HOUSING INCOME PROTECTION TASK GROUP – 21 NOVEMBER 2012

A meeting of the Housing Income Protection Task Group will be held at 5.30pm on Wednesday 21 November 2012 in Committee Room 1 at the Town Hall, Rugby.

Councillor J Roodhouse
Chairman

A G E N D A

PART 1 – PUBLIC BUSINESS

1. Minutes – to approve the minutes of the meeting held on 24 October 2012.
2. Apologies – to receive apologies for absence from the meeting.
3. Declarations of Interest

To receive declarations of:

(a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Verbal feedback from new Welfare Reform Officers on their initial visits to tenants affected by the under-occupancy rules

5. Consideration of key messages from other written evidence:
   - outcomes of focus groups (attachment 5a)
   - outcomes of the survey (attachment 5b)
   - key points arising from the select committee meeting (attachment 5c)
   - written evidence from Housing Associations in response to the call for evidence (attachment 5d-f)
   - further written evidence received from contributors to the select committee meeting (attachment 5g-h)

6. Updated version of the draft action plan for housing in relation to the welfare reforms, including details of any progress made to date (attached)

7. Verbal update from Dave Wortley on the wider welfare reforms – including the latest position on the introduction of Universal Credit

8. Programme of work

9. Motion to Exclude the Public under Section 100(A)(4) of the Local Government Act 1972

   To consider passing the following resolution:

   “Under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items on the ground that they involve the likely disclosure of information defined in paragraphs 1, 2 and 3 of Schedule 12A of the Act and that in all of the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

   **PART 2 – EXEMPT INFORMATION**

   1. ‘Analysis of tenants on housing benefit in under-occupation’ – update to the research report from Housing Research Officer (attached).

**Membership of the Task Group:**

Councillors Roodhouse (Chairman), Mrs Avis, Ms Edwards, Mrs Garcia, Mrs Kaur, Mrs New, Pacey-Day and Sandison

Ms Tracey Nuttall (nominee from Tenant Representative Panel)

If you have any general queries with regard to this agenda please contact Claire Waleczek, Democratic and Scrutiny Services Officer (Team Leader) (01788 533524 or e-mail claire.waleczek@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.
1. BACKGROUND

The task group decided that, following the select committee meeting in October, the group would hold a further meeting in November to review the evidence received to date. The task group also decided that they wished to consider in detail the analysis that has been undertaken by the housing service to identify those council tenants who are likely to be affected by the under-occupancy rules. In addition, the meeting will consider further evidence received from those responding to the call for evidence, and from the focus groups and survey providing direct feedback from those affected by the changes.

The aim of the meeting is to identify any emerging recommendations for action arising from the review and to consider the implications for the draft action plan for housing in relation to the welfare reforms that was first presented to the task group on 26 July 2012.

2. MEETING PROGRAMME

The agenda for the meeting is as follows:

- 'Analysis of tenants on housing benefit in under-occupation' – to consider in detail the latest version of the research report from Housing Research Officer, together with maps and any further analysis of tenant profile (private item 1 – attached)

- Verbal feedback from new Welfare Reform Officers on their initial visits to tenants affected by the under-occupancy rules (item 4)

- Consideration of key messages from other written evidence (item 5):
  o outcomes of focus groups (attachment 5a)
  o outcomes of the survey (attachment 5b)
  o key points arising from the select committee meeting (attachment 5c)
  o written evidence from Housing Associations in response to the call for evidence (attachments 5d-f)
  o further written evidence received from contributors to the select committee meeting (Joyce Woodings, The Benn Partnership Centre and David Gooding, BRANCAB) (attachments 5g-h)

- Updated version of the draft action plan for housing in relation to the welfare reforms, including details of any progress made to date (item 6 – attached)

- Verbal update from Dave Wortley on the wider welfare reforms - including the latest position on the introduction of Universal Credit (item 7)
3. EMERGING THEMES

To assist the task group in its consideration of the evidence received, the following key themes have been identified. These are taken from the Chairman’s summary at the select committee and from other issues identified in the other evidence under consideration at this meeting.

- Communication: The impact of the welfare reforms on tenants is a serious issue and tenants needed to be informed about the changes. Currently there is considerable unawareness of the changes. There will need to be a clear communication strategy, using many different lines of communication. This needs to include through ‘non-official’ agencies, as official bodies are sometimes perceived as intimidating and unfriendly.

- ‘Invest to save’ principle: As a landlord the council risks losing a considerable amount of housing income if tenants are not supported to prepare for the welfare reforms.

- Flexible approach: There will need to be a flexible approach to dealing with the implications of welfare reform for tenants. The Council is constrained by legislation and compliance with policies, while the voluntary and community sector is able to offer a more flexible response.

- Coordination and partnership working: There are a plethora of agencies that have involvement with local people affected by the benefits changes. There is also a need to encourage better joint working, and provide good information and sources of advice to frontline workers. A strategic group – involving voluntary and community organisations working with the Council – may be helpful, to produce a cohesive approach to dealing with the issue of welfare reforms.

- Data sharing and targeting support: Vulnerable groups need to be identified locally, including minority ethnic groups, and specific support put in place for them. Agencies will need to share and analyse current data held to help identify these groups.

- Financial inclusion: access to financial services will be an issue for many, and jam jar accounts need to be explored in further detail and the resource implications for the Credit Union investigated.

- Managing the transition: there will need to be a clear package of support in place to assist those moving to Universal Credit to manage the gap in income as a result of the move to a monthly payment in arrears.

- Individual support needs: the evidence identifies a range of support needs that tenants might have, including financial capability, debt advice, employability skills, support to find suitable work and digital inclusion (ability to make online claims).

- Social and economic impact: though beyond the scope of this review, the evidence has highlighted the likely wider social and economic impact of the reforms within the local community as a result of the new pressures they will place on households.

- Availability of housing: the evidence highlights concerns about the availability of low-cost, appropriately sized housing for those affected by the under-occupancy rules, or
4. NEXT STEPS

The final agenda item will be to consider the programme of work for the review. The chairman has suggested that a further meeting of the task group is arranged for December, to consolidate the task group’s thinking regarding the review recommendations and, if possible, to discuss this emerging thinking with relevant the senior officers and portfolio holder.

This may be followed by a final meeting in January to agree the review report and action plan, prior to submission to Customer and Partnerships Committee on 7 February 2013 and to Cabinet on 11 March 2013.

The one page strategy for the review is attached for reference.

Debbie Dawson, Scrutiny Officer
November 2012
REVIEW OF HOUSING INCOME PROTECTION

ONE PAGE STRATEGY

What is the broad topic area?
Protection of the council’s housing income in the context of changes to the benefits system.

What is the specific topic area?
The review will address the challenges for the collection of housing income arising from the economic downturn and impending welfare benefit reform. It will cover the following issues:

- preventative and enabling measures; for example minimising potential exposure when letting through appropriate allocations, promoting a payment culture, access to banking services, incentives and payment methods
- maximising tenants’ income
- contact with tenants: communication, help and advice

A separate scrutiny review on the impact of Universal Credit on the benefits service is planned for later in the year, and will include consideration of issues around access to the new system for all residents. This review will not therefore include consideration of those issues.

What is the ambition of the review?
To enable our tenants to sustain their tenancies and facilitate swift recovery of housing rent where necessary.

How well do we perform at the moment?
The review will establish:

- current proportion of rent collected
- number of evictions per annum
- number of council tenants likely to be affected by new under-occupancy measures from April 2013
- indication of the percentage of our working age tenants who hold a bank account
- percentage of council tenants currently in receipt of housing benefit, including a breakdown of those tenants above pension age.

Who shall we consult about the current service and about how we can improve it?
Coventry and Warwickshire Co-operative Development Agency
Rugby Tenant Representative Panel (co-opted member)
Local banks and building societies
Rugby Citizens Advice Bureau
Warwickshire Financial Inclusion Partnership
Local private sector landlords

What other help do we need?
Support from housing and benefits officers
Other sources of further information may include:

- National Housing Federation
- Chartered Institute of Housing
- CIH Direct Payment Demonstration Projects

Task group members will need a clear understanding of the welfare benefit reforms and legislative changes.

**How long should it take?**
6 months, concluding by January 2013

**What will be the outcome?**
An action plan with clear measures in place to protect housing income in advance of the impending welfare benefit reforms.
1. Focus groups – what happened?

The task group organised a series of focus groups in local Children’s Centres in October 2012. The groups were as follows:

- Tuesday 23 October, 1.30-2.30pm, Claremont Children’s Centre – with Cllr Tina Avis, Cllr Noreen New, Tracey Nuttall and Cllr Neil Sandison
- Wednesday 24 October, 2-3pm, Boughton Leigh Children’s Centre – with Cllr Claire Edwards and Cllr Belinda Garcia
- Thursday 25 October, 1.30-2.30pm, Hillmorton Children’s Centre – with Tracey Nuttall, Cllr Pacey-Day and Cllr Jerry Roodhouse

For each of the focus groups, 20 local tenants were invited at random from a database of council tenants likely to be affected by the under-occupancy rules. In addition, flyers were placed in the Town Hall reception and were distributed to the Children’s Centres that were hosting the focus groups, where staff promoted the events to centre users.

The response was disappointing. At Claremont Children’s Centre, no tenants attended, although task group members were able to speak with a local resident who was leading a training course at the centre. The focus group at Boughton Leigh Children’s Centre was attended by three local residents, one of whom was a council tenant, the others being other social housing tenants. A Family Support Worker at the Centre also contributed to the discussion. Finally, while no tenants attended the event at Hillmorton Children’s Centre, there was a young parent’s group taking place at the time and the task group members were able to speak with some of those attending.

The poor response rate in itself was perhaps an indication of the lack of awareness of the changes to the benefits and potential impact on individuals, as well as an indication of the challenges ahead in getting key messages out to those affected.

2. Key themes

Despite the poor response to the focus groups, there were a number of issues and emerging themes that task group members picked up from the conversations they had, and these are detailed below:

- For people who have recently been in work and hope to return to work, the shift to a single benefits payment will make it easier to manage the household budget and simplify the benefits system. These are people who are used to budgeting monthly, who have a bank account with the facility to pay direct debits and have internet access.
- The benefits system is currently confusing, and people would find an online benefit calculator helpful.
• Many of the individuals that the family support workers deal with come from a background where they do not know how to save or to budget effectively. They are often living on a day to day basis – for example spending the day at the Children’s Centre on the day before benefits payments are made as they have run out of money on their heating meter and need somewhere warm for their family. If they are struggling with debt they can often be overwhelmed by the demands from creditors, and much of their time is spent deflecting these demands.

• Often people in receipt of benefits do not have any savings, and so are unable to cope with gaps or delays in benefits payments. One single parent said that “you can’t put children on hold”. Crisis loans may not be available if there is money in the energy meter and food in the cupboard, and people turn to loan sharks if they run out of crisis loan options.

• For those currently budgeting on a weekly basis and without savings to fall back on, the transition to a single monthly payment in arrears will be difficult to manage and there will need to be a strong support structure in place to help them make this transition.

• Tenants raised the issue of whether there were sufficient appropriately-sized affordable homes to enable people to move to smaller properties where they were affected by the new under-occupancy rules.

• If tenants have rent arrears, they are currently unable to move, which could lead to them being trapped in a property that they are unable to afford.

• Finding work is not necessarily an easy option. An example was given of a single parent who had applied for nearly 50 jobs in the previous few weeks, and had attended 10 interviews. At all of the interviews she had been asked about childcare arrangements should her children be unwell. Repeated rejections were undermining her resolve to find work. Family Support Workers also have contact with many people who require a lot of support to prepare CVs and job applications, and need other practical help such as interview clothes.

• Most people the task group members spoke with had a lack of understanding about the changes ahead, and in some cases did not seem to be particularly concerned. This raised serious questions about communication.

• Some people found ‘official’ bodies, such as the Jobcentre, to be intimidating and unfriendly. Even the Citizens Advice Bureau can be daunting for some. Many people are also intimidated by ‘official-looking’ letters, and tend to put them to one side, unopened.

• It was suggested that the Children’s Centres were a more neutral and accessible venue. An idea was put forward that benefits advisers could go out and run support and advice sessions in these more accessible locations. The library was cited as another such venue. The general feedback was that face to face communication was probably the most effective – even young people said they were unlikely to use Facebook, for example. Offering real-life scenarios/case studies may have more impact in trying to get messages out.

• It was also suggested that it would be helpful to provide more information to support workers who have direct contact with people in difficulty. It was important to build
bridges between agencies (statutory and voluntary sectors) and to encourage better joint working. Family support workers would welcome a direct point of reference within the Town Hall and other statutory agencies that they could approach when they are dealing with someone in crisis.

- Concern was expressed about the reliability of the IT system that would be administering Universal Credit, and the ability of the system to properly reflect people’s individual circumstances. There were numerous examples of failures in the existing system, and the impact of incorrect benefit payments as a result.
1. Introduction

Hard copies of the survey were posted to 83 council tenant households which had been identified as likely to be directly affected by the under-occupancy rules. Pre-paid reply envelopes were enclosed. The survey was also posted on the council’s website and was promoted on the flyers issued to advertise the focus groups.

In total, 17 responses were received. This included two completed online, one of which was a council tenants.

A copy of the survey form is attached at appendix a. The results are detailed below.

2. Results

2.1 Budget priorities

The chart below show which items of expenditure respondents ranked as their top priority. Food and rent emerged as the top priorities, with 8 tenants ranking each of these first.
Food, heating and rent were most frequently ranked as the top three priorities, as demonstrated in the chart below:

![Budget Priorities - Top 3](chart1)

The priority tenants stated that they give to rent payments is shown in the chart below:

![Budget priorities - rent](chart2)

For reference, the full rankings of budget priorities were as follows:
### 2.2 Impact of reduced income

Tenants made the following comments in response to the question about how they might cover the shortfall in the event of reduced income:

- Nothing as unable to work, I have a degenerative condition
- Not pay other bills
- Cut back more
- Have to tighten the budget that I've got coming in or use savings
- Don't know
- Eat less
- It would be difficult as there are not many areas we could reduce our expense to cover extra costs
- Don't know because of my disability I could not manage to move house, just had full hip replacement which dislocated, I've had 4 operations in 11 days
- Cut down on food and use less heating
- Give up mobile phone
- Have to cut back but there is nothing left to cut back on
- Cut back on all things
- I have no other source of income and this could cause debt
- Disconnect landline and internet connection

### 2.3 Access to banking

Have you got a bank account through which you can set up a direct debit or standing order payment?

- Yes 12
- No 3

Would you consider using a bank account that helped you to prioritise your bills ('jam jar' account)?

- Yes 7
- No 6
Of those who have a bank account, six said that they would be interested in a ‘jam jar’ account. Of those who do not have a bank account, one would be interested in a ‘jam jar’ account.

The following comments were made in response to the question about ‘jam jar’ accounts:

- I have a Building Society account and Post Office card
- Like to pay cash
- This could be beneficial
- Can’t get bank account in my name – I've tried all those in town centre

### 2.4 Computer access

Do you have a computer with internet access that you could use to claim benefits?

- Yes: 6
- No: 10

Of those who said 'no', three said they knew where they could access the internet. Two of these referred to friends or relatives, and one mentioned the library.

### 2.5 Advice and support

If the Council offered help or support to find work, would you use this?

- Yes: 10
- No: 5

If the Council offered help or advice about budgeting, would you use this?

- Yes: 8
- No: 6

How do you prefer to receive information?

<table>
<thead>
<tr>
<th>Tenant times</th>
<th>Leaflets/posters</th>
<th>Email/website</th>
<th>Personal contact</th>
<th>Facebook</th>
<th>Text</th>
<th>Other (Letter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
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<td>3</td>
<td>2</td>
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The chart below shows the responses that were given (unprompted) in a free text box in response to the question, ‘If you were having difficulty paying your bills, where would you go for advice?’
2.6 Any other comments

The following additional comments were made:

- I already work and am OK at the moment.
- I always use National Debtline. I think the amount of income that people have to live on to meet basic needs should be taken into account, two working adults will not struggle to find the 14 per cent rent that 1 working adult in a couple would.
- Yes, government want to try living in the real world.
What is this consultation about?

The government is introducing changes to Housing Benefit for people of working age (aged between 16 and 61½ years) in April 2013. The changes do not apply to people who have reached pension credit age.

A group of councillors is looking into the impact of the various changes on council tenants and considering how the council could help tenants to prepare for these changes.

Councillors are keen to hear from you about how you may be affected by the benefits changes, which are explained in more detail below.

What are the main changes?

The main changes are:

- From April 2013 your Housing Benefit will be reduced if you live in a council or housing association property with more bedrooms than the government says you and your family need (more details below).

- Increase in non-dependent charges from April 2011: if you have someone over the age of 18 years old living with you (including adult children), the amount of Housing Benefit you receive reduces. This is called a non-dependent charge. The amount of non-dependent charge is set to increase every April for the next three years, which means the amount you pay towards your rent will also change.

- From April 2013, there will be a 'cap' – a maximum amount that people can receive in benefits, which will include Housing Benefit. This will be limited to £500 per week for couple and lone-parent households and £350 per week for single-person households.

- Starting in October 2013 (for new claims) and over the following four years, claimants receiving some benefits will move on to Universal Credit – a single monthly payment in arrears. As part of this change, Housing Benefit will normally be paid directly to social housing tenants instead of their landlord.

Who will be affected by the new under-occupancy rules?

You are allowed one bedroom for each person or couple living as part of your household, but:

- two children of the same sex aged 15 or under would be expected to share, and
- two children aged 9 or under would be expected to share, even if they are different sexes.

This could mean that a single parent with two girls aged 12 and 14 living in a three bedroom property would be treated as under occupying their home because they have an extra bedroom. The only other exception is that a disabled tenant or partner who needs a non-resident overnight carer will be allowed an extra room.

Housing Benefit will be cut by 14% for people under occupying by one bedroom and by 25% for those under occupying by two or more bedrooms.

Please answer the questions below and return this sheet in the enclosed pre-paid envelope by Monday 29 October 2012. For further information, please contact: Debbie Dawson, Scrutiny Officer, Rugby Borough Council, tel. 01788 533592, email debbie.dawson@rugby.gov.uk.
Section 1: About You
(This information would be helpful to us in analysing responses and so that we can keep you informed of the outcomes of the review. If you would prefer not to answer any of these questions, please leave them blank).

Name:

Address:

Contact no. / email:

No. of people in the household: No. of bedrooms:

No. of adults (18+)

Age(s) of children (under 18)

Boys:

Girls:

Does anyone in your household have any disabilities? (Please specify)

Section 2: How will the benefits changes affect you?

1. Budget priorities
What is most important to you from your household budget? (Please rank those that are relevant to you on a scale of 1-12, with 1 being most important):

- Food
- Heating
- Rent
- Clothing
- Telephone / Mobile telephone
- Childcare or school trips etc
- After school activities (eg. Brownies)
- Insurance
- Car / transport
- Socialising and holidays
- Pay TV
- Other (please specify)

2. Impact of reduced income
If your benefits income was to be reduced, what do you think you might do to cover the shortfall?
3. **Access to banking**

Have you got a bank account through which you can set up a direct debit or standing order payment?

Yes    No

Would you consider using a bank account that helped you to prioritise your bills? Please explain your answer.

Yes    No

4. **Computer access**

The new benefits system will be completely computerised. Do you have a computer with internet access that you could use to claim benefits?

Yes    No

If no, do you know of anywhere you can get access to a PC / internet? (Please give details)

5. **Advice and support**

If you were having difficulty paying your bills, where would you go for advice?

If the Council offered help or support to find work, would you use this?

Yes    No

If the Council offered help or advice about budgeting, would you use this?

Yes    No

How do you prefer to receive information?

<table>
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<td>Email / website updates</td>
<td>Mobile text messages</td>
</tr>
<tr>
<td>Other (please state)</td>
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6. **Any other comments?**
KEY MESSAGES

1. Introduction

The task group held a select committee meeting on 24 October 2012 at the Town Hall, the purpose of which was to bring together those with expertise and insight into the impact of the welfare reforms on council tenants, and those with an understanding of, or role to play in, supporting tenants affected by the changes.

The following attended the meeting:

Laurie Bird, Rugby Credit Union
David Gooding, Bedworth, Rugby and Nuneaton Citizens Advice Bureau (BRANCAB)
Nick Gower-Johnson, Troubled Families Coordinator, Warwickshire County Council
Diana Mansell, Rugby Food Bank
Mark Stanyer, Warwickshire Welfare Rights Advice Service
Denise Wilson, Bedworth, Rugby and Nuneaton Citizens Advice Bureau (BRANCAB)
Joyce Woodings, Benn Partnership Centre

A number of those attending the meeting also provided written submissions to the task group in advance of the meeting.

The meeting itself and the written submissions received provided a wealth of invaluable evidence. It is not possible to capture all of this evidence here, but outlined below is a summary of the key findings in relation to the questions the task group was seeking to address.

2. Findings

2.1 What do you see as the main issues for council tenants affected by the new welfare benefits arrangements and potential reductions in benefits?

The welfare reforms will bring about a major cultural change in the benefits system and there will be both short-term and long-term cumulative effects arising from the reforms.

There is considerable confusion amongst those who will be affected by the changes, with some even being unaware of their impact. It is likely that many clients affected by the welfare reform changes will turn to the council for support in the first instance.

The new under-occupancy rules may have a disproportionate effect on the following key council tenant groups:

- separated parents who share childcare
- foster carers (foster children will not be included in any housing benefit calculation)
- disabled people living in adapted/specially designed properties.

There is clearly an issue around availability of affordable, appropriately-sized housing and a potential increased risk of over-crowding as a result of the reforms, if families look to
move to smaller, lower cost properties. In some cases tenants may have to move area, away from family and friends, or further away from work or potential work.

Tenants who are faced with restricted or reduced income as a result of the welfare reforms are likely to struggle to meet their rent and council tax demands, and as a result there is likely to be an increase in rent arrears and, potentially, homelessness. There is also concern that local communities could become targeted by high cost credit providers and loan sharks.

The shift to Universal Credit will make tenants’ financial management of their household budgets a key issue, particularly as payment of housing benefit changes from weekly and fortnightly payments direct to the landlord to monthly direct payments, paid in arrears.

Rugby Food Bank has given emergency food relief to 570 people during the last 6 months, 200 of whom had children. It is significant that most cases have been a result of changes to benefits, delays in benefits and debt, and it is envisaged that the number of cases referred to Rugby Food Bank will increase as a result of the welfare reforms.

There are some concerns about the fact that Universal Credit will be paid to just one member of the household. There are also issues about the move to online claims, with concerns as to whether tenants will have the ability and internet access to enable them to make such claims. Equally, many people are currently unable to access even basic banking services, which will create difficulty when it comes to them receiving direct payments.

2.2 How do you think these issues could be addressed?

The Discretionary Housing Payment is being increased to protect disadvantaged groups in the short-term, but will not be ring-fenced. Responsibility for administering social fund elements, including crisis loan grants, is being transferred to top-tier local authorities and the criteria is yet to be developed and agreed by Warwickshire County Council. There will be partner and community consultation on the criteria and this will provide an opportunity to highlight concerns about the impact of the welfare reforms.

Further analysis is needed to identify the most vulnerable clients and to take pre-emptive action to support these individuals to manage the impact of benefits changes. Failure to do so may result in them becoming subject to sanctions, which would ultimately place greater burdens on statutory and voluntary sector agencies.

Clear communication is needed with all tenants affected by the benefits changes to ensure that they understand the changes and any myths are eradicated. Consideration needs to be given to which agencies are best placed to deliver each aspect of advice, to take advantage of good partnership working and avoid duplication by agencies and voluntary groups.

The council has already taken some steps to address the issues. Research has identified over 420 council tenants who will be affected by the new under-occupancy regulations. In response, two welfare reform housing officers have been appointed and letters have been sent to all affected tenants. These households will receive a personal visit from the welfare reform officers.

Credit unions are investigating the feasibility of providing ‘jam jar accounts’ for those who are not eligible to apply for a high street bank account. Most credit unions make an
administration charge of £2-4 per month for each account and, in many cases, housing associations and landlords are paying this for their tenants as the accounts provided assurance that rent payments will be prioritised. Another private provider charges a management fee of £12 per month. They also offer customers cashback deals on bills at participating supermarkets.

2.3 **What do you see as the main support needs of council tenants affected by the changes?**

Encouraging benefits claimants to find work is a key thrust of the welfare reforms. However, this is a complex issue and in many cases a longer-term solution. Many people require training in employability, literacy and numeracy skills, and they often experience difficulties in applying for jobs online. In addition, many opportunities for employment are with agencies, which often offer poor terms of employment and temporary contracts. This type of employment offers no security for assured tenancy agreements.

Many tenants find it difficult to engage with official agencies. A robust communication plan is needed to overcome this issue, including creative ways of getting key messages out to people – for example through hairdressers and GP surgeries. Tenants from minority ethnic groups may require specific support and communication strategies, though this will not be the case for everyone.

60 per cent of enquiries to Rugby Citizens Advice Bureau relate to debt and financial problems and the welfare reforms are likely to increase the demand for financial and debt advice. Training and advice will need to be available to help tenants to manage the transition to the new payment arrangements and to manage household budgets and change spending habits. Support may also be needed for tenants to set up basic bank accounts, or jam jar accounts.

2.4 **If you provide support to those likely to be affected, how could the council work with you to assist in your existing activities and how could you help the council to address some of the new challenges arising from the welfare reforms?**

A strategic, partnership, approach is needed, with voluntary and community groups, in response to the welfare reforms, to avoid duplication and make optimum use of existing resource. For example, the use of appropriately trained volunteers in voluntary and community groups to give advice to tenants could help to secure a robust and cohesive line of communication whilst avoiding duplication by other agencies.

There could be value in sharing data amongst agencies, where possible, to assist in identifying vulnerable local tenants. For example, BRANCAB holds statistics relating to the queries they receive, and the ethnic backgrounds of those accessing their services in Rugby. Faith communities are also often well-informed about the support needs of their members.

It is unclear at present what level of demand there would be for ‘jam jar’ accounts in Rugby, but Rugby Credit Union stated that they would be able to draw on support from larger Credit Unions in Coventry if they were unable to meet demand on their own. It is also likely that tenants will want a choice of different providers.

BRANCAB has piloted some financial capability training with Orbit tenants, highlighting ways of increasing disposable income by changing shopping habits. They have made a short film showing how, as a result of the training, participants had made real changes in
managing their income. The training was also the subject of independent research by the University of Bristol.

BRANCAB are looking to make further short films to promote hard-hitting messages about the impact of the welfare reforms and how to access help. It is envisaged that these films could be shown in local agencies’ reception areas. BRANCAB requires funding for these.

The loss of legal aid funding means that Citizens Advice Bureau services are being reduced, and there is a real threat that Rugby CAB could lose its specialist debt counselling service due to funding cuts.

It may be possible to draw on support through the Troubled Families Programme. There are an estimated 180 ‘troubled’ families in Rugby, 20% of the total number for Warwickshire. Families are identified as ‘troubled’ using national criteria relating to crime and anti-social behaviour, education issues such as poor school attendance and behaviour, and being out of work (and in receipt of benefits). It is also possible to introduce a local criterion, which could offer an opportunity to capture those adversely affected by the welfare reforms.

3. Key themes

The chairman identified the following key themes emerging from the meeting:

- The impact of the welfare reforms on tenants is a serious issue and tenants needed to be informed about the changes. There will need to be a clear communication strategy, using many different lines of communication.

- 'Invest to save' is an important principle. As a landlord the council risks losing a considerable amount of housing income if tenants are not supported to prepare for the welfare reforms.

- There will need to be a flexible approach to dealing with the implications of welfare reform for tenants. The Council is constrained by legislation and compliance with policies, while the voluntary and community sector is able to offer a more flexible response.

- A strategic group – involving voluntary and community organisations working with the Council – may be helpful, to produce a cohesive approach to dealing with the issue of welfare reforms.

- Vulnerable groups need to be identified locally, including minority ethnic groups, and specific support be put in place for them. Agencies will need to share and analyse current data held to help identify these groups.

- Jam jar accounts need to be explored in further detail and resource implications for the Credit Union investigated.
Response of Orbit Heart of England to Rugby Borough Council on Welfare Reform

October 2012

1 What do you see as the main issues for tenants affected by the new welfare benefits arrangements and potential reductions in benefits?

The issue of overcrowding/under-occupancy will become more apparent. For example, where a tenant in a three bed house with two children, one of each gender under 10 years old, they would currently be deemed to be adequately housed. Under the proposed changes, the family would be “under- occupying”. However, from the customer’s point of view, nothing has changed apart from the 14% drop in HB payments! This will inevitably lead to financial hardship in the family, and may lead to an increase in stress-related illness.

For older customers (not of retirement age), there has been a fundamental shift in the “home for life” policy of the past few decades. As we are aware, there is a shortage of smaller homes – so where are these “empty nesters” meant to go? Secondly, if someone has lived in their home for a considerable period, they are part of the community outside their front door, and they may not want to move away from friends, family and peers. Again, this may lead to financial hardship as people struggle to make up the shortfall.

Some customers who are “under-occupying” may be doing so for medical reasons, for example a couple may have a bedroom each as one room is used for medical equipment or treatment. It is unclear what provision will be made in these circumstances, although the council will have the ability to make discretionary HB payments to cover any shortfall.

Reduction in HB allowances for under 25 year olds (and the latest proposals to deny this age group any HB) may have an adverse effect on family life where families may be living in overcrowded/unsuitable accommodation for many more years than previously. This may not encourage younger adults to live independently, and may lead to a situation where they cannot access accommodation unless they are working.

The most obvious effect of the changes will be a reduction in overall household income for people who are already impoverished. People will be left with stark choices: pay the rent or pay for heating; pay the rent or buy a new school uniform; pay the rent or put food on the table. Where people lack financial skills, this may lead to an increase in doorstep lending and the cycle of poverty will continue.

Allied to financial hardship are the people without access to a bank account as they may never have had the need or requirement in the past to be “financially included”. Accessing low cost or free banking facilities may be seen as a huge
challenge, and increasing the capabilities of these customers is vitally important.

Access to the internet may be a huge issue for some people, particularly those in rural locations and those who are digitally excluded for any other reason (age, disability etc.). The impact on these people may be harder to judge as they may not be able to make their claim for UC in the first instance, or if they do so, stand more of a chance of getting the claim wrong.

Allocation policies and local letting initiatives will have to be reconsidered. In the past, many 2 bed flats (particularly above ground floor) were let to childless couples/singles and people with access to children from a previous relationship. Where this continues, there will be a clear division between those who can afford the “luxury” of a spare room, and those that cannot.

As with any change, we also have to consider the “known unknowns”. We are aware that the changes will have an affect on people’s lives, but we are not entirely sure what this will be until the changes have been fully rolled out. We do not know what the social impact of these changes may be, the outcome could be wholly positive, but the likely reality will be that a section of society becomes even more marginalised than it is at present.

2 How do you think these issues could be addressed?

In the most simple terms, helping people into work so they increase their household income is the most effective remedy to reforms.

However, it is acknowledged that the UK is currently in the midst of a major economic downturn, where jobs and opportunities are scarce. We have a number of schemes specifically designed to assist people back into work.

- In this financial year we have recruited (or are aiming to recruit) around 16 apprentices to work in various locations in our organisation. Initial feedback suggests that almost half of the apprentices we have recently recruited are from Orbit properties, with the others being from properties where we have an influence.

- Through partnership working, we employ Employment Development Officers in some of our offices. The results have been so successful that we are looking to increase this provision moving forwards so that more of our customers have access to this initiative.

- We also work on a local level with job-clubs where these are provided by other agencies.

Secondly, financial education is paramount. Teaching people to manage their finances effectively: moving away from doorstep lending and using credit
unions or banks; setting up direct debits for fuel and utility bills and being able to budget effectively are all important issues.

With reference to overcrowding/under-occupancy, the solution lies in increasing people’s choices though schemes such as mutual exchanges and using existing stock in a more realistic manner. This, however, needs to be tempered with the desire to build sustainable communities.

3 What do you see as the main support needs of tenants affected by the changes?

Tenants’ needs will vary from one situation to another.

We work on the “personalised” approach. Each office has Community Housing Officers who can deal with most queries, and also can call upon more specialist support from the team-based Tenancy Support Worker.

For new tenants, each customer/household is assessed against our “vulnerability assessment matrix” which takes into account a number of different factors including age, income and expenditure, support needs and known vulnerabilities. Using this tool we are able to target appropriate support to each of our customers, either though in-house provision (by our Tenancy Support Workers) or by referral to specialist local agencies.

Where the issues are more financially deep-rooted, we can also make referrals to our specialist in-house money advice service.

In general terms, the main support will be accurate and timely information, coupled with an “open door” approach so that customers know they can approach us at any time to discuss any issue they are facing.

Orbit Heart of England is taking the lead in welfare reform in the housing sector. We have produced a simple to use guide for welfare reform, and this is now being used (under licence) by several other RPs. Furthermore, we have had a recent enquiry about the publication from the Citizen’s Advice Bureau.

Our action plan from keeping our customers informed has been seen as a market leader, and it is being adopted as a model by other organisations.

4 How could the council work with you to assist in your existing activities to support those affected and how could you help the council to address some of the new challenges arising from the welfare reforms?

Planning: the council must consider what properties are appropriate to build and where. This is not just about the planning application process, but about how people actually live and circulate within communities.
For example, on larger “out of town” housing developments, the council should insist on a balance of house types and sizes, from 6 bed executive homes to 1 and 2 bed flats to bungalows and this should also include local facilities that people need. Having a balance of property types in one area should assist when people want to move on: they will be able to stay in their local area, and contribute to a sustainable community.

Partnership: the council needs to act as an enabler, drawing together all the relevant parties in the area to ensure that the housing stock is adequately used.

Looking outwards: local authority boundaries are not marked on the ground. Many people live in communities which are marked by geography and proximity rather than politically defined. To enable the free movement of people from one “area” to another, councils need to work together with their contiguous partner authorities.
Dear Debbie

**Housing Income Protection Review**

Thank you for the opportunity to provide evidence for your review of the impact of the government welfare reforms on council tenants.

Affinity Sutton is one of the largest independent providers of affordable housing in England with over 57,000 homes, of which over 400 are in Rugby.

We are extremely concerned about the impact the forthcoming welfare reforms will have on tenants, and we committing significant resources into helping tenants prepare for the changes, and to managing the changes as they are introduced. This includes:

- Making contact with all tenants affected by the housing benefit size criteria (the under occupation measure), providing the opportunity to discuss options, supporting them with welfare advice where needed and working with those who wish to downsize to a smaller property as a result of the reforms.
- Running an awareness campaign to increase understanding of the forthcoming changes and encourage tenants to prepare. Awareness of the changes is currently low: we undertook research this summer which showed that 72% of tenants who were likely to be affected were not aware of Universal Credit.
- Investing in more welfare benefits advisors to provide support to tenants.
- Programmes of employment support, financial and digital inclusion work and other skills development to support tenants who may be affected by reforms.
- Recruiting resident volunteers to help raise awareness in their communities.

Overall, across our homes in England we expect 1 in 10 of our residents will be hit by reductions to their housing benefit due to the introduction of size criteria. We note however that in Rugby as many as 18% of our tenants will be affected. Thanks to collaboration from the Council, we are able to identify those who we expect to be hit and make early contact with them so they are best prepared for the changes.

Last year we undertook research as part of the Housing Futures Network to help us understand the potential impacts of the size criteria. You can read more about this work [here](#). This research found that over half of those affected would find it very difficult to make up for the housing benefit shortfall and over a third of households feared they would run into arrears as a result of the changes. We found that 72% of those affected have a disability or major health concern.

Discretionary Housing Payments (DHP) will be an important form of support to some of those affected by the size criteria. We believe it will be very important for councils to make clear how they intend to allocate DHP, and the form that support will take (for example whether they will commit to covering shortfalls long-term for people in adapted properties). This will help us to make appropriate referrals and avoid raise expectations amongst those who are unlikely to receive support.

We believe the introduction of Universal Credit will bring specific challenges, particularly around the period of introduction. This may be due to ‘teething trouble’ within the system itself, but even if there are no such difficulties, we still expect the transition period to be challenging for some tenants to make: in particular having to cope with monthly budgeting
and the responsibility for making receiving the housing element of Universal Credit and making rent payments. Research undertaken by Policis showed that half of tenants believed they would find it difficult to prioritise rent payments under the new system and over half thought they would have difficulty with monthly budgeting. Universal Credit claims will primarily be made online. Whilst we know that the majority of our tenants now have internet access, there are still a significant minority who do not, and even those who have access may not have all the skills needed to make an online claim independently.

Initial feedback from the direct payment demonstration projects are suggesting that high levels of individual support are being required to help inform tenants about the changes and to support them through the changes as they are introduced. We believe that ensuring this support is provided on a co-ordinated basis at a local level and that no-one ‘slips through the cracks’ will be vital, and we believe councils will have a crucial role here. As the introduction of Universal Credit will be phased, and many people will transfer due to changes of circumstances which will be hard to predict in advance, it may be challenging to identify and work with claimants in advance of the move to Universal Credit. Close collaboration between councils, housing associations and other relevant agencies providing support and guidance is likely to be critical.

We also note that although some claimants will begin to receive Universal Credit next year, housing benefit will not be phased out for a number of years, so it will be vital to maintain a well operating system of administration of of this benefit during the period of transition onto Universal Credit.

Yours,

Hilary Burkitt
Head of Strategic Research
Affinity Sutton
Housing Futures Network: The impact of cutting housing benefit on underoccupiers in social housing
Background

From 2013 the government is proposing to change housing benefit rules so that working-age households in social housing who are underoccupying their property would see their housing benefit reduced by a proportion of their rent.

Research was undertaken to understand how households would be affected by the proposed cut by three members of the Housing Futures Network: Affinity Sutton, Places for People and Riverside. A survey of 452 households from across the three housing associations was carried out. All participants in the survey were underoccupying their homes according to the criteria the government plans to use.

Who would be affected by the cuts to housing benefit?

- Forty-four percent of those affected are a single person living alone, whilst 23% are living with a partner. One in four households included one or more children under 16.

- Nearly three quarters (72%) of households include someone with a disability or major health concern, with 40% in receipt of Incapacity Benefit or Employment and Support Allowance (ESA). 81% of households do not have anyone in employment, with 16% in receipt of Job Seekers Allowance.

- Over two thirds have a household income (excluding housing benefit) of less than £150 per week.

- Forty-two percent report struggling to manage financially to some extent and 41% say they regularly run out of money before the end of the week/month.

![Weekly household income (excluding housing benefit)]
**Circumstances at home**

- Most (54%) of households have decreased in size since they have lived in their current home, which may be the reason they are now underoccupying: others are likely to have always been underoccupying according to the definitions used in the proposed new rules. The main reason for household size reducing is children leaving home (70%) but bereavement (20%) and separation (20%) are also common reasons.

- Twelve percent feel their current property is somewhat too large for them, but the vast majority (82%) feel it is about right. Half definitely don’t want to move out of the property they currently live in, most commonly because they are settled in the area and had connections to the local community, which include family and caring commitments.

- A smaller number (27%) would ‘definitely’ or ‘probably’ like to move, for a wide range of reasons including being unhappy with the neighbourhood or wanting somewhere more suited to the needs of a disability.

- Twenty percent live in a property which has some form of adaptations for a person with a disability who is currently living in the household.

**Using ‘spare’ bedrooms**

Seventy-three percent have one or more ‘spare’ bedrooms (not used for someone in the household to sleep in regularly). The reason that some households do not have spare bedrooms but are still under-occupying is likely to be because some people (children or couples) who are expected to share a room are not doing so. Over half of households with children have no bedrooms ‘spare’, but would still be hit by the cut to housing benefit.

Some households may have needs for extra space/bedrooms which aren’t recognised by the bedroom requirements which would be used to assess Housing Benefit. These include:

- Fifteen percent of couples living together do not share a bedroom

- Thirteen percent regularly have children who stay overnight as part of a shared parenting arrangement

- Nine percent use spare bedroom(s) for storing equipment needed to deal with a disability or medical condition

- Five percent have a carer who sometimes stays overnight

- Four percent of households include someone who works nights/irregular shifts.

Over a quarter of households identify two or more bedrooms as having a single bedspace — this could impact on the number of people who can occupy the property without being overcrowded, but the new bedroom requirements do not take this into account.
What would happen if cuts to housing benefit were introduced?

Seventy-one percent of those surveyed stand to lose up to £15 per week in housing benefit: 29% stand to lose more than this. Based on their current circumstances, 52% would find it ‘very difficult’ and 31% ‘fairly difficult’ to make up the shortfall in housing benefit to pay towards their rent.

Over a third of households (35%) think they would be very or quite likely to run into arrears if the amount they received in housing benefit were cut.

Twenty-five percent said they would be quite/very likely to downsize to a smaller property to escape the housing benefit cut, but 50% would be very unlikely to consider doing so. Most of those who would consider downsizing are people who already expressed a desire to move.

Twenty-nine percent would be quite/very likely to seek to earn some or more money via work to cover the rent. Households already in employment or claiming Job Seeker’s Allowance were more likely to consider this an option.

Other courses of action included asking others for financial support to pay the rent.

### Anticipated responses to a cut in housing benefit

- **Quite likely**
- **Very likely**

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<thead>
<tr>
<th>Action</th>
<th>Quite likely</th>
<th>Very likely</th>
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<tr>
<td>Take a lodger</td>
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<td>Ask for help to pay rent—someone in household</td>
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<td>Ask another family member to move in</td>
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<tr>
<td>Ask for help to pay rent—someone outside household</td>
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<td>Move to smaller property</td>
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<tr>
<td>Try to earn extra via work</td>
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<tr>
<td>Run into arrears</td>
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### About the Housing Futures Network

The Housing Futures Network was established in 2008 to examine the future of social housing in the UK. Its members are four of the largest housing providers in the country: Affinity Sutton, Gentoo, Places for People and Riverside.

Between them, the member organisations of the Housing Futures Network own or manage around 200,000 properties.

### Research Methodology

The survey was commissioned by HFN with input from the Cambridge Centre for Housing and Planning Research and undertaken by independent research consultancy QA Research.. 452 tenants (all of whom are currently under-occupying their homes in accordance with the criteria proposed by the Government), were surveyed by telephone in August and September 2011.
RUGBY BOROUGH COUNCIL
Housing Income Protection Review

A call for evidence from Rugby BC in respect of a review looking into the government’s welfare reforms and their potential impact on social housing tenants

WRITTEN EVIDENCE SUBMISSION
From Midland Heart Limited

October 2012
ABOUT MIDLAND HEART

Midland Heart is one of the largest housing, care and regeneration groups in the country with approximately 32,000 homes. It is the largest provider operating across the Midlands and one of the largest housing associations in Rugby with over 700 properties across all tenures.

Overall, our stock portfolio includes nearly 22,000 general needs properties; over 2,000 shared ownership homes and a significant care and support provision of nearly 6,500 units. Our supported housing sector provides accommodation, care and support for those who are homeless - including those with complex needs - older persons, those with mental health and learning disabilities.

Every year we invest more than £100 million in improving existing homes, building new ones and making neighbourhoods more desirable and sought after places to live in. We use our resources to respond to local need, championing local causes whilst delivering the benefits of a larger organisation, ensuring a voice for customers at a national and regional level.

We work alongside our customers and their communities to understand the issues that are important to them and seek lasting solutions. Our work involves, supporting those who need help to live independently, assisting in regenerating communities and helping individuals to discover their own abilities. This is in addition to providing and maintaining homes for more than 70,000 people.

At Midland Heart we believe that housing is a key issue in respect of wellbeing. Social Housing traditionally accommodates and supports some of the most vulnerable in society, on the lowest incomes, with higher health inequalities and the potential for high care needs. We are concerned that every customer should be able to live in an environment they can afford; where they feel safe; are empowered; can shape services; and, where care and support that is appropriate to their needs can be met.
INTRODUCTION

Midland Heart welcomes this opportunity to submit written evidence to this inquiry into the impact of welfare reform on tenants in Rugby. We would argue that as they currently stand, they include some fundamental changes that may have a serious impact upon the social housing sector and in particular vulnerable customers when implemented.

Given the complexity of the issues arising from welfare reform and the uncertainties now inherent within these proposals, we have been concerned to ensure the fullest possible response to this inquiry. As a consequence, this is essentially based on extensive feedback gathered from within Midland Heart, but crucially, also from our customers.

OVERVIEW OF WELFARE REFORM

We appreciate the need for a system of benefit payments that is simplified, easier to comprehend and manage. However, we have a number of concerns regarding the administration of universal credit and the nature of some the benefit changes.

There are a number of significant issues arising from the reforms with which we have specific concerns and which we feel will impact on our customers, on the communities of which they are a part and ultimately upon the neighbourhoods in which they live. These concerns are detailed below and have been structured to reflect the questions presented by the Borough Council.

KEY QUESTION: 1

The principle issues that may impact on people and communities arising from the new welfare benefit arrangements and potentially reduced benefits

Proposed payment arrangements for Universal Credit

It is proposed that claims for Universal credit should be made online. In addition, it will be paid monthly in arrears based on the individual’s personal situation at the end of the month, which could have implications for those who move or lose entitlement to benefit. Further, universal credit will be paid directly to the claimant who is then expected to manage their own resources and pay bills.

MAIN IMPACTS:

- **Online Applications** - This will create enormous problems for older people, people with no literacy or computer skills, those who do not have English as a first language, those with learning difficulties, mental health issues, disabilities, etc. Although telephone and face-to-face appointments will be available, this will only be to help complete the online application. There is a strong indication from the DWP that housing providers and the voluntary sector will have to help train customers to complete the online applications and help with budgeting at a time when our own resources will be stretched dealing with the outcomes from the welfare reform changes.

- **Time Scales** - We believe that the payment time scales will encourage illegal money lenders to prey on those moving across to Universal Credit, with the gap between current benefits to UC being 4 weeks. It is possible that individuals will borrow money at high rates of interest and then spend a considerable time repaying the sums back. For those using loan sharks, it will be impossible to clear the original debt due to the high APR rates.
- **Direct Payments** - We feel that direct payments will have an enormous impact on our arrears, our credit rating and our ability to borrow and repay finances. We now believe that it is a substantial risk for all registered providers.

The payments will be made in arrears. As a consequence, for four weeks (which is the transition period from the current benefit system to universal credit) customers will have no access to benefits. This will impact on their means of living, the purchase of food, payment for gas or electricity or their ability to pay their rent.

The net consequence of the above could be increased rent arrears and increased costs for landlords due to arrears recovery and legal expenses. Any escalations in costs and arrears levels could also impact adversely on the attitude of lenders towards registered social landlords.

Another issue is the vulnerability criteria for direct payments. Currently, there is no guidance to indicate who will be regarded as vulnerable.

- **Supported Housing Service Charges** - Those in hostel accommodation or lower level supported housing will see large sums being received in their accounts each month, which in most cases may be too tempting - with customers perhaps using this money and moving on to alternative hostels. We believe that direct payments to those in supported housing leaves customers at risk of financial abuse and the accrual of debt.

- **“Bedroom Tax”** - The latest available information from The DWP identifies plans to cut the time households’ are exempt from the bedroom tax following bereavement from a year when the tax comes in next April to three months when universal credit begins next October. We are especially concerned at the impact of this on our older customers.

- **The Impact upon families and young persons** - The new rules leave young benefit claimants struggling to contribute towards their households’ rent, leading to family breakdown. In particular, there are concerns over a change to rules for ‘non-dependents’. Currently, households with people claiming jobseekers allowance or employment support allowance under the age of 25 are exempt from deductions, while those in work can lose between £11 and £74 a week from their housing benefit depending on their income. The new system will bring in a flat rate deduction of £65 per month for everyone over the age of 21, regardless of their employment status. This means working non-dependents will be better off but those aged 21 to 25 years on benefit will be hit by the deduction for the first time. This could put them at a risk of becoming homeless and thereby potentially place pressure on local authority waiting lists.

**Under Occupancy Charge or ‘Bedroom tax’**

For the West Midlands region as a whole, it has been estimated that approximately 60,000 claimants will be affected. However, for working age claimants in the social rented sector alone, it has been calculated that 33% will be affected within the region. Midland Heart is concerned that for some customers the impact will mean that staying in their current accommodation will no longer be sustainable.

We have identified that about 15% of our customers within Birmingham will be affected by the under occupation charge. We have calculated that this will equates to a total reduction of £1.19m per annum for those out of work families.

The criteria will impacts significantly on allocations policies and will necessitate a review of whether under-occupation should be permitted. For example, in some cases single people with access to children are permitted a two bedroom flat, however, under the new
arrangements they would not be entitled to 100% housing benefit. In addition, where statutory tenancy successions take place leading unintentionally to under-occupation, social housing providers may now need to consider their approach if tenancies became unsustainable.

MAIN IMPACTS:

- We believe that the proposed changes will reinforce the need to increase the level of support and guidance available for customers to assist them in the prioritisation of their bills and payments. In particular, we believe that this will be necessary for those who may struggle with rent payments until they are able to either take in a lodger or enforcement action forces them to consider downsizing to a smaller property.

- If customers do not receive an increase in benefits and have not previously experienced contributing towards their rent, but will now need to do so from a small amount of income, they may seriously struggle to prioritise their outgoings whilst endeavouring to ensure their rent is fully up to date.

- There are profound risks for income collection, increased void loss and void repair costs due to households seeking to transfer to smaller properties.

- Ultimately, the above issues may contribute to a large turnover of properties, resulting in a churning within some neighbourhoods and therefore, potentially, contribute to a breakdown in social cohesion within some communities.

The Benefit Cap

The cap will be £350 per week for single people without children. The cap is targeted at ‘out of work’ families and the DWP estimates this will affect a total of 67,000 families across Britain. For those who are affected, it will create a drastic reduction to their income.

The impact of the benefit cap will vary according to family size. We do not believe that it will affect a large number of families but, for those households who are capped, the impact will be considerable.

MAIN IMPACTS:

- For those affected, the allowance reduced within universal credit will fall under the heading ‘housing costs’ first. This may result in increased rent arrears.

- The cap may affect allocations policies. Providers will need to reconsider how their larger properties are allocated, and in particular the impact on letting the large ‘Affordable Rent’ properties. For example, could non-working families afford the higher affordable rent charge? We believe that this group of families are likely to already be facing financial hardship and thus allocating larger families to affordable rent properties will further increase pressures on their financial position.

- Social housing providers will be concerned to avoid penalising severely over-crowded households by making larger family homes unaffordable, and in response would need to prioritise sustainable lettings policies.

- Social landlords will need to seriously consider how they can manage theses changes in individual family circumstances without making current accommodation un-sustainable and without further detrimental impacts on neighbourhoods.
We are concerned about the impact on the most vulnerable and who require high levels of support and a well-managed safe and secure environment. This would include those who we have identified as ‘exempt,’ and those who live in temporary hostel or supported housing with a communal element.

Temporary hostel accommodation is a valuable resource which delivers savings to the public purse. Individuals and families can be accommodated and supported who would otherwise need expensive B&B accommodation. The National Housing Federation has identified that single homeless people could now lose an average of £44.00 per week.

Midland Heart believe that people living in supported and ‘exempt’ accommodation, such as single homeless, those fleeing domestic violence or at risk of offending should not be subjected to the benefit cap.

Service Charge Changes - General

There are new proposed rules for service charges which are now likely to change dramatically. The relevant section of the regulations (Draft Statutory Instrument 2012 - Social Security) are Schedule 4, Part 5; page.74. To be eligible for housing benefit, a service charge must be a condition of occupation and must be in one of the following categories (our italics):

- Services necessary to maintain the fabric of the accommodation: (this is not defined).
- Cleaning of communal areas (which are also not defined)
- Cleaning of the exterior of windows where neither the renter nor any member of the renter’s extended benefit unit is able to clean them. (Would this mean that ground floor units should have to do their own window cleaning as they would be excluded?)

The draft regulations allow the DWP to exclude from benefit for housing costs anything that “relates to the supply of a commodity” such as water charges and fuel costs. The regulations do not specify how these figures will be calculated. It has also been suggested that the following service charges (amongst others) might possibly become ineligible as a result of the new regulations:

- intensive housing management (if shown as a service rather than a rent item)
- all fuel charges
- children’s play areas
- communal gardens;
- laundry facilities
- furniture, carpets, curtains, white goods
- entry phones
- Guest rooms and separate common rooms in sheltered housing accommodation

MAIN IMPACTS:

- Items such as lifts in small blocks of flats would fall into the ineligible category. As the wording of this part of the regulations is highly vague, this could potentially lead to a large number of legal challenges to achieve a better definition. The result could be that there will be no certainty about anything until the claims were made and decided under universal
It is important to recognise that our customers are extremely vulnerable and for them a door entry system can be essential for personal safety to protect them from abuse and harm. This is especially the case for those with complex needs, a disability, older persons or victims of domestic violence.

The economic affect on social housing providers could be enormous. In some instance it could result in a reduction in service charge income in the region of 90%. Providers would encounter issues related to fixed contracts for services to schemes such as environmental services, electrical and mechanical services, etc.

Providers might have to consider a re-evaluation of existing services. For example, fire detection systems, lift maintenance, lift insurance, door entry phone maintenance and external lighting maintenance. These services are critical and would impose health and safety risks if we were unable to provide them. Some landlords might be unable to revise or even terminate such contracts easily.

Customers would find it very difficult to meet the costs for these services themselves.

To lose the ability to levy service charges would impact on the upkeep of properties and estates, make them less desirable to customers and possibly create ghettoised estates that would attract crime and anti-social behaviour. Residents could lose their sense of ownership within the local community and no longer feel proud of their surroundings. The impact on crime and disorder would be detrimental and ultimately increase the need for interventions that bring in already hard pressed agencies such as the police and other support bodies. This could increase costs for these agencies.

**KEY QUESTION: 2**

**How the main issues arising from welfare reform might be addressed**

At Midland Heart we have recognised that the challenges will cut across all areas of the business and therefore in response, we have adopted a holistic approach to supporting customers and helping them to prepare for the welfare reforms. The approach we have taken to address some of the issues are detailed below:

**Working Together**

We have developed core working groups to look at how we can take a step change and work better and meet our customers’ needs - these cut across business planning, communications, allocations, under-occupancy, financial inclusion, care and support.

Engaging with our customers is at our core. We are supporting customers to maximise their income, as well as giving them good information and the best advice and guidance to help them to deal with the challenges of welfare reform.

Our aim is to work with our customers to protect them from hardship and offer tangible solutions to help them cope with the changes.
What have we done so far?

We have already made a very significant investment to provide practical and targeted ways to help customers. They include the following:

- We are carrying out a complete review of what we currently do and are exploring the impact of the welfare reforms and what we need to change.

- We are engaging staff across the organisation and our customer’s external partners - including the housing sector - as a way of mitigating the consequences.

- We are conducting a full data analysis to collate detailed information on property size, property characteristics and household occupancy to establish customer profiles, levels of under-occupation and overcrowding - including the collection of information on those customers not directly affected by the changes - in order to better inform the scale and extent of impacts and facilitate strategic planning.

- A full strategy and action plan is being developed as the reforms will impact on our ability to collect rent and arrears.

- Care and Support are working to identify or clarify the services that will be protected for our most vulnerable customers.

- We have revised the policy for our Hardship Fund - to make best use of it and ensure it reaches those in most need.

- We have expanded our teams to offer more money advice and financial inclusion services to help our customers maximise their income.

In addition, we are:

- Developing a welfare benefit communication campaign to drive the message of how the reforms will affect each of our customers financially. We will personalise letters to show the reality of these changes for each customer and identify support channels of who may be able to support customers if they find themselves in financial difficulty.

- Promoting the changes at customer carnivals and road shows to drive the message forward and touch as many customers as possible before the reforms commence.

- Writing to all local authorities asking them to tell us who they have listed as claimants of housing benefit within our properties. This will enable us to contact the right customers to provide help and assistance and forecast the affect of welfare reform more accurately.

- We will also encourage those currently in receipt of housing benefit to over pay the rent leading up to the changes so that the tenancy is not at risk during the change over period.

KEY QUESTION: 3

The main support needs for customers affected by the Welfare Reform changes

A) Customer Concerns:

At Midland Heart we have recognised that welfare reform will bring major issues and potential hardship for many of our customers. In response, we canvassed some of our
tenants across a number of local authorities – living in both general needs rented and supported accommodation. We sought their views on the proposed changes in benefits, and overall, they expressed difficulty in understanding the proposals and told us that they are fearful of what they see as cuts to benefits.

The issues below are a summary of the feedback obtained. Whilst they only reflect the views of our customers, we feel that these may well be key issues for other households living in Rugby as well.

1. Affordability:

   Generally feel dismayed and negative. They are unhappy and unenthusiastic about the changes to the benefits system and afraid that they will be unable to live on reduced benefits. Customers who currently receive multiple benefits are greatly concerned and have flagged up a need for much more information about benefit caps.

2. Online applications:

   Customers who are computer literate are concerned about the paperwork being done online as they have argued that the system can crash and that sometimes they have needed to complete the application form several times before successfully submission.

   Those who do not use or know about computers and have no access to the internet, or have mental health issues and do not feel confident entering public libraries, expressed the view that they felt quite helpless and called for extra support.

3. Direct payments:

   Direct payments to vulnerable customers could lead to them misusing the money and building up debts with their landlords. One customer said they were “rubbish managing their money” and that this will cause increasing pressure as they might ‘blow it’.

   On the other hand, some customers were happy with direct payments as they would feel trusted and in control. Others expressed a worry that they would be tempted to spend the money and that some might misuse it. Some spoke of the risk of being financially abused as they currently have trouble handling money.

   One customer expressed the worry that as the benefit is fluid and may change on a monthly basis, he would feel insecure about his housing situation and make it impossible to move as his JSA or ESA could be suspended.

   It was also felt that as the payment of all benefits will be paid monthly, this could make it difficult to budget. Some customers noted that budgeting is already difficult every two weeks and will become even more difficult monthly.

   Customers expressed the view that Landlords would probably want deposits and money at the start of the month due to the fluid nature of the benefits.

4. Information:

   Customers said that they needed clearer information. There is a confusion as to whether the amount for each benefit will be announced to the landlord and customer and that landlords would ask for large sums that could result in the customer not having enough money for living expenses.

   They liked being able to know what each element of the payment was for and felt that there was a
lack of understanding of what money was for.

Customers propounded the view that benefits advisors will have to give IT support - not just in terms of access to the internet, but also in terms of advice needed to fill in the forms.

5. Bank accounts:

The majority of customers have some form of a bank account. However, because of a history of debt some customers have been declined bank accounts several times and would need support with this.

Overall, customers believed that money will be even tighter and that surcharges should be covered in benefits.

KEY LINE OF INQUIRY: 4

What Rugby and its partners can do to help address some of the issues arising from the welfare reforms

In no order of priority, we would like to suggest the following as possible actions for Rugby Borough Council to consider:-

- Ideally, Rugby could lead with an advertising campaign to raise awareness to this massive change to welfare benefits for households in the borough.

- With partners, there should be a review of what is available in the way of training for budgeting for those that all housing providers identify as being at risk of falling into rent arrears. In particular, there will be a challenge for engaging with and persuading those most transient customers to pay the rent once the universal credit hits their accounts.

- There needs to be online training or support through local CAB’s or voluntary sector agencies to ensure all those who need to make a claim can do so on time.

- There could be a campaign to encourage those in receipt of universal credit to pay their bills and rent by direct debit on the day of receipt of the benefit.

- There needs to be increased access to money and debt advice within Rugby and across the region for those in need of ongoing support or income maximisation.

- The borough could pro-actively pool properties with other housing providers to encourage movement across landlords to reduce the affect of the under occupancy charges. This might ideally be facilitated through the ‘West Midlands best use of stock’ group - WMBUS - which brings in other local authorities and housing associations across the West Midlands.
CONTACT DETAILS FOR FURTHER INFORMATION:

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Email: gary.hardy@midlandheart.org.uk
Thoughts following meeting with RBC and voluntary sector

(24th October) about Welfare Reforms

Rugby has a strong voluntary and community sector providing a range of services, some of which are duplicated, others of which are specific and relating to either particular sections of the community or providing specialist services. The welfare reforms will affect Rugby residents across the whole spectrum of need. While it is a political decision to change welfare, the effect will also be felt within the voluntary sector. And while the voluntary sector cannot be expected to pick up any statutory responsibilities a different strategic approach is necessary within both RBC and the voluntary sector. However a different strategic approach will involve the elected members being fully involved in an equal partnership with those voluntary organisations who choose to work with RBC. It is not about the voluntary sector “deliverying a package” which ticks the boxes for RBC – it is about “invest to save” in order to benefit those in society less able to help themselves, it is about raising aspiration and confidence and ensuring raised standards of living for everyone across Rugby Borough.

So, an example of how a cohesive approach could work:

A family of four – two adults and two children find themselves with no money, benefit delay, mounting debts, unable to pay their rent to RBC, no work, and no food to get them through to the end of the week.

So at present the statutory and voluntary sector organisations that could be involved are:

Rugby Foodbank for emergency food,

RBC-rent arrears,

Job Centre Plus – interviews re work or advice

CAB – advice re debt management and benefit delay,

Christians against Poverty – money management-longer term,

Benn Partnership Centre longer term work around worklessness, job journey planning and courses around skilling up.

Credit Union – jam jar approach,

School – children at risk, breakfast club etc

All of the above organisations do the work but there is no joined up thinking between them – each require separate referrals and each have different criteria etc.

At present, we in the voluntary sector excel at what we do – we have the expertise but not the knowledge of what each other does, and what knowledge we could share to ensure a “package” of holistic help could be delivered. If, for example, CAB trained the staff at Benn Partnership in advice around debt, they could work on tackling debt in the short term and
with CAP in the longer term. If CAB could fill in the initial assessment currently carried out by Benn Partnership about skills then the Benn Partnership could design the programme needed to get the person into work. If foodbank in partnership with Benn Partnership [who has both a domestic and commercial kitchen] and CAP ran some classes in living healthily on a budget using food supplied by the foodbank then money for families could go further. If the credit union worked with the work club at Benn Partnership on saving or the jam jar approach, then bills would be paid.

Working together in partnership ensures a much more cohesive approach to the issues we are all about to face.

This is, of course very elementary thinking at the moment, BUT if RBC wants to pull together those in the voluntary sector who are willing to tackle a common issue together, there may be a glimmer of hope. The issue is common to all, what needs to be done is to achieve common values and principles, goals and objectives to ensure that people have the best possible chance of surviving the quickly approaching meltdown for families and the people who live in Rugby.

There are risks:

No-one in the voluntary sector wants to play ball,

The voluntary sector has no money at present and is busy just trying to keep afloat,

RBC will want to tie the voluntary sector down into SLAs rather than work in an equal partnership,

Who would lead?

Would the organisations who need to be involved, be interested in the first place – what would attract them apart from money?

It does mean that the voluntary sector organisations have to sign up to a partnership and deliver with RBC – there will be money involved – we cannot keep delivering services for little or nothing – but if RBC looks at this at an “invest to save” approach, then maybe something good could be achieved.

I am not one for a series of meetings to sort a problem, but I do think a strategic group needs to get together to agree a strategy, agree common values and principles and then action plan with very tight deadlines.

Joyce Woodings, The Benn Partnership Centre
Quids in: The impact of financial skills training for social housing tenants

Key research findings
September 2012
Foreword

Citizens Advice

As a leading provider of community-based financial education to adults, reaching a quarter of a million people each year, Citizens Advice has always invested in evaluation, with 18 independent evaluation reports on its work in the last 10 years. We were therefore delighted, with the generous support of Santander, to be able to develop an in-depth research project on the benefits of financial education for social housing tenants in partnership with the University of Bristol and the Chartered Institute of Housing. Our local partners, Bedworth, Rugby and Nuneaton CAB and Orbit Heart of England Housing, helped shape the project and worked tirelessly to deliver financial education to tenants.

This unique piece of research integrated the design of education materials with the design of the evaluation, and interviewed a comparison group who were not receiving training at the baseline and after six to eight weeks. It is impressive to see that participants who changed their behaviour as a result of the training spent on average £10 less per week and saved £11 more per week compared to the comparison group, as well as benefiting in confidence and in other actions planned or taken. We hope that these results, and the best practice that came out of the project delivery, will encourage housing providers to work together in partnership with the Citizens Advice service nationally and locally for the benefit of tenants, at a time when tenant finances are coming under increasing pressure with welfare reforms and the economic downturn.

Gillian Guy, Chief Executive,
Citizens Advice

Santander

Financial education is an important element of Santander’s Corporate Social Responsibility programme. Through the Santander Foundation we fund projects aimed at helping disadvantaged people improve their financial awareness and understanding and we partner with leading national charities to fund programmes which provide advice and guidance for young people and support financial capability in the secondary and further education sectors.

We are a longstanding supporter of Citizens Advice financial capability work and are pleased to have been able to fund this important piece of research which not only demonstrates the positive impact and benefits that financial education can deliver, but that also helps educators understand the most effective methods of engagement and delivery. This is particularly relevant during the current economic climate when many people are finding themselves in need of quality information on how to manage their finances.

We believe that the government, financial services sector and financial education charities need to work together to ensure that everyone, and in particular people living on low incomes, can access the financial services and products that they need, as well as information to help them understand the basics of money management.

Jaime Graham, Director,
Santander
Orbit Group and Chartered Institute of Housing

Orbit and the Chartered Institute of Housing welcome this research which comes at a crucial time for both tenants and housing providers. Helping tenants increase their skills and confidence in managing their money has always been important. However in the light of the current economic downturn and the proposed changes to the welfare system, it is vital that all our residents have the skills and confidence to manage their finances.

These key findings highlight learning relevant to all social landlords:

- Financial skills training can change behaviour – participants become better at budgeting, choosing financial products, saving and making their money go further and these changes persist over time.
- Developing financial skills not only boosts financial well-being but also confidence and general peace of mind.
- Tenants who do get into financial difficulty know where to get help, seek out support sooner and are better equipped to cope.
- Engaging tenants in financial skills training is challenging for social landlords and requires a firm commitment from the organisation to provide support, resources and clear messages.

These key findings and the supporting research documents contain practical advice for others on the many lessons learnt. We also hope it will be the inspiration for future programmes which will support tenants in building a positive financial future.

Paul Tennant, Chief Executive, Orbit Group

Grainia Long, Chief Executive, Chartered Institute of Housing
### Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project overview</td>
<td>4</td>
</tr>
<tr>
<td>Getting tenants involved – the challenges</td>
<td>4</td>
</tr>
<tr>
<td>Getting tenants involved – what worked</td>
<td>5</td>
</tr>
<tr>
<td>About the financial skills training</td>
<td>6</td>
</tr>
<tr>
<td>Tenants’ views on training</td>
<td>7</td>
</tr>
<tr>
<td>Assessing the impact</td>
<td>8</td>
</tr>
<tr>
<td>Changing financial behaviours</td>
<td>9</td>
</tr>
<tr>
<td>Influencing financial confidence</td>
<td>10</td>
</tr>
<tr>
<td>The impact of CAB financial skills training</td>
<td>11</td>
</tr>
<tr>
<td>Social landlords – the case for investing in financial capability</td>
<td>13</td>
</tr>
</tbody>
</table>

Financial skills training is preventative – it is about giving people the skills, confidence and knowledge they need to handle their personal finances throughout their lifetime.
Between June 2011 and March 2012, Bedworth, Rugby and Nuneaton CAB (BRANCAB) delivered short financial skills training sessions free-of-charge to tenants of Orbit Heart of England Housing Association (OHE) living in Rugby and Stratford.

Participation in the training was voluntary and it was not targeted specifically at tenants in rent arrears or at any particular group of tenants (such as lone parents). The aim of the training was to enable tenants to maximise their available income, help them access and use appropriate financial products and in turn avoid financial difficulties.

An independent evaluation was designed to demonstrate whether or not any benefits gained by tenant learners could be attributed to the training. This was achieved by carrying out before-and-after surveys with both tenant learners and a comparison group of tenants who lived in areas where the training was not available.

Getting tenants involved – the challenges

Tenant engagement was the single biggest challenge for three reasons:

- The target audience was defined by geography (Rugby and Stratford) rather than being a particular community or interest group.
- OHE’s housing stock is dispersed with very few existing groups or hubs where tenants meet.
- The expectation that tenants can be wary of authority, may not have positive perceptions of their landlord and may lack confidence about money matters.

A wide range of marketing activities were tried. The most effective approach involved two concurrent streams of activity – targeted marketing followed rapidly by one-to-one contact to ‘close the deal’.

The tenants who took part

A total of 150 people took part in the financial skills training over 9 months, of this group:

- 70 per cent were women
- 38 per cent were aged 25-45 and 39% 45 or over
- 66 per cent lived in households with no earned income
- 52 per cent lived in households with income less than £200 per week.

The original target of 300 was halved as soon as it became apparent that slow take up and preference for one-to-one training was stretching delivery capacity.
Getting tenants involved – what worked

Based on the experience of this project, a layered approach which combines a range of promotional and outreach activities seems to work best in terms of creating interest, momentum and commitment by tenants to participate in financial skills training.

<table>
<thead>
<tr>
<th>Project set up</th>
<th>Project delivery</th>
<th>Project review</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Buy in</strong></td>
<td><strong>Targeted marketing</strong></td>
<td><strong>Refresh</strong></td>
</tr>
<tr>
<td><em>Repeated cascade of project messages.</em></td>
<td><em>Regular short sessions of cold calling by Housing Association staff using scripts – set realistic targets – complete in teams.</em></td>
<td><em>Refresh internal message – using tenant learner case studies, impact stories and quotes.</em></td>
</tr>
<tr>
<td><em>Integrate with strategic priorities/action planning across the organisation.</em></td>
<td><em>Build into regular routine visits for all tenant facing staff.</em></td>
<td><em>Celebrate the achievements collectively – tenant learners and delivery partners.</em></td>
</tr>
<tr>
<td><em>Encourage all workers to attend sample sessions “seeing is believing”.</em></td>
<td><em>Piggy back existing events/meetings/social gatherings – anywhere tenants will meet in trusted settings.</em></td>
<td><em>Refresh targets – keep realistic and deliverable in short timescales.</em></td>
</tr>
<tr>
<td><em>Bring together workers from all partners for joint briefings and delivery planning.</em></td>
<td><strong>One-to-one follow up</strong></td>
<td><em>Involve experienced workers in training new ones.</em></td>
</tr>
<tr>
<td><em>Design leaflets and tenant engagement messages with professional support.</em></td>
<td><em>Follow up warm leads in person within two to three days of receiving – aim for maximum two weeks from first contact through to delivery completing.</em></td>
<td><em>Cultivate tenant advocates to promote training.</em></td>
</tr>
</tbody>
</table>

Cold-calling is an effective way of engaging tenants who have no common bond other than where they live and their landlord. For every 100 tenants cold-called, between six and ten went on to take part in the training.
About the financial skills training

The majority of training was delivered one-to-one in either two short sessions (45 minutes each) or one longer session (one to two hours). All the training was delivered by experienced CAB trainers able to quickly accommodate the different needs and priorities of learners. Materials were selected from a bank of resources and learning outcomes. All tenants who took part in the training were given a financial skills toolkit to take away with them, comprising an electronic calculator and a folder containing copies of the materials used in the training such as calculation and budget sheets. A toolkit of these resources is available on: www.financialskillsforlife.org.uk

Learning outcomes from training

At the project planning stage learning outcomes were clearly identified. By the end of training tenants would be able to:

| Describe their attitudes to money and identify their strengths/weaknesses. | Identify sources of more affordable credit. |
| Identify the difference between needs and wants when it comes to spending. | Use APR and AER to make informed choices when borrowing and saving. |
| Identify priority bills and the consequences of not paying these. | Describe some of the benefits of budgeting. |
| Identify ways to make money go further. | Convert figures from one time frame to another to put in a budget sheet. |
| Keep track of spending using a spending diary. | Complete a budget sheet. |
| Describe some of the benefits of having a bank account. | Describe how and where they might save. |
| Describe the main types of bank accounts that are available. | Identify further sources of information and help on money matters. |

“I seem to be saving quite a bit with the help that I had.”
Tenants’ views on training

Tenant learners were overwhelmingly positive about the CAB financial skills training. Ninety nine per cent were satisfied with the training and the great majority, 94 per cent, said they would recommend the training to a friend, neighbour or relative. Of particular value to tenants were:

- Information sheets, used by 74 per cent of learners.
- Worksheets e.g. budget planner, meal planner, used by 63 per cent.
- Electronic calculator, used by 61 per cent.

Feedback from tenants

- The training was supportive: “not a lot of nagging... you shouldn’t do this”.

- The session was relaxed and informal: “it was just like chatting to your friend”, “very kind, a friend not a person in a suit, very laid back”.

- The training covered topics in detail: “I thought he was going to come round and give me a load of leaflets and leave in five minutes”, “very thorough”.

- The workshop offered practical advice: “I got a lot more out of it than I expected”.
Assessing the impact

Understanding behaviour changes and what works to bring about these changes is integral to making the case for future investment in financial skills training. By developing the training in close alignment with the evaluation design, establishing a comparison group, and conducting before-and-after surveys, this research maximised the potential for identifying impact.

Model adopted:

<table>
<thead>
<tr>
<th>Agree learning outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline survey learner gr</td>
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<tr>
<td>Financial skills training</td>
</tr>
<tr>
<td>Follow-up survey</td>
</tr>
<tr>
<td>In-depth interviews</td>
</tr>
<tr>
<td>Baseline survey comparison group</td>
</tr>
<tr>
<td>No intervention</td>
</tr>
<tr>
<td>Follow-up survey</td>
</tr>
<tr>
<td>Compare results</td>
</tr>
</tbody>
</table>

Using this approach, the evaluators could assess what happened to tenants who did not take part in the training, and conclude with reasonable certainty that any changes observed among the tenant learners were caused by the training and not some other factor.

Improving financial skills

Table 1: Money management scores: changes since baseline

<table>
<thead>
<tr>
<th></th>
<th>Mean score at baseline</th>
<th>Mean score at follow-up</th>
<th>Mean difference (follow up – baseline)</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making ends meet</td>
<td>Learners*</td>
<td>3.5</td>
<td>4.5</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>Comparison group*</td>
<td>3.9</td>
<td>4.2</td>
<td>129</td>
</tr>
<tr>
<td>Keeping track</td>
<td>Learners*</td>
<td>3.0</td>
<td>4.0</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td>Comparison group</td>
<td>3.4</td>
<td>3.7</td>
<td>129</td>
</tr>
</tbody>
</table>

Source: Baseline and follow-up surveys of tenant learners and comparison group. *indicates statistically significant change between baseline and follow up (p<.05). The maximum score possible on each measure is 6.0. The scores are rounded to one decimal place.
Changing financial behaviours

The survey data indicated very positive behaviour changes among tenant learners:

- **Taking action** – 76 per cent had taken some action in relation to money matters in the time since the baseline survey, compared with only 43 per cent of the comparison group.\(^1\) Tenant learners had nearly seven times higher odds of taking some kind of action compared with the comparison group. Where tenant learners had taken action, this was in all cases a direct result of CAB financial skills training.

- **Managing money** – 78 per cent of tenant learners had changed how they managed their money since the training, compared with 36 per cent of the comparison group. These changes resulted in positive financial benefits for tenants, most commonly through a reduction in outgoings.

- **Financial gains** – Tenant learners had six times higher odds of achieving financial benefits than the comparison group. They were on average £10 a week better off as a result of their actions.\(^2\) Qualitative interviews with tenant learners showed that these behaviour changes had persisted several months after CAB financial skills training.

- **Saving behaviour** – 20 per cent of tenant learners had changed their saving behaviour in some way since CAB financial skills training, almost twice as many as the comparison group (11 per cent). Notably, 12 per cent of tenant learners had started to save, compared with seven per cent of the comparison group. And 10 per cent of learners had increased the amount they saved, compared with only one per cent of the comparison group.

- **Savings accrued** – On average, tenant learners who changed their saving behaviour were saving an extra £11 per week.\(^2\) In the qualitative interviews, tenant learners talked about saving up for a family holiday, for car insurance, or towards a car to improve chances of finding work.

- **Choosing bank accounts** – 13 per cent of tenant learners had either opened or switched bank account or opened a credit union account, compared with three per cent of the comparison group.

- **Access to credit unions** – 18 per cent of tenant learners planned to open a credit union account. None of the comparison group had any such plans. Apart from the potential to access more affordable credit from a credit union, none of the survey findings in relation to borrowing or debt showed any statistically significant changes.

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1. Unless otherwise stated, we have only reported statistically significant differences between the tenant learners and the comparison group. A statistically significant result is one that is not likely to have occurred by chance.

2. The average reported here is the median amount, which is the middle value. Note that this figure is based on a small sample size.
Influencing financial confidence

Increased confidence

As well as behaviour changes, tenant learners were far more financially confident as a result of the training. Six to eight weeks after the baseline, 71 per cent reported some positive change in financial confidence, compared with just 13 per cent of the comparison group. These changes were particularly pronounced in relation to money management skills and financial control.

Further analysis showed that participation in CAB financial skills training was a highly significant predictor of improved financial confidence. As a result, tenant learners had 23 times higher odds of reporting some improvement in their financial confidence compared with tenants in the comparison group.

Sharing learning

Tenant learners were asked in the follow-up survey if they had shared information from CAB financial skills training with anyone else. Nearly six in ten (58 per cent) had done so.

Increased use of information and advice

In the follow-up survey, tenants were asked if they had used any sources of information or guidance on money matters in the last six to eight weeks (other than the CAB toolkit in the case of tenant learners). Nearly four times as many tenant learners said they had, compared with tenants in the comparison group (30 per cent of tenant learners, compared with 8 per cent of the comparison group). And most of them said this was a direct result of CAB financial skills training.

By far the most common source of information used by tenant learners was the internet, including sites such as www.moneysavingexpert.co.uk and price comparison sites. The qualitative interviews showed that tenant learners had used price comparison sites to compare the cost of insurance and utility prices.
The impact of CAB financial skills training

Case Study 1: Making your money go further

Supporting tenants to consider their spending in detail is a crucial part of financial skills training. This case study illustrates how one tenant benefited and was able to start saving and feel more secure about her personal finances.

Janet’s story

Janet is in her late 40s and lives with her husband and children. They are just about keeping up with the bills, but before the CAB financial skills training she was concerned about their finances and often had what she called “skint weeks”.

Because of her limited mobility, Janet was offered a one-to-one training session in her own home. The CAB trainer was there for around two hours.

Janet found the session very helpful and positive, and credits it with significantly changing the way she thinks about money matters. The training gave her the impetus to start managing her money more effectively, by keeping a detailed spreadsheet of the household’s incomings and outgoings.

Janet found the tips on shopping particularly useful. Since the training several months ago, she has changed the stores where she shops, buys fewer branded goods, buys in bulk and plans family meals. As a result of these changes, she is able to save around £20 a week into a high interest savings account (which she opened following the training) and feels far more secure about her finances than before. She has passed on the tips she learned from the training to several members of her family, including one who went on to attend the CAB financial skills training as well.

Source: Qualitative interviews with tenant learners. Names and personal details have been changed.

“If we can get the shopping cheaper, it gives me more money to spend on my kids when they need things.”
Case study 2: Dealing with bills

Understanding priority bills and making sure these are paid first is another key element in financial skills training. This case study illustrates how, with the right information and support, tenants can quickly feel more in charge of their money and better able to meet their financial commitments.

Anne’s story

Anne works part-time as a shop assistant. She recently reduced her working hours to care for her husband. This created financial difficulties for them, which prompted Anne to seek help from the CAB. In turn, the CAB adviser told her about the financial skills training.

Anne attended a training session with about 10 other people. The group setting was OK, but she was too embarrassed to ask questions about her own situation in front of other people. She found the advice and information helpful, “it all made sense”. She has found it hard to put some of the advice into practice, however, because their main problem is lack of money.

Even so, Anne has made some changes to the way she manages her money as a result of the training. Primarily she has changed the way she pays her bills, to ensure that her priority bills (rent, Council Tax) are paid first as soon as her earnings are paid into her account. This has left her feeling more “relaxed” about managing her money. She has also put some of the money saving tips into practice. While she still isn’t able to save any money, she feels that their finances are less of “a juggling act”. Anne would like the training to be run on a drop-in basis, like a “support group”, where she would feel more comfortable asking questions.

Source: Qualitative interviews with tenant learners. Names and personal details have been changed.

“It’s nice to look at my bank account at the end of the month and see a few quid in there.”
Social landlords – the case for investing in financial capability

Group or one-to-one learning?
Analysis showed that the method of delivering the training (workshops or one-to-one) did not affect the likelihood of tenants taking action on how they manage their money after the training. However, the research did indicate that tenant learners who received training on a one-to-one basis were more likely to have achieved financial benefits than those who took part in a workshop. It is evident that however sessions were delivered, the CAB financial skills training resulted in tenant learners making changes in their lives that improved not only their financial situation but also their quality of life.

Costs of training
A rough estimate of the costs of the training indicates that, at £132 per tenant learner (or £125 per training session), it was more expensive than the average CAB financial skills training programme. This is undoubtedly because the majority of the training was delivered one-to-one with tenants, rather than in workshops as had been planned. There is scope for these costs to be reduced by building on the learning, particularly in relation to tenant engagement as detailed in the full report.

Financial skills and rent arrears
The financial skills training was not specifically targeted at tenants who experienced rent arrears. However, using OHE’s rent account data, it was possible to compare rent arrears in July 2011, when the CAB financial skills training started, with May 2012 (around two months after the CAB financial skills training had finished). Despite an apparent improvement in rent arrears over time for tenant learners, the change was not statistically significant and within the context of this research could not be attributed to the CAB financial skills training.

Even so, the positive changes made by tenant learners following the training, and the financial benefits they enjoyed as a result, can help to make their household finances more sustainable going forward. This in turn makes it more likely that they will be able to meet their rent payments or repay rent arrears, provided that their incomes do not fall or their rent or other major outgoings increase.

Making the case
On balance, therefore, there does seem to be a case for social landlords to become involved in financial skills training for their tenants. The lessons from the project can help landlords identify an approach that suits their needs and the needs of their tenants.
**Santander Social Housing Research project**

This document is a summary of the full project report. The full research report and supporting data tables can be downloaded from:

Citizens Advice: [www.financialskillsforlife.org.uk](http://www.financialskillsforlife.org.uk)

University of Bristol’s Personal Finance Research Centre: [www.bristol.ac.uk/geography/research/pfrc/](http://www.bristol.ac.uk/geography/research/pfrc/)

Chartered Institute of Housing: [www.cih.org](http://www.cih.org)

Examples of the resources used in the financial skills sessions are available on [www.financialskillsforlife.org.uk](http://www.financialskillsforlife.org.uk)

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**Acknowledgements**

Santander plc funded this project, which was led by Citizens Advice. The delivery partners for the financial skills training were Bedworth, Rugby and Nuneaton CAB and Orbit Heart of England Housing Association. The University of Bristol’s Personal Finance Research Centre evaluated the project. As members of the project advisory group, the Chartered Institute of Housing, Wales and West Housing Association and the Money Advice Service provided expert advice and guidance to the project.

Citizens Advice is grateful to everyone involved for their enthusiasm, commitment and interest in this groundbreaking project.
The Citizens Advice service

Citizens Advice Bureaux deliver advice services from over 3,500 community locations in England and Wales, run by 360 individual charities. Each individual bureau is a vital part of the local community it serves, helping people resolve their money, legal and other problems by providing information and advice and by influencing policymakers:

www.citizensadvice.org.uk

The advice we provide is free, independent, confidential, and impartial, and is available to everyone. Information and advice can also be accessed on our website: www.adviceguide.org.uk

Funded by

Project partners

Personal Finance Research Centre (PFRC) at University of Bristol
Orbit Heart of England
Chartered Institute of Housing

Citizens Advice
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London N1 9LZ
Telephone: 020 7833 2181
www.citizensadvice.org.uk

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.
Registered charity number 279057

September 2012
<table>
<thead>
<tr>
<th>No</th>
<th>Action</th>
<th>Timescale/Complete by</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Use information from P1E and Housing Options Team experiments to see if any increase in homelessness for under 35’s – if increase look to extend priority for under 35’s.</td>
<td>October 2012</td>
<td>Update to be provided at meeting</td>
</tr>
<tr>
<td>1.2</td>
<td>Identify suitable provision – undertake viability exercise – identify suitable provider partners.</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Identify potential empty homes to bring into use for under 35’s.</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Engage with private Landlords and look to include in the agenda for the Landlords’ Forum.</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Train front line workers in housing options for under 35’s</td>
<td>September 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>1.6</td>
<td>Ensure housing options fact sheet includes relevant information.</td>
<td>September 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>1.7</td>
<td>Update website to encourage people to attend a housing options interview.</td>
<td>November 2012</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Work with housing benefit service to identify tenants of working age who are claiming housing benefit and under-occupying council properties.</td>
<td>August 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>2.2</td>
<td>Include under-occupation check as part of pre-tenancy financial health check.</td>
<td>August 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>2.3</td>
<td>Prior to allocation policy being reviewed develop a separate transfer policy for tenants who are under-occupying council properties.</td>
<td>November 2012</td>
<td>Now to be considered under 2.6 - existing policy allows Band 2 status in cases of under-occupation.</td>
</tr>
<tr>
<td>2.4</td>
<td>Contact and visit tenants that are under-occupying to identify solutions/develop a plan for action from menu of options.</td>
<td>From September 2012 (Commenced October 2012 when new officers in post)</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2.5</td>
<td>Produce easy read advice leaflet providing practical advice for people who may be under- occupying.</td>
<td>September 2012</td>
<td>Completed</td>
</tr>
<tr>
<td>2.6</td>
<td>Review allocations policy in relation to under-occupation to ensure new and existing tenants are not put at risk due to under-occupying their home.</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Universal Credit &amp; Direct Payments</td>
<td>Oct 13 (new claims &amp; 4 year phased period)</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Input into Social Fund and Community Care Grant protocol and understand the impact on council tenants.</td>
<td>March 2013</td>
<td>Warwickshire County Council responsibility</td>
</tr>
<tr>
<td>3.2</td>
<td>Understand the impact of new council tax rebate scheme being developed and the affect on council tenants.</td>
<td>Ready for April 13</td>
<td>Housing Officers (Welfare Reform) are informing tenants when doing under-occupation visits reference changes.</td>
</tr>
<tr>
<td>3.3</td>
<td>Understand and be aware of DWP vulnerability/safeguarding procedure for those receiving direct payments and impact on council tenants and their rent payments.</td>
<td>Ready for October 2013</td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Understand and be aware of DWP procedure relating to direct payments where council tenants have escalating rent arrears.</td>
<td>Ready for October 2013</td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>Ensure appropriate joint working with the housing benefit service.</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Training and awareness sessions for tenants relating to welfare reform and financial management.</td>
<td>From September 2012</td>
<td>Requirement for training and type of awareness sessions to be assessed once feedback from visits to tenants under-occupying is reviewed</td>
</tr>
<tr>
<td>3.7</td>
<td>Communicate changes to tenants.</td>
<td>Ready for October 2013</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>General</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Review money advice services available to customers to ensure effective services are delivered.</td>
<td>From November 2012</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Develop process for undertaking financial health checks for new tenants as part of pre-sign up.</td>
<td>December 2012</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Ensure appropriate training for Housing Management Teams via briefings, staff awareness sessions.</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Develop Communications Plan for tenants i.e. newsletters, leaflets, website.</td>
<td>From September 2012</td>
<td>Meeting with Communications Manager to finalise</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Date</td>
<td></td>
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<tr>
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<tr>
<td>4.5</td>
<td>Develop customer insight data to include financial data and whether customers have a bank account to inform our approaches to rent collection.</td>
<td>From September 2012</td>
<td></td>
</tr>
<tr>
<td>4.6</td>
<td>Feasibility on whether we can use Credit Unions to do “jam jar” accounts.</td>
<td>From September 2012</td>
<td></td>
</tr>
<tr>
<td>4.7</td>
<td>Work with other stakeholders, partners, Credit Union, Banks, CAB, etc to inform them of changes and explore flexible transactional banking opportunities.</td>
<td>From September 2012</td>
<td></td>
</tr>
<tr>
<td>4.8</td>
<td>Review rent policy and procedures to take into account changes arising from welfare reform act.</td>
<td>September 2013</td>
<td></td>
</tr>
</tbody>
</table>