practical problems with the way in which UC is currently operating, with a high proportion saying that the following were either 'frequently' or 'sometimes' a problem:

- not receiving timely notification of tenants going on to UC (96%)
- claimants experiencing hardship while waiting for their first payment (95%)
- payments of UC being delayed (82%)
- the housing element of UC being calculated incorrectly, or omitted entirely (82%).

Respondents were also undertaking a wide range of activities to prepare for/adapt to the rollout of UC in their area. The most common responses included:

- staff training
- reviewing arrears processes
- increasing the provision of money advice/financial inclusion/tenancy support services
- offering, or exploring offering, a greater choice of direct debit payment dates
- working in partnership with their local authority (in the case of ALMOs), with third sector support providers (e.g.: credit unions, citizens advice centres) and with Job Centre Plus.

Further welfare cuts

Respondents expressed concern about both the forthcoming reduction in the overall benefit cap and plans to remove many 18 -21 year olds' entitlement to help with their housing costs. A large majority felt that the measures would be 'likely' or 'very likely' to lead to:

- increased demand for DHPs (100% and 78% respectively)
- higher rent arrears (97% for both policies)
- increased pressure on homelessness and housing advice services (97% and 100%)
- increased demand for support services, such as financial/debt advice or help accessing employment and training (97% and 100%)
- more tenants experiencing hardship (97% for both)
- increased evictions (88% and 91%).

Introduction

This document sets out the results of a survey of members of the Association of Retained Council Housing (ARCH) and the National Federation of ALMOs (NFA). It follows a number of previous surveys which have tracked councils'/ALMOs' performance on rent arrears and the impact of the removal of the spare room subsidy (sometimes referred to as the 'bedroom tax'), however on this occasion the survey covered a wider range of areas including:

- overall performance on rent arrears
- the impact of the removal of the spare room subsidy
- preparations for universal credit (UC)
- initial experiences of UC
- the expected impact of forthcoming further welfare cuts – specifically the lower overall benefit cap and the removal of help with housing costs from many 18 – 21 year olds.

The survey was conducted during October and November 2015. It was sent to all stock retaining local authorities and ALMOs. In total 36 organisations, responsible for managing a total 386,000 homes, responded to the survey. Of these 26 are ALMOs and 10 are local authorities. The regional distribution of respondents is set out below.

Table one: Regional breakdown of respondents

Region	Number of respondents
London	6
Midlands (comprised of East Midlands and West Midlands)	12
North (comprised of North East, North West and Yorkshire and Humberside)	8
South (comprised of Eastern, South East and South West)	10

Base: all respondents

Overall performance on rent arrears

In total respondents reported that 31% of their tenants were in arrears at the end of the 2014/15 financial year. However there were significant regional variations, with landlords in London and the North reporting that a higher proportion of their tenants were in arrears than those in the Midlands and the South.

Table two: Overall rent arrears by region

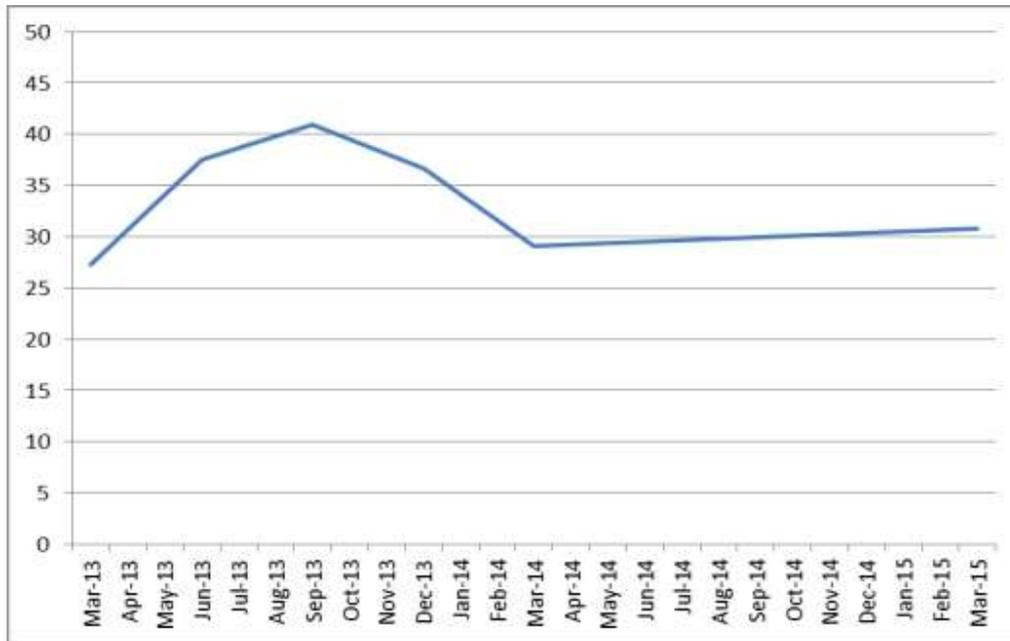
Region	Percentage of tenants in arrears
Overall	31%
London	35%
Midlands	35%
North	25%
South	29%

Base: all respondents

Of the organisations who participated in this survey, 15 had also completed all of our previous surveys and in doing so had already provided us with headline data on the number of tenants in arrears for the end of 2012/13 and for every quarter of 2013/14. This has allowed us to track this over time, among this sub-group of respondents.

Our data shows that arrears peaked in the first half of 2013/14 before beginning to fall towards the end of that year. Over 2014/15 there has been a small increase in the proportion of tenants in arrears.

Figure one: The percentage of all tenants in arrears over time



Base: Those respondents who have provided this data at every interval

Impact of the removal of the spare room subsidy

In total respondents reported that 10% of their tenants were still affected by the removal of the spare room subsidy at the end of the 2014/15 financial year. Of these, 51% of were in arrears.

Not all of the organisations who responded to our survey were able to indicate how many of their tenants were receiving discretionary housing payments (DHPs). However those who were able to provide this data (21 organisations) reported that a further 24% of those affected by the removal of the spare room subsidy were still receiving DHPs at the end of 2014/15.

There were also significant regional variations in the effect of the removal of the spare room subsidy, which has the greatest impact in the North of the Country.

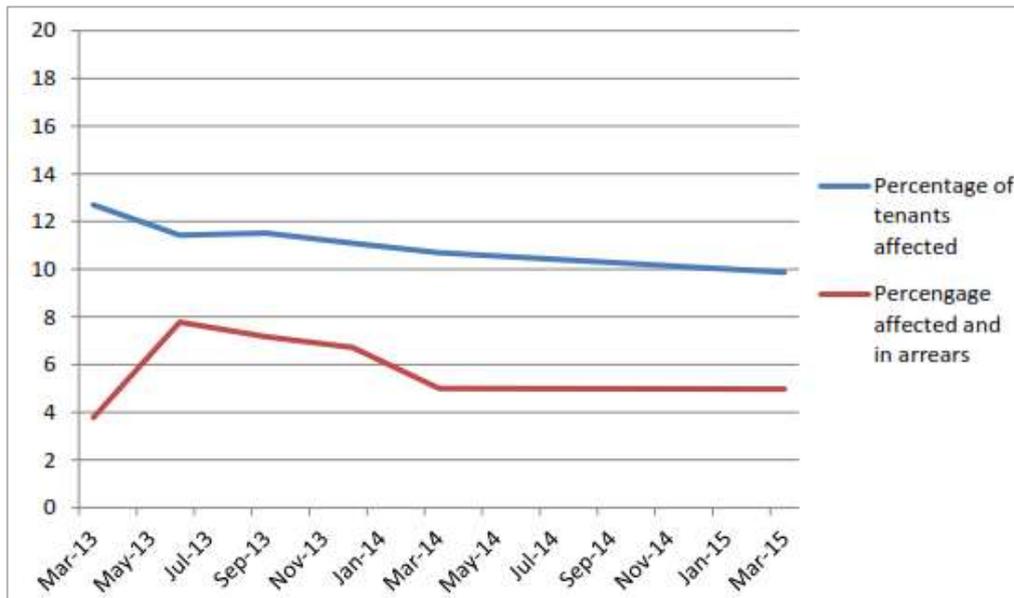
Table three: The impact of the removal of the spare room subsidy by region

Region	Percentage of tenants affected	Percentage of tenants affected and in arrears
Overall	10%	5%
London	5%	3%
Midlands	10%	8%
North	13%	5%
South	7%	3%

Base: all respondents

It has also been possible to analyse trends in the impact of the removal of the spare room subsidy over time, based on the same sub-group of organisations who also completed all of our previous surveys. This analysis shows a steady fall in the proportion of all tenants who are affected.

Figure two: The percentage of tenants affected by the removal of the spare room subsidy over time.



Base: Those respondents who have provided this data at every interval

Preparations for Universal Credit

All of the respondents to our survey indicated that they are already preparing for UC. Respondents described a wide range of activities but the most common were:

- training or briefings for staff (mentioned by 26 organisations)
- reviewing arrears processes (17)
- increasing the provision of money advice/financial inclusion/tenancy support services (16)
- improving IT systems (6)
- increasing resources for income collection (5)
- increasing provision of digital inclusion services (5).

More specifically, many respondents also reported that they are making changes to the range of payment options they offer to tenants in preparation for UC. Most commonly, a majority (22 organisations) reported that they are either offering, or exploring offering, a greater choice of direct debit payment dates - in many cases offering these on any day of the month.

In addition, some individual organisations also reported that they are introducing or investigating introducing:

- mobile apps (mentioned by 5 organisations)
- credit union/jam jar accounts (3)
- recurring card payments (2)
- web and text payments
- paypal
- payment barcodes.

Respondents also reported high levels of joint working in preparation for UC. A large majority indicated that they are working in partnership with their local authority (in the case of ALMOs), with third sector support providers (e.g.: credit unions, citizens advice centres) and with Job Centre Plus.

Table four: Partnership working in preparation of UC

Partner	Respondents who are working with them in preparation for UC
The local authority (for ALMOs only)	100%
Third sector support providers (E.g.: credit unions, citizens advice centres)	89%
Job Centre Plus	81%
Other social landlords	64%

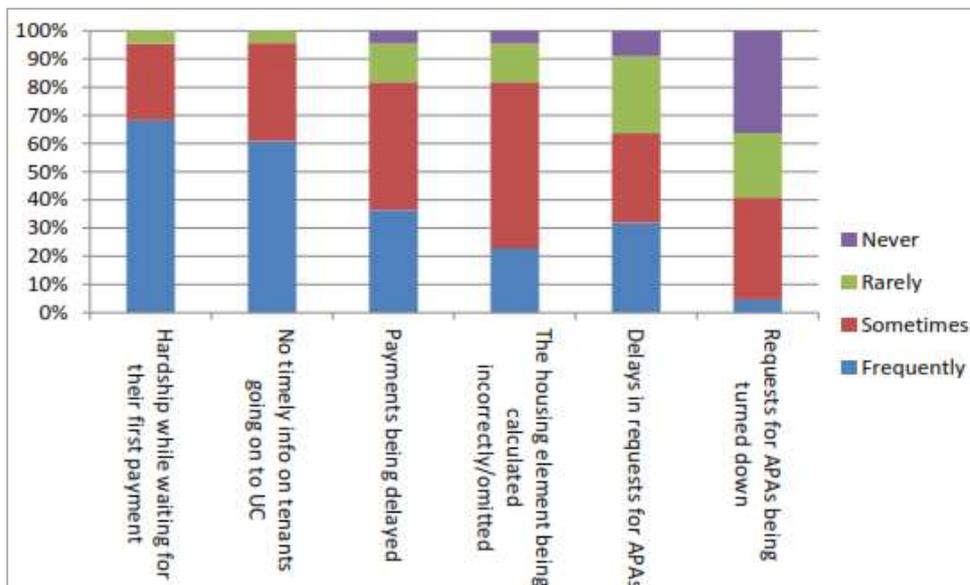
Base: All respondents

Initial experiences of Universal Credit

At the time of completing the survey, 67% of respondents housed some tenants who were already in receipt of UC. In total these organisations were housing around 2,000 households in receipt of UC, however numbers varied substantially from one organisation to another - from a low of just a single household to a high of more than 600. Numbers were also concentrated geographically, with around 1,700 out of 2,000 live cases being in the North of the country.

Overall 89% of those tenants who were already receiving UC were in arrears and 34% were subject to an alternative payment arrangement (APA) – meaning that they had accrued at least eight weeks of arrears. Respondents also reported a number of practical problems with the way in which UC is currently operating. The most common problems reported were not receiving timely notification of tenants going on to UC (described as ‘frequently’ or ‘sometimes’ a problem by 96% of respondents), claimants experiencing hardship while waiting for their first payment (95%), payments of UC being delayed (82%) and the housing element of UC being calculated incorrectly or omitted entirely (82%).

Figure three: The percentage of respondents experiencing particular problems with the administration of UC



Base: all respondents

In addition to the above, individual respondents also raised the following concerns:

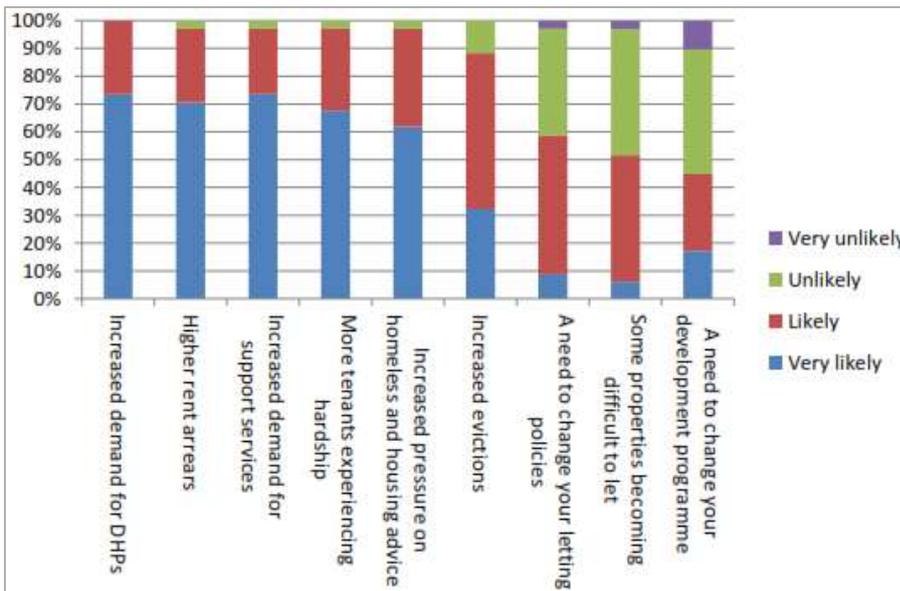
- APA payments being sent without the correct tenant reference number mentioned by three organisations)
- APA applications being approved but payment to the claimant continuing in error
- only receiving notifications of UC applications and not confirmation payments
- notifications being sent to several different offices
- inaccurate notifications being received
- DWP staff refusing to speak to Income Officers about claims
- cancellation of APAs.

Forthcoming welfare cuts

This survey focused on the likely impact of the lowering of the overall benefit cap and the removal of help with housing costs from many 18 -21 year olds. Shortly after the completion of our fieldwork the government announced that in future local housing allowance rates, including the shared room rate for under 35s, will also apply to social housing tenants. However due to the timing of that announcement, it has not been including in our analysis.

There was a high level of concern about the planned reduction in the overall benefit cap from £26,000 to £20,000 (or £23,000 in London). A large majority of respondents said that the change would be 'likely' or 'very likely' to increase demand for DHPs (100%), rent arrears (97%), pressure on homelessness and housing advice services (97%), demand for support services (97%), hardship among tenants (97%) and evictions (88%).

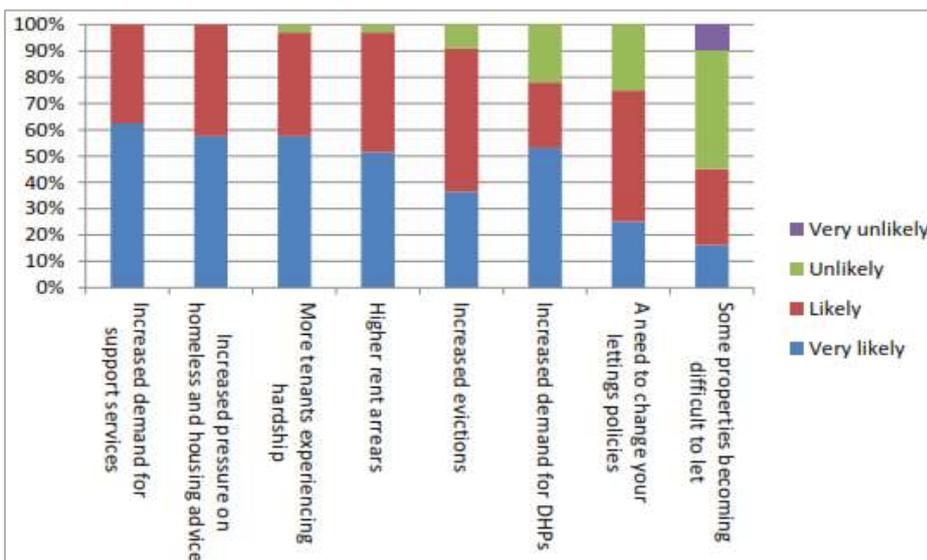
Figure four: The percentage of respondents who expect particular outcomes as a result of the lowering of the overall benefit cap



Base: All respondents

Respondents also had very similar concerns about plans to remove many 18 -21 year olds' entitlement to help with their housing costs. A large majority of respondents also said that this change would be 'likely' or 'very likely' to increased pressure on homelessness and housing advice services (100%), demand for support services – e.g.: financial/debt advice, help accessing employment and training etc. – (100%), rent arrears (97%), tenants experiencing hardship (97%) and evictions (91%).

Figure five: The percentage of respondents who expect particular outcomes as a result of the removal of help with housing costs from many 18 – 21 year olds



Base: All respondents

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The government has already said that they will make exceptions for 18 – 21 year olds who are parents and who have children living with them, who are 'vulnerable' or who had previously been living independently and working for six months. Respondents offered a wide range of suggestions for groups who should be considered 'vulnerable' for this purpose, however recurring suggestions included:

- care leavers (suggested by 18 respondents)
- those with physical or mental health problems or disabilities (nine)
- all those unable to return to the family home (seven)
- those fleeing domestic violence (six)
- those covered by homelessness legislation (five)
- those with drug or alcohol addictions (four)
- ex-offenders (four).

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