Welfare reform: practical approaches
The Chartered Institute of Housing

The Chartered Institute of Housing (CIH) is the professional body for people involved in housing and communities. We are a registered charity and not-for-profit organisation. We have a diverse and growing membership of over 22,000 people – both in the public and private sectors – living and working in over 20 countries on five continents across the world. We exist to maximise the contribution that housing professionals make to the wellbeing of communities. Our vision is to be the first point of contact for – and the credible voice of – anyone involved or interested in housing.

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Introduction

The Welfare Reform Act 2012 introduced major changes to the social welfare system. Some changes affect only social housing tenants, while others affect tenants regardless of who their landlord is. What is clear is that the Act will have a massive impact on tenants who claim benefits, their landlords, local housing markets and a range of agencies including strategic housing authorities and those providing money and benefits advice.

This guide provides practical advice, checklists and suggestions to help housing organisations to both prepare for the changes ahead and to protect their businesses. It also provides useful information to enable housing organisations to support tenants who will be impacted by the forthcoming changes.

The guide is intended to be very practical – more contextual information can be found in the appendices:

- Appendix 1 provides a summary of the different elements of welfare reform
- Appendix 2 sets out the wider implications for the housing landscape.

Gearing up for change

As a result of welfare reform and the introduction of universal credit, there will be a fundamental change for housing organisations. It will impact on and affect organisational culture; operating and business models; and the relationship with tenants. Organisations need to be clear about the messages they send out to their staff, customers and partners.

As well as a continuing commitment from organisations to deliver products and services developed with customer involvement, the emphasis on a commitment from customers to meet their responsibilities will be stronger.

Both with the potential shortfall in benefit payments and the housing cost element ultimately being paid directly to the claimant under universal credit, housing organisations will have to revise and devise new ways to ensure that tenants pay their rent in full and on time even if they do face competing demands for their limited incomes from creditors, council tax, utilities and so on.

To ensure this is done, new emphasis on customer communication, disciplined rent recovery processes and support to help tenants to budget will be key. Housing organisations may or may not need to re-organise their internal structures yet, but a degree of change in the organisational culture and remodelling of operations is likely to occur so that organisations are well placed to respond to the changes. To ensure a smooth transition think about:

- being accessible and building a relationship with customers
- having regular contact with customers, increasing the use of social media and mobile phone technology
- gathering information on customers’ financial position and total indebtedness
• providing a clear message about the consequences of not paying rent or not fulfilling tenancy agreement obligations
• assessing the likelihood of getting the money back and prioritising cases accordingly.

Learning from others – the Bromford Deal

The Bromford Group’s ‘Deal’ focuses on building a relationship with its customers. The Deal sets out in a clear and simple way the rights and responsibilities of each party. The landlord promises to provide great services and great places to live in and, in return, customers promise to keep to all their tenancy responsibilities.

Bromford has produced guides, a short film and infographics explaining the Deal for customers who rent, those in supported housing and for home owners. Key elements of tenancy agreements are highlighted such as paying rent, looking after the home and garden, taking part in regular reviews, having home contents insurance, contacting the landlord when asked and contributing to the community through volunteering, work or being in training. In return, the landlord will provide high quality housing and services available online, by phone or in person.

Visit: www.bromfordgroup.co.uk/bromford-and-you/the-bromford-deal/

Developing a strategic approach

Many organisations are already developing plans for and strategies to prepare and manage the changes being introduced by various elements of the welfare reform. Key activities in developing a strategic approach include:
• mapping all the things that you need to consider, change and implement
• developing these into an overall action plan
• breaking this down into manageable sections/work streams, for example, communication with tenants, staff communication and training, and improving financial capability
• identifying clear actions/tasks under each section/work stream
• allocating each action/task to a named person
• setting clear milestones
• having a clear process for reporting progress
• reviewing regularly and revising as appropriate
• assessing additional costs resulting from re-modelling operations
• assessing how the changes from welfare reform will impact on other ‘day-to-day’ and business activities.
Learning from others – developing a welfare reform project plan

Notting Hill Housing has developed a comprehensive action plan which covers high level actions against the following work strands:

- understanding customers’ circumstances (what the data tells them)
- income recovery and mitigating increased arrears
- customer communications campaign to raise awareness of changes
- staff communications campaign to equip them to advise customers
- supporting under-occupiers to move
- influencing stakeholders and the policy framework (including DWP, boroughs and courts)
- update policies and procedures
- update systems and processes to ensure support teams such as finance are prepared for changes such as transactional increases.

Contact: Hannah Manyewu HManyewu@nhhg.org.uk

Midland Heart has completed a project plan for the organisation breaking down the various aspects of welfare reform and looking at how this affects customers and the business, assigning tasks to individual departments and planning how to dampen the effect of the changes and promote them to customers.

It has set up a project team that monitors the action plan and makes adjustments where necessary according to the likely impact on customers. The team consists of departments from across the organisation including lettings and allocations, income, communications, research and housing management.

The tasks assigned include reviewing policies and procedures, staff training, resourcing, data and information sharing, best use of stock, allocation of homes and communication to both staff and customers.

A communication plan is now being implemented to inform and prepare customers for the changes. The ‘time to act’ campaign includes targeted mailings, website pages, a YouTube film, social media updates, posters, leaflets, texts, door to door visits and road show events.

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Gathering the data

For any organisation, knowing its customer base is critical to mitigate potentially adverse impacts on the business and to develop effective strategies to support tenants and residents. As a starting point, identify what data is available to assess the impacts on customers and what the gaps are. Useful information should show:
- how many tenants are under-occupying and by how many bedrooms
- tenants’ circumstances – household size, number and age of children
- how many under-occupying tenants have disabilities
- up to date stock information (so that those under-occupying wishing to move can be provided with an alternative)
- up to date knowledge of how many tenants will be affected by the benefit cap.

Data can be used for:
- identifying larger than average families out of work as they are most likely to be affected
- identifying tenants that are likely to need budgeting support when housing benefit is paid directly to them
- gathering information about tenants’ financial circumstances and ability to budget, to shape your strategy in response to housing benefit being paid directly to claimants.

Once data on tenants and stock is gathered, it is important to analyse it and model the impact on income collection and other areas of the business. The exercise of collecting data is not a one-off but will need to be reviewed regularly.

Learning from others – census data gathering

**Cross Keys Homes** began its census project in early 2011, having recognised that, if it didn’t know who its customers were, it would be hard to match services, meet customer aspirations or plan for future customers’ needs.

Key issues such as rising unemployment, social exclusion and welfare reform were the main drivers for needing to gather specific data about customers in a way which would allow it to use that information to target services.

The questions were carefully chosen to enable Cross Keys Homes to analyse customers’ social and financial circumstances so that it could plan accordingly.

It has also helped to reshape the role of front line staff who now feel more able to work proactively to offer tangible and targeted support to their tenants rather than reacting to problems as they arise.

To date, 97 per cent of customers have been visited, using remote laptop technology to capture the right information which includes: employment status; benefit dependency; economic status; mobile phone provision; bank account availability; literacy barriers; under-occupation issues; and skills gaps.

**Using the data**

Cross Keys Homes now knows:
- that 725 of its customers will be affected by the size criteria. This allowed it to discuss in detail the options available to either consider downsizing or make provision to plan for the reduction in housing benefit
• who has a bank account and who requires assistance finding the right type of account to allow them to pay their rent
• how many customers have internet access as managing benefit and employment claims online will be a major issue
• about mobile phone provision, vital for future ways of contacting customers and for them to make payments via an app – this method of communication is the fastest growing change Cross Keys Homes has seen
• how many customers would benefit from job search support or training, and Cross Keys Homes has introduced a laptop loan scheme to assist these customers.

It is important that local authorities share the information they have about housing benefit claimants with all housing providers to allow them to target and support affected tenants before they get into arrears. Recent regulations allow data sharing for claimants who are or may be affected by under-occupation and/or the benefit cap. Although these powers are ‘permissive’ and don’t oblige parties to commit to sharing data, it will be in the best interest of housing benefit teams, landlords and tenants to do so. It is therefore important to make contact and build good relationships with housing benefit teams. Working with individual local authorities and entering into reciprocal data sharing arrangements are the best way to ensure this happens.

**CIH data sharing note**

CIH has produced a note on sharing information to prepare for welfare reform.

Visit: [www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Sharing_information_to_prepare_for_welfare_reform](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Sharing_information_to_prepare_for_welfare_reform)

**Understanding the impact**

Once the information has been gathered, it is fundamentally important to use this data to model and understand what the impacts are – for landlords, tenants and residents, and local areas – from the size criteria, the benefit cap, direct payment to tenants and also from all the changes together.

• are certain geographical areas going to be significantly affected (the North East and the North West have the highest rates of under-occupation but also low demand for some types of social housing)? Households and landlords in London will be more affected by the benefit cap
• are certain groups of tenants going to be particularly affected (couples with disabilities, families with children with disabilities, single parents, large families)?
• what are the emerging pressures – by area/customer profile?
• consider assessing the equality and diversity impacts of welfare reform on local communities. This will help identify the individuals and communities which will be more severely affected than others, enabling you to target support more effectively
• some people/households will be affected by more than one of the changes planned and so will be harder hit – try to map and identify who they are so that those that need help and advice can be prioritised

• quantify the potential impact on your income stream so you can target your actions and resources effectively

• make pragmatic and practical decisions on how to effectively use resources – will employing x additional income recovery officers marry with the additional rent which will be recovered?

Learning from others – using data to target support

Notting Hill Housing carried out an income survey for all general needs customers to get an idea of who might be affected by the changes and also to project what that pattern might look like across all of their customers to start planning the impact. Since then they have also used data already held on customers to produce easy data for housing teams to use, which shows them based on household information (like gender and date of birth) and property data (like bedroom sizes) which customers are likely to be affected by the bedroom cap and the total benefit cap. They’ve been able to cross-reference this data with the data local authorities are providing to get an accurate list of which customers are most likely to be affected and prioritise visiting them first.

Contact: Hannah Manyewu HManyewu@nhh.org.uk

CIH welfare reform impact tool

CIH’s welfare reform impact tool helps landlords estimate the total loss to their tenants of the main welfare reform measures (non-dependant deductions, social sector size criteria, benefits cap and direct payment) and so take a judgment about the effect on their rent collection.

The latest version includes a tool for individual tenants to work out if they are affected and by how much. The tool can be used by the landlord on their website and also sent to tenants as a smartphone application. The information from each individual assessment is returned to the landlord who can then use the data to refine their estimates of the numbers affected.

Visit: www.cih.org/welfarereformimpacttool

Reviewing current approaches to income collection

With housing costs paid directly to tenants and working age tenants who are under-occupying their homes subject to housing benefit reductions, there is increased potential for rent arrears, failed tenancies and business risk. Planning and preparation now can help to minimise this.

• make it as easy as possible for tenants to pay their rent – try to offer a comprehensive range of payment options and publicise them as widely as possible
bear in mind that, while direct debit is most cost effective for landlords and enables tenants to establish regular payment patterns, it may work less well for tenants who have irregular and variable income. With this in mind, you may need to consider offering tenants the chance to set-up direct debits for any day of the month or allow them to use standing orders, so maximising their ability to manage their money.

- model the cost and other business implications of an increased level of transactions – can systems and processes cope?
- make sure that tenants know how to pay rent, when and how much – many will not have experience of doing this before. They also need to understand that rent will no longer be paid directly to their landlord but is, instead, included in their universal credit payments.
- consider if there are cases where email or SMS reminders to pay may be helpful.
- work with involved tenants to review rent statements, standard letters and leaflets making sure that they are clear and easy to understand – also consider the needs of tenants who have difficulty reading and writing.

Digital inclusion is likely to become even more important with the introduction of universal credit and payments being managed online. Supporting tenants on how to gain digital skills and become comfortable using a computer and the internet will improve their ability to pay rent.

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**Learning from others – digital inclusion**

Southern Housing Group has set up learning centres in London to help more people gain digital skills and become comfortable using a computer.

Visit: [www.southernhousinggroup.co.uk/Residents/Digital-Inclusion/Learning-Centres](http://www.southernhousinggroup.co.uk/Residents/Digital-Inclusion/Learning-Centres)

As 80 per cent of Cambridgeshire is rural in nature, access to both the internet and services has traditionally been difficult. Travelling to attend classes is also difficult for some residents. Cambridge Housing Society has tackled this by employing two digital inclusion officers who travel to provide tutorials to individuals or groups. Sessions last for 1 to 2 hours over 5 to 6 weeks. They start off teaching people the basics, like how to turn a computer on, and continue through to things like word processing, emailing and internet searching.

Source: UK Housing Awards 2009

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**Developing a strategy to support direct payments**

With payment of the housing element of universal credit being paid directly to claimants from October 2013, landlords need to start planning to set up processes and policies to manage direct payments and the impacts this will have on their customers and income streams. This is the biggest change of all the welfare reforms which can significantly undermine the very stable nature of landlords’ income base thus challenging their financial stability. Although housing benefit, as part of universal credit, will be paid directly to new claimants only from October 2013, it is important that landlords develop mechanisms that allow them to identify tenants in receipt of housing benefit, assess their ability to budget and what level
of budgeting support they might need. The impact of housing cost support being paid directly to tenants will keep growing as existing claimants are transferred to universal credit from 2014 to 2017. It will therefore be essential that landlords start putting these mechanisms in place from the start.

From October 2013 landlords are likely to have two different rent payment systems in operation: rents paid directly from claimants that receive universal credit and rents paid from the local authority that will continue to manage payment of housing benefit for existing tenants until they are transferred to universal credit. Rent collection procedures will need to be adapted to reflect this.

There are a number of ways to protect landlords’ income streams while at the same time contributing to making claimants financially independent. In preparation for direct payments, landlords should consider:

- collecting information about tenants who are in receipt of housing benefit – many landlords will not have had a lot of data on these tenants before, so they need to gather information about them, their payment behaviours; whether they have bank accounts and their budgeting capability so that they can assess their support needs and actually provide the support. As this is a step change it will be important to have enough information to be able to anticipate the consequences
- assessing tenants' capability at the start of a new tenancy is a way of gathering the necessary information as to the level of support they may need
- creating a segmentation system that allows to identify tenants’ needs and provide appropriate support, ranging from little help to more intensive support
- developing appropriate support mechanisms – think about what capacity is available to customers and map out what support networks exist in the areas – for example credit unions or Citizens Advice Bureau (CAB), to which customers can be signposted depending on their level of need
- encouraging customers who don’t have a bank account to open a basic bank account – landlords can help by making information available on various options and related costs that help them to manage their money more easily, including basic bank accounts, debit cards, pre-payment cards, jam jar accounts, and standing orders or direct debit to pay rent. Landlords may want to develop links with preferred credit unions for customers to access banking facilities
- reviewing rent collection procedures to allow for more flexibility for tenants in receipt of housing benefit when it will be paid directly to them. Under universal credit, payments of claims could be made on any day of the month, so landlords need to be able to accept rent payments from tenants flexibly
- reviewing arrears processes and considering fully the impact of the increased time and resources devoted to rent collection and arrears recovery. Do you need and can you afford additional resources? Can you achieve more by working differently, for example, by stripping out unnecessary stages in your recovery process or resizing or reviewing rent patches?
- reviewing potentially increased costs from managing direct payments:
  - more intensive work to identify tenants in receipt of housing benefit and using the data to target and support them
  - developing support mechanisms and products using existing partnerships
  - ensure effective communication that encourages tenants to engage
  - providing information on various options available for tenants to pay rent
  - anticipate transactional costs and also costs associated with rent collection, arrears and debt recovery costs
- the learning from the direct payment pilots and any pilots organisations may want to set up themselves will be useful when reviewing income management policies and procedures.
Direct payments demonstration projects learning network

CIH, together with DWP and DCLG, is facilitating an online learning network to enable organisations to keep track of the demonstration projects, to share in their learning and to exchange information and views about implementing direct payments with other interested parties.

Regular learning reports are posted in the network’s document library, a discussion forum allows everyone to exchange experiences and ideas and find solutions to problems and monthly webinars enable participants to hear from and speak directly to those involved in the demonstration projects.

Visit: www.cih.org/directpaymentslearningnetwork

Learning from others – supporting direct payments

Notting Hill Housing intend to mitigate the risks to income collection from direct payments, by carrying out the following activities:

- continuing to reduce existing arrears
- helping customers to get their rent account into credit, for when the UC monthly in arrears payment cycle begins
- getting customers who do not have a bank account set up with one
- getting customers set up with direct debit payments
- piloting direct payments on one housing patch and using this to understand the impact, issues and learning for when this is rolled out more widely
- identifying high risk cases, in preparation for requesting from the DWP that the housing costs element of universal credit is paid to Notting Hill Housing, not direct to the customer
- preparing for additional financial transactions. Some organisations have estimated this will triple the amount of financial transactions and Notting Hill Housing is ensuring that its processes, systems and staffing resourcing are prepared.

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Once universal credit is introduced, landlords can request a payment exception in some circumstances. Payment exceptions can allow the housing element to be paid directly to the landlord rather than to the tenant. They can also allow more frequent payments than monthly and split payments. The payment exception can be triggered at the start of a claim for tenants with significant support needs (still to be defined by DWP) or when arrears occur. Landlords need to factor in the time it will take for a payment exception request to be processed. ‘Switchback triggers’ are being tested for 4, 8 and 12 weeks of arrears but details of how this will work under universal credit, the turnaround time and whether it will involve interaction with the claimant have yet to be finalised by DWP.
Reviewing polices and procedures

Welfare reform impacts on a number of business areas, so policies and procedures need to be reviewed to ensure that they are robust enough to withstand the added pressures that will be placed on them.

- review rent arrears policies and procedures to make sure that they are fit for purpose and support staff to respond promptly and appropriately when arrears arise. Things to consider include:
  - is contact made at an early enough stage?
  - is personal contact encouraged?
  - do procedures prompt referrals for money and other advice – at what stage?
  - is vulnerability assessed and considered?
  - is the approach tailored to meet the needs of more vulnerable tenants?
  - is an assessment of Human Rights Act and other legal implications (reflecting all of the above points) built into the pre-court and eviction stages?

- consider allocations, lettings and nominations policies:
  - are new and existing applicants being informed about the changes and what it may mean for them?
  - do policies permit under-occupation at letting stage? Can this continue?
  - are under-occupiers given enough priority to allow the homes needed for households on the housing register to be freed up?
  - how flexible is the approach to allowing transfers with rent arrears?

Making the best use of existing homes

While welfare reform poses some challenges, it also brings some opportunities to make better use of existing homes.

- work with under-occupying tenants to see how best to meet their need for a smaller home, so freeing up a larger property for the right sized household

- are mutual exchanges used to best effect? Saving around £1800 per exchange compared to the average cost of a void, an exchange can meet the housing needs of at least two households and help to make best use of stock. Consider:
  - proactively matching potential swappers
  - holding events bringing potential swap partners together
  - actively promoting exchanges as a viable, positive option
  - how flexible you can be if rent accounts aren’t clear
  - is there scope to work with tenants to de-clutter and present their homes, so making them more attractive to potential exchange partners?

- if smaller homes have been reserved for tenants over a certain age, does this need to be reviewed, in consultation with existing residents, to free up smaller homes for younger housing and transfer applicants?
Learning from others – developing effective partnerships

Five local authorities and 14 housing associations in the West Midlands have come together to form the **West Midlands Best Use of Stock Partnership** (WMBUS) and are working on a strategic approach to:

- allocation policies and mobility
- welfare reform and financial inclusion
- under and over-occupancy
- the role of private sector
- tenancy fraud
- new housing development.

This includes:

- pooling data to map the extent of under and over-occupation
- consensus and buy-in to a strategic framework
- sharing good practice
- pooling DCLG funding for publicity, training, and information provision
- pooling of properties into a mutual exchange scheme with ring-fencing of properties for overcrowding and under-occupation moves
- understanding the challenges and suggestions for solutions.

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Working in partnership with others

The scale and nature of welfare reform means that no one organisation will be able to manage the impact alone. Areas to focus on could include:

- modelling the impact of welfare reform in the locality
- developing a clear, consistent message to tenants affected by the changes, along with a strategy and materials to get the message across
- assessing the level of benefits and money advice currently available – is it enough? How can organisations work together to increase provision?
- supporting and increasing credit union capacity
- offering tenants support and opportunities into training and work
- broadening the housing options for tenants who need to move
- reviewing and amending allocations policies and choice-based lettings schemes
- offering reciprocal moves to increase tenants’ mobility
• developing an effective, cross-landlord mutual exchange scheme
• establishing the local authority’s approach to discretionary housing payments and agreeing how to promote and support tenants to apply for them.

Points to consider include:
• time is short – it may be quicker and easier to work with an existing group or structure with an expanded membership, than to set one up from scratch
• organisations need to be clear about objectives – focus on outcomes
• involve tenants – they will bring an invaluable user perspective, helping to focus efforts on what really matters
• landlords operating across a number of local authority areas may need to consider which they prioritise – they may need to focus on the areas where most tenants are affected by the changes
• organisations need to be thoughtful about how they conduct their business – some organisations may be run by volunteers and may struggle to attend a lot of lengthy meetings
• to get business done, it might be easier to form sub-groups to focus on specific issues, such as customer information.

Allocations and housing options

It will be important to review allocations schemes in light of the forthcoming reforms. Things to consider include:
• prospective tenants need to know about welfare reform changes, at registration stage if possible and definitely before letting
• organisations will need to review their lettings strategy/ policy and nominations agreements
  – do they permit under-occupation at lettings stage – is it feasible to allow this to continue if it means that tenants may not be able to afford to make up the difference between the rent and housing benefit?
  – do they give priority for under-occupation – if so, is it on a sliding scale depending on the number of bedrooms that will be freed up?
  – is there flexibility on transfers with rent arrears?
  – can they support single tenants to share a tenancy?
• there may be increased demand for social rented homes as changes to local housing allowance affect those living in, or seeking to live in, the private rented sector. This includes:
  – people affected by the single room rate for under-35s
  – those priced out of the market by the 30th percentile restriction
  – those unable to find a private rented home as landlords become less willing to let to people on benefits, which may intensify once universal credit is introduced
• the factors outlined in the point above also potentially limit the private renting options available to tenants looking to downsize because of the social sector size criteria and also those accepted as homeless.
Communicating the changes to tenants

The potential impact of welfare reform, for both tenants and landlords, means that it is essential to make sure that tenants understand that they are affected by the changes and how. While many tenants may engage better following personal contact, this is very resource intensive, so think about using a communications strategy that involves some elements of personal contact. Remember that the changes are fundamental and far-reaching – many tenants will feel unclear and unsettled about what the changes will mean for them – therefore think about making the messages as positive as possible, whilst still ensuring the communication does not raise expectations that you may not be able to meet.

Communication has been identified as one of the most important areas that housing organisations need to focus on. It is important to be proactive, timely and focused.

- develop an action plan (or a key work stream as part of a wider action plan) which covers both internal and external communication on welfare reform
- consider the scope to communicate jointly with partners, including housing benefit teams – this may help to give a consistent message without overwhelming tenants with information
- use the information and data collated (see above) to target those who are most likely to be affected and to tailor communication – try to make face to face contact with more vulnerable people
- make sure communication is as personalised as possible
- consider using social media to reach out to a broader range of people – some organisations are using Facebook to stimulate discussions and debate
- think about how you make the best use of your website – you may want to consider putting alerts on the most popular pages to grab people’s attention
- make the most of tenant newspapers and magazines, rent statements and your website to keep tenants informed
- work with local radio and press to explain the changes and the work taking place to support tenants through them
- explore the scope to display information and run information sessions and advice surgeries in accessible community locations such as shops, pubs, libraries, GP surgeries, community centres and leisure centres
- use staff that are out and about to support your awareness raising activities, for example, repairs operatives and neighbourhood wardens
- think about communicating with tenants who are not affected by the changes, for example, non-working age tenants, as they may be worrying unnecessarily.
Learning from others: communicating welfare reform with tenants

**Information leaflets**

**Liverpool Mutual Homes** has produced a number of short advice leaflets to explain the main changes. A summary of the help and advice LMH has available is also included.


**Leicester City Council** has produced a guide to welfare reform for everyone in the local authority area to access.


**Berneslai Homes** has produced a short welfare reform leaflet which explains under-occupancy measures to tenants and how they might be affected.

Visit: [www.berneslaihomes.co.uk/media/Latest%20news/2012/March/Housing%20benefit%20leaflet.pdf](http://www.berneslaihomes.co.uk/media/Latest%20news/2012/March/Housing%20benefit%20leaflet.pdf)

The **National Housing Federation** has produced an information leaflet to support housing associations to communicate changes in housing benefit to their tenants. The leaflet has information about the main changes, who will be affected and who tenants can contact to get help and advice.

Visit: [www.housing.org.uk/publications/find_a_publication/general/housing_benefit_changes.aspx](http://www.housing.org.uk/publications/find_a_publication/general/housing_benefit_changes.aspx)

**Websites and videos**

**Halton Housing Trust** has produced a video on welfare reform available on Youtube.

Visit: [www.youtube.com/watch?v=nsSgiggqDtY](http://www.youtube.com/watch?v=nsSgiggqDtY)

**Halton’s** info-graphic video explaining the upcoming welfare benefit changes has been shortlisted for a national award. Produced by Halton Housing Trust and design agency Reason Digital, the innovative video has made the Best Use of Video category shortlist as part of the Public Sector Communications Awards. In addition, this video is being used by a number of different landlords to communicate with their tenants. They have also produced a helpful welfare reform timeline.

Visit: [www.haltonhousing.org/About_Us/Documents/Welfare%20Reform%20timeline.pdf](http://www.haltonhousing.org/About_Us/Documents/Welfare%20Reform%20timeline.pdf)

**WM Housing Group** made up of Optima, Nexus, Kemble and Whitefriars has produced a video on welfare reform available on Youtube.

Visit: [www.youtube.com/watch?v=eMxzjhf20uA&feature=related](http://www.youtube.com/watch?v=eMxzjhf20uA&feature=related)
City West Homes has a designated area on its website which explains clearly and simply different aspects of welfare reforms to tenants via hyperlinks (supplemented by an on-line calculator below).
Visit: www.citywesthousingtrust.org.uk/welfare-reform#Size

Gentoo has a designated area of its website to communicate welfare reform changes.
Visit: www.gentoogroup.com/for-customers/payments/government-welfare-reform/

Gentoo has also produced a FAQs section on its website to help tenants navigate their way through the changes.

Aragon Housing has a designated web area which communicates welfare reform to tenants under the strapline: benefit changes – helping you to get ready.
Visit: www.aragon-housing.co.uk/need-support/benefit-reform/

Campaigns

The Bromford Group has produced webpages and a web-based video which explains welfare reform and the importance of paying rent: emphasis is on personal responsibility for tenants to make appropriate choices: Housing benefit. Your loss. Your responsibility.
Visit: www.bromfordgroup.co.uk/news-hub/welfare-reform/

Bromford has produced a guide which explains welfare reform and how it affects tenants.
Visit: www.bromfordgroup.co.uk/media/572503/1032_welfare_reform_guide_final_web.pdf

Bromford Group also holds monthly Q&A sessions on Facebook and Twitter to give tenants the opportunity to ask a panel of experts at Bromford, any questions they have about changes to benefits. Bromford also plans to have a ‘personal stories’ section on its website so tenants can share how they have “taken responsibility for their benefits and made the necessary changes”.

On-line calculators

City West Homes have developed a simple on-line calculator to help tenants work out how much they could claim. The site is free and no personal information is required, so anonymity is assured for tenants.
Visit: www.citywest.entitledto.co.uk/

Derwent Living has developed an on-line calculator to help tenants work out how they will be affected by under-occupation measures.
Visit: www.derwentliving.com/our-services/benefitcalculator/#
Direct approaches

Connect Housing in Leeds has a plan to visit everyone affected by the size criteria/benefit cap by the end of November.
Visit: www.connecthousing.org.uk/Home.aspx

Derby Homes has two staff dedicated to ringing and following up 50 customers affected each per week.
Visit: www.derbyhomes.org/welfare-reform/benefit-changes-2013

Halton Housing is running weekly Welfare Reform coffee mornings.
Visit: www.haltonhousing.org

Staff from social landlord Barnet Homes are hitting the streets to visit hundreds of residents as part of a new welfare reform awareness campaign. The staff will be knocking on doors at more than 1,600 homes where residents are known to be under-occupying, with one or more bedrooms than they are judged to need under government criteria.

Other approaches

Plus Dane is using community advocates to give benefits advice. Plus Dane, which owns 18,000 homes across Merseyside and Cheshire, is looking at ways to ensure tenants know about benefit changes which come into effect next April. The association estimates that 3,000 of its households will be affected by under-occupation measures. Plus Dane believes tenants do not necessarily take notice of leaflets pushed through doors, but do listen to ‘community advocates’ giving informal advice in a relaxed setting; so hairdressers, pub staff and faith leaders could be trained to give welfare advice under plans being drawn up by the housing association.
Visit: www.insidehousing.co.uk/tenancies/pub-staff-to-give-benefit-advice/6524259.article

Sanctuary Housing ran a ‘speed dating’ style session in Banbury to bring together under-occupiers and over-occupiers who could potentially take part in a mutual exchange. A total of 25 local residents and families attended the session, which took place in the association’s Banbury office.
Visit: www.sanctuary-group.co.uk/Group/News/Pages/Sanctuary-offers-a-speedy-solution-to-under-occupation.aspx

North Lanarkshire Council leads and coordinates a multi agency Welfare Reform Group which has produced a number of thematic action plans covering the impacts on: people, council services, the local economy, training, campaigns, political engagement, monitoring and resources. They identified and agreed a number of low, medium and high profile messages to communicate to their public. For example, a high profile multi-agency ‘strap line’ has been developed, ‘Benefits are Changing. Be Ready’ which is appearing in high visibility locations, including on public transport, with a freephone telephone number. North Lanarkshire Council are one of the 12 DWP Universal Credit Demonstration Projects and will be testing financial and budgeting support.
Contact: Julie Hunter hunter ju@northlan.gov.uk
Supporting vulnerable tenants

It is important to gather and record information about tenants who are vulnerable so that a sensitive approach to explaining and supporting them through the changes is developed. Tenants may be vulnerable for different reasons, learning disability and medical conditions, mental illness, difficulty in reading and writing, they might not speak, read or write English, they may misuse substances, may be care leavers, recently released from prison, or fleeing domestic violence, may have a history of homelessness, severe debt issues or un-discharged bankruptcy.

Some may prefer landlords to contact a relative or advocate, some prefer face-to-face contact rather than letters, and some may need support to manage their financial affairs.

Supporting tenants to manage money

Supporting tenants to manage their money and pay their rent is obviously crucial. The changes being introduced by welfare reform combined with the rising cost of living mean that many tenants will have to manage on less than they are used to. In particular, universal credit, and the housing cost support element of it, being paid monthly will introduce a new practice for people who are used to budgeting either weekly or fortnightly – budgeting support and products need to recognise short budgeting cycles for people on low incomes.

Whilst some people living on benefits or a low income are very skilled at juggling their finances, it is important that those who struggle to manage their money can get the help they need. This may be help with budgeting, signposting to various products and cheaper forms of credit, or referral to debt advice. When developing advice and support services landlords may want to think about:

- providing information or signposting to agencies that hold information about products that can help tenants manage their finances while allowing them to remain in control: debit cards, pre-paid cards, jam jar accounts, standing orders or direct debits
- assessing what preventative measures are in place to ensure that people struggling with money problems are identified early and offered appropriate help
- whether front-line staff are trained to offer basic money management advice and budgeting support
- whether there is easy access to well promoted welfare rights and money advice services, either in-house or provided by other agencies?
- whether there is support for people needing to open bank accounts
- whether there are any alternatives such as credit union current or budgeting accounts available for people who don’t want a bank account or find that paying by direct debit doesn’t work for them
- watch out for tenants paying their rent on credit cards – use this as an opportunity to tell them about and refer them to money advice services
- what training on budgeting and money management is available in the area? Is this something you can provide, either on your own or with partners?
- it is important to understand all the changes a household may be experiencing such as reduced income as a result of increased non-dependant charges, reduced tax credits, and loss of overtime or reduced working hours.
Sources of affordable credit – some points to consider

- is a credit union already operating in the area? Is it effective? Can you do more to promote and support it, for example, by offering financial support, office space and/or hosting surgeries?
- if there is not a credit union in the area, or the local credit union does not have the capacity to work with extra members, landlords might consider talking to a larger credit union about whether they could extend their membership criteria to include new tenants and offer services via landlord’s own premises.
- instant affordable credit is not available from every credit union so it is important to find out what is available in the area and what can be offered to tenants.
- Community Development Finance Institutions (CDFIs) are organisations that lend money to small businesses, social enterprises and individuals who find it difficult to get high street finance and, like credit unions, offer loans and support at an affordable rate: www.cdfa.org.uk/about-cdfis/what-is-a-cdfi/
- credit unions and CDFIs can also help counter the prevalence of doorstep loan providers, ‘payday loan’ companies and illegal money lending.

Signpost to basic banking products

Many landlords are already working with a preferred provider to offer affordable banking products to help tenants pay their rent. Typical partners include a local credit union or a payment card provider such as Allpay or Paypoint.

Despite having a preferred provider many landlords are nervous about raising tenants’ awareness of these services for fear of breaching Financial Services Authority (FSA) regulations. However, this is a common misunderstanding – landlords are able to promote basic banking products without falling foul of the financial advice regulations because transactional bank accounts and savings accounts are not regulated products (unlike, for example, loans and investment products). This position is confirmed in FSA guidance to social housing providers.

Learning from others – setting up bank accounts

Solihull Community Housing’s (SCH) Money Advice Team has an arrangement with a local branch of Lloyds/TSB which allows it to make telephone referrals and set up appointments for any tenant who needs a basic bank account. In addition, prior to the appointment, SCH will check that the customer has the right form of identification to minimise any difficulties in applying for an account.

Contact: David Hull dahull@solihullcommunityhousing.org.uk
Learning from others – personal budgeting and direct payment readiness

**Shropshire Council**, one of the Housing Benefit Direct Payment Demonstration Projects, has put a particular focus on working in partnership with the voluntary sector and has developed a financial inclusion board that includes housing associations, CAB, the Jobcentre Plus and other local support organisations to enable financial inclusion for tenants. Some of the services provided are signposting support, financial training and support for tenants, assistance with budgeting to help them pay their rent, provision of banking facilities via credit unions and advice on basic bank accounts. Provision of case work and advocacy support is also available if required following a segmentation of residents in terms of capability.

The partners are evaluating tenants’ capability at a pre-tenancy stage as a way to sustain tenancies. Supporting tenants and identifying individuals requiring safeguarding of rent payments will be key to protecting landlords’ income streams. In Shropshire a trigger of 12 weeks is being tested before direct payment switches back to the landlord when the tenant hasn’t paid rent. Timely monitoring of rent arrears and intervention as well as signposting tenants to support as necessary are another key aspect of their work.

A webinar recording of a presentation from Shropshire Council is available on the direct payment learning network.

**Contact:** Steph Jackon steph.jackson@shropshire.gov.uk

To join the network please email laura.shimili@cih.org or david.pipe@cih.org

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**Learning form others – Moneyline Cymru**

**Moneyline Cymru** a Community Development Finance Institution (CDFI) provides affordable, responsible loans and works to change the way financial services are delivered to financially excluded people who might otherwise fall prey to high interest, doorstep lenders or illegal money lenders. Seventeen landlords have pledged their support to fund five high street outlets and provide loan capital.

Source: Social Mobility and Social Housing Taskforce, CIH, June 2012

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**Support and training staff**

Housing officers will be facing increased questions from tenants and residents about how they might be affected, and what options they have as a result. They will have a key role in managing and mitigating risk for organisations, including rent arrears management. It will be important to think about:

- how are you supporting housing officers, ensuring that they are fully aware of the changes, timings, and implications?
are they aware of what internal or external resources are available for tenants (for example local debt advice) – and how they can refer people for help?

consider what level of knowledge staff need – some may need to know the changes in depth and others will need a broader overview

consider reviewing staff training to encompass welfare benefits but also wider financial inclusion and debt advice/support

are you reviewing your approach to managing rent arrears and/or allocations? If so you will need to train staff on your new approaches

what resources do you have to make customers aware of the changes, promote financial inclusion and money management, and run benefit take-up campaigns, either on your own or jointly with partners?

CIH has developed a number of tools to support frontline staff, such as the Year of Practice, open to all in the sector and practice online available to CIH members and subscribing organisations

CIH can offer tailored support on all aspects of welfare reform. Visit: www.cih.org/welfarereform

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**Learning from others – delivering training on welfare reform**

Officers from North East Lincolnshire Council have been running sessions on welfare reform for all members of staff working at one of the major registered providers in their area. These sessions have been important to demystify rumours and misinformation around welfare reform and provide clear information about all changes. These training sessions have also included a local perspective.

Contact: Andi Muscroft andi.muscroft@nelincs.gov.uk

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**Learning from others – staff training and communication**

East Midlands Housing Association has set up a welfare reform group looking at the impact of welfare reform from a business perspective. It has made sure that all members of staff are aware of the changes and has organised three briefing events on welfare reform, giving staff a summary of all the changes and also signposting to other sources of information. Now it is providing information to tenants and is using all platforms available including newsletters, rent statements, and its website. It is targeting tenants who may be affected by the changes and have sent them leaflets that provide information. They are also visiting every tenant and this will be done annually on a rolling program.

Contact: Gary Greave Gary.Greaves@emha.org
Helping tenants into work and training

Finding training and, ultimately a job, is the main way in which working age tenants will be able to increase their income and sustain their tenancies. Landlords can do much to complement the service provided by Jobcentre Plus and the Work Programme’s prime providers.

- consider the scope to make sure that tenants receive advice on job seeking alongside advice provided by income management and other staff
- explore the potential to offer pre-employment training, job shadowing opportunities and even apprenticeships to unemployed tenants and their household members
- when procuring contracts, explore the potential to offer a proportion of jobs and apprenticeships to local people, including tenants who may be unemployed
- consider the scope to establish a mentoring scheme with staff coaching and mentoring tenants who are job seeking.

Learning from others – work and training

**Wolverhampton Homes** launched its Learning, Employment and Achievement Programme (LEAP) in February 2012. LEAP, which is targeted at unemployed tenants and leaseholders and their immediate family members includes:

- pre-employment skills training – including confidence building, introduction to the internet and email, CV writing, interview skills and basic literacy and numeracy qualifications
- an eight week work experience programme – participants continue to receive benefits, plus travel expenses and personal protective equipment
- a ten month apprenticeship scheme – paid at national apprentice rates.

Candidates may do some or all of the elements depending on their past experience, ability, qualifications and commitment. To enable an informed assessment, trainees need to have successfully completed the work experience element before being considered for the apprenticeship scheme.

Trainees who successfully complete an apprenticeship will be offered an opportunity to join the staff pool, an in-house temp agency. During their apprenticeship, trainees will be able to apply for any vacancies within the organisation.

Candidates who successfully complete a work experience programme or an apprenticeship will leave with a reference, new skills to include on their CV and relevant training certificates.

By June 2012, over 130 potential trainees had expressed an interest in the programme and 72 had attended a taster session and were in the process of attending a one to one informal interview and assessment, before being matched to the pre-employment programme or a work placement.

Source: HouseMark

In **Greater Manchester**, 26 registered providers have come together to set up a ‘Talent Pool’. Organisations have made a commitment to fill 25 per cent of their entry-level vacancies with local people with 48 out of 79 vacancies filled from the pool so far.
Learning from others – tenant, community and landlord resilience

Easthall Park Housing Co-operative supports a number of projects supporting tenant, community and landlord resilience to the change that accompanies welfare reform. This involves support for local employment initiatives where maintenance or development contracts must include jobs for local people, including apprenticeships, as well as full time community education and skills development initiatives such as a HNC in Working with Communities and Housing. It also offers a range of volunteering opportunities designed to develop employability skills in community, environmental and landscaping work. It is working in partnership with other housing providers and Grand Central Savings (an ‘ethical’ bank) looking at how they can support the financial capability of tenants with suitable banking products, whilst planning to create opportunities for local jobs through a network of ‘remote tellers’ who are based in the community rather than in the bank’s office.

Contact: John McMorrow John@easthallpark.org.uk
Appendix 1: a summary of the different elements of welfare reform

**Universal credit**

A fundamental element of welfare reform is the introduction of universal credit which will replace a number of in-work and out-of-work benefits for working age claimants: income support, income-based jobseeker’s allowance, income-related employment and support allowance, housing benefit, child tax credit and working tax credit.

Universal credit will be administered by DWP with online application and administration as the main delivery mechanism. It will be implemented through a phased approach for new claimants from October 2013 with existing claimants migrated to the system by 2017.

Besides introducing universal credit and related measures, the Welfare Reform Act makes other significant changes to the benefits system.

**State pension credit and housing credit**

From October 2014 reforms to state pension credit will mirror the introduction of universal credit in that housing benefit for pension age claimants will become the housing credit element of state pension credit.

Since pension age housing benefit claimants are unaffected by the introduction of the social sector size criteria (see below), there will also be no size criteria in the assessment of the new housing credit element.

State pension credit age is also changing in two ways:

- the age at which state pension credit age is attained for both men and women is gradually rising in line with state pension age for women (you can check this on the [state pension age calculator](#))
- once universal credit is introduced, state pension credit age for a couple will be based on the youngest member, rather than the oldest member as at present.

Existing state pension credit claimants are unaffected by the changes in state pension credit age (broadly anyone who has attained age 61 by 5 October 2012).

**Supported and sheltered housing**

The government has recently announced that certain tenants of supported housing will not be transferred over to universal credit or housing credit. These tenants will continue to receive housing benefit as at present including any new claims – at least in the short to medium term. This is to enable a review to take place on how the additional management costs associated with this kind of housing should be taken account of within the new system. A working party that includes representatives from the sector is being set up.
Supported housing here means any tenancy that falls within the definition of ‘exempt accommodation’. Broadly this means any tenant that receives ‘care, support or supervision’ from the landlord regardless of whether it is funded by Supporting People. However, the definition applies to the individual tenant only – so if only one tenant in a block actually receives the support then it only applies to that claim and not the rest of the block.

It is not entirely clear at this stage whether ‘supported accommodation’ is wide enough to cover sheltered accommodation, but this seems to be the intention.

Significantly, tenancies falling within that definition are exempt from the social sector size criteria as well as being outside universal credit/housing credit.

**Social sector size criteria**

The social sector size criteria will be introduced for new and existing working-age housing benefit claimants living in the social rented sector from 1 April 2013. The reform will be mirrored in the rules for the housing costs element of universal credit.

The measure does not apply to claimants who have attained state pension credit age or certain claimants in supported or sheltered housing (see page 26).

Claimants will be assessed to establish the size of accommodation they are deemed to reasonably need. The size of the accommodation will be set by reference to the number of bedrooms in the property. The regulations do not define what constitutes a bedroom. There is no minimum size so single and double bedrooms count as the same. The local authority will use the property information supplied by the landlord to assess the claim.

The appropriate size of accommodation is set by reference to the number, age and sex of occupiers in the property. In calculating the number of bedrooms that is appropriate two children of the same sex aged 10-15 and two children aged under 10 of either sex are assumed to share.

A household that is deemed to be under-occupying will face a fixed percentage deduction from their eligible rent equivalent to:

- 14 per cent of their eligible rent if they are deemed to be under-occupying by one bedroom
- 25 per cent of their eligible rent if they are deemed to be under-occupying by two or more bedrooms.

Apart from tenants who have attained state pension credit qualifying age or who live in supported housing there are no other exemptions to this measure which means it will affect:

- separated families where the parent without care requires a spare room for the children to visit or stay at weekends
- disabled tenants – including where the property has been adapted or purpose built
- tenants who are waiting to move to a smaller property.
**Overall benefit cap**

The maximum amount of benefits that working-age people can receive will be limited to the level of average earnings of working households, currently £500 per week for couples and single parents and £350 per week for single people without children.

The cap will be administered through the universal credit system. Prior to the introduction of universal credit, it will be administered by local authorities through housing benefit payments.

In calculating the £350/£500 prior to the introduction of universal credit all the main means tested out-of-work benefits count in full (income-based job seeker’s allowance, income-related employment support allowance and income support) together with any child benefit, child tax credit and housing benefit. Claimants are exempt from this measure if they:

- have attained state pension credit age
- are in receipt of:
  - working tax credit
  - the support component of employment and support allowance
  - the care component of disability living allowance
  - the daily living component of personal independence payment
  - industrial injury disablement benefit
- were in work for a continuous period of one year prior to losing their job – this exemption is limited to a maximum period of nine months.

The cap mainly affects large families because it does not increase with family size. In the private rented sector families with four or more children are likely to be affected or three or more children in some parts of London and the South East. In the social sector it will mainly affect families with five or more children or smaller families that live in ‘affordable rent’ properties.

**Direct payments to landlords/claimants**

Universal credit will end the direct payment of housing costs support to landlords. Instead there will be a presumption that the whole of their universal credit – including any housing costs element – will be paid directly to claimant.

The housing costs element of universal credit will continue to be paid directly to the landlord for people with significant support needs. There will be safeguarding rules that trigger payments direct to the landlord when tenants run into arrears. It is expected that the safeguarding rules will be roughly based on the local housing allowance payment rules for private tenants, with some modifications. Different trigger points are being tested in the direct payment demonstration projects.

State pension credit claimants in receipt of housing credit will continue to be able to opt to have their housing credit element paid direct to their landlord if they wish to do so. Working age housing benefit claimants will also continue to have their housing benefit paid by the same method until their claim is converted into universal credit.
Other changes to housing benefit introduced by the June 2010 budget and Spending Review

Starting from April 2011, non-dependant deductions have been increased by an average of 24 per cent for two successive years with a similar sized increase due in April 2013. This change affects all tenants (both social sector and private) with non-dependants living with them. However, a reformed, fairer system of non-dependant charges will apply to housing costs element of universal credit. Broadly the new rules will be based on single low level flat rate deduction (around £13.00 per week) being applied to all non-dependants with very few exceptions.

Starting in April 2011, the government introduced a series of changes to the calculation of the local housing allowance (LHA) for private sector tenants. These are:

- abolishing the £15 addition in excess of the actual rent some claimants previously received
- capping the upper limit of the local housing allowance at the rate for a four-bedroom property and setting absolute upper limits for each of the published LHA rates
- basing the LHA rates on the 30th percentile instead of the median rent (i.e. restricting the maximum purchasing power to the bottom 30 per cent of the market)
- from January 2012 raising the upper age limit of the shared accommodation from 25 to 35 years old
- from April 2012 the LHA rates are re-set annually rather than monthly
- from April 2013 the existing LHA rates will be frozen and uprated by consumer price index inflation instead of being based on real market evidence (the result will be to shrink still further the proportion of the market that is fully covered by the LHA down from the current 30 per cent).

The DWP’s own impact assessment estimates that around 21,000 claimants will be affected by the LHA caps, 17,000 of which are in London, and those affected will lose an average of £74 per week. The DWP estimates that 775,000 claimants (83 per cent of LHA caseload) will be affected by the change to the 30th percentile and a further 62,000 claimants by the extension of the shared accommodation rate.

The cumulative result of these changes will translate into increased demand for social housing as there will be fewer properties available to local housing allowance claimants. There is an increased likelihood that benefit dependent households, especially those living in London, will move away from where they have settled to find cheaper accommodation in order to reduce their shortfalls. Homelessness applications are likely to increase.

Abolition of the social fund

The Act abolishes community care grants and crisis loans and replaces them with local welfare services administered by local authorities in England. In Scotland and Wales the budget for these payments will be transferred to the devolved administrations. Budgeting loans will be replaced by more flexible rules that allow for the payment of benefits on account. A payment on account can be made where there is a reasonable expectation that it will be repaid. Repayments will be made by making deductions from future benefit payments.
Personal independence payment to replace disability living allowance

From 2013 personal independence payment (PIP) will replace disability living allowance (DLA) for working age people aged 16 to 64.

PIP will have a similar structure and benefit features to DLA: non-means tested, paid at standard amounts comprising of two components paid at a number of different rates. The daily living component replaces the care component of DLA and there will also be a mobility component (as in DLA). However, unlike DLA, there will only be two rates of the daily living component (instead of three for DLA) – in effect the lower care rate of DLA is abolished thus raising the minimum threshold for qualification. The method of assessment will also change to an employment support allowance-style points-based medical test which is also expected to make it more difficult to qualify.

The minimum qualifying period for PIP has been extended to six months which is double the time required to qualify for DLA.
Appendix 2: broad implications for the housing landscape

It is difficult to measure the precise impact of welfare reform changes and the previous local housing allowance reforms as they are complex and the impact will roll over a number of years.

Implications for landlords
With the introduction of the social sector size criteria and the overall benefit cap, tenants might experience a shortfall in their rent. With large numbers of tenants facing shortfall between their rent and benefit payment for the first time and many others with reduced benefit, there is a significantly increased risk of tenants falling into rent arrears. These risks are likely to increase with payment of housing benefit directly to tenants and landlords having to invest more in rent recovery processes including taking action against tenants in arrears.

Landlords may have to manage longer void periods as a result of homes becoming difficult to let because people cannot afford them or tenants choosing to move away from low-demand areas into the private rented sector.

The increase in rent arrears and bad debt has a consequence on providers’ ability to secure finance. It could de-stabilise credit arrangements and the highly competitive rates the social housing sector can secure with financial institutions. As a result providers’ ability to fund new development may be jeopardised.

Implications for tenants
The reduction in the amount of help with housing costs will create hardship for tenants who will have to make up the shortfall. Universal credit being paid directly to tenants, despite wanting to promote an element of increasing financial responsibility, will require new skills and increased confidence and capability.

In response, households might consider moving to smaller accommodation, live in overcrowded conditions or seek housing in cheaper areas where they can still receive the same amounts of help with housing costs. However, the availability of one and two bedroom properties will limit the ability of these households to move to new accommodation. Looking for accommodation in cheaper areas, in particular for large families with children, will mean disruption in terms of school and work arrangements. There are fewer employment opportunities in areas where housing is cheap so households could end up unemployed. For these cheaper areas that could mean concentration of tenants in receipt of benefits and poorer quality private rented housing available to them.

Moving to new accommodation represents additional costs for households and their landlords who might want to facilitate moves and cover some expenses.

If households cannot move because of a lack of appropriate accommodation they will see their housing benefit reduced and their financial positions worsened. There will be a consequent increase in demand for debt and counselling services.
The abolition of the social fund will impact on the most vulnerable families and may force many to go to doorstep lenders with very high rates of interest. Tenants, particularly first time tenants, may be unable to sustain their tenancies as they don’t have the items they need to furnish and live in their homes and no means to obtain them.

The replacement of disability living allowance with the personal independence payment will mean that some disabled people no longer have resources to cover the additional costs caused by their disability which may result in increased hardship and debt and social exclusion.

### Implications for local authorities and their areas

Families moving will put pressure on services such as education and social services creating knock-on effects on councils’ budgets.

An estimated 660,000 housing benefit claimants living in the social rented sector will be affected by the size criteria, losing an average of £14 per week in housing benefit. The majority of affected householders (approximately 81 per cent) are under-occupying by just one bedroom. As the qualifying age for state pension credit increases, the number of claimants affected is likely to increase to about 760,000 by 2020. A high number of claimants (420,000 out of 660,000) are disabled and, if they were to move, the investment in adaptions for their properties would be lost.

DWP estimates that around 58,000 households will be affected by the benefit cap losing an average of £93 a week. Large families are most likely to be affected in particular those in high rent areas.

The transition to universal credit will have profound implications for many council employees, council systems and contractual arrangements with private suppliers. The local understanding and knowledge of housing benefit staff will be lost. There will be increased numbers of applications for discretionary housing payments to help make up the shortfall between rent and housing benefit.

The impact on local authorities is likely to be greatest in 2013/14. New and existing claims from April 2013 will lead to higher than normal demand for discretionary housing payments, a large number of queries received by local authorities in relation to annual uprating letters, and a higher number of claimants lodging an appeal.

High rent areas such as London and the South East will become unaffordable to people on housing benefit and local housing allowance raising questions about social mix, affordability of housing for low income households in these areas and future housing options.
Useful resources, services and contacts

CIH services – welfare reform

CIH offers a range of welfare reform-related services including:

- income health checks and service reviews
- in-house training on welfare reform and the impacts
- facilitation of strategic partnerships with commercial and charitable organisations
- providing executive and team briefings on the subject of welfare reform.

Visit: [www.cih.org/welfarereform](http://www.cih.org/welfarereform)

For free advice and support on making best use of your stock and preparing for welfare reform, contact the CIH Making Best Use of Stock Team [mbus@cih.org](mailto:mbus@cih.org)

CIH practice online has chapters on allocations and lettings and rent arrears and other debts. Visit: [www.cih.org/practiceonline](http://www.cih.org/practiceonline) (CIH members have free access to this resource)

CIH publications – welfare reform

CIH (April 2012) How to... improve housing mobility
[www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/How_to_improve_housing_mobility.pdf](http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/How_to_improve_housing_mobility.pdf)

CIH (April 2012) How to... consider new approaches to allocations and lettings
[www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_consider_new_approaches_to_allocations_and_lettings](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_consider_new_approaches_to_allocations_and_lettings)

CIH (April 2012) Welfare Reform Briefing

CIH (2012) Making it fit – a guide to the social sector size criteria
[www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Making_it_fit_a_guide_to_preparing_for_the_social_size_criteria](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Making_it_fit_a_guide_to_preparing_for_the_social_size_criteria)

CIH (2012) How to... help tenants manage their money
[www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_help_tenants_manage_their_money](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/How_to_help_tenants_manage_their_money)

CIH Scotland (October 2012) Preparing for the bedroom tax and beyond
Useful guidance/web links

Association of British Credit Unions Limited
www.abcul.org/home

Department for Work and Pensions welfare reform webpage
www.dwp.gov.uk/policy/welfare-reform

Department for Work and Pensions Housing and Council Tax Benefit bulletins
www.dwp.gov.uk/local-authority-staff/housing-benefit/user-communications/hbctb-bulletins/

The Housing Futures Network, made up of Affinity Sutton, Gentoo, Places for People and Riverside, has commissioned and published research into the likely impact of the size criteria

The National Housing Federation’s free online resource for housing associations: Next Steps – advice for landlords
Useful guidance/web links

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