



Making it fit:

a guide to preparing for the social sector size criteria



A publication by the
Making Best Use of Stock Team
Chartered Institute of Housing

Supported by



The Chartered Institute of Housing

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

Chartered Institute of Housing
 Octavia House, Westwood Way, Coventry, CV4 8JP
 Tel: 024 7685 1700
 Email: customer.services@cih.org
 Website: www.cih.org

The **Making Best Use of Stock Team** provides free advice and guidance to local authorities and housing providers to support them in making the best use of existing stock. The team focuses on four core areas – using existing stock more effectively to meet housing need, tackling social housing fraud, making use of potential new freedoms and flexibilities and assisting providers in responding to tenancy and welfare reform. The team offers practical advice and guidance and shares good practice to help you make the best use of existing resources and ultimately to help secure improvements in services delivered to tenants. Funding from the Department of Communities and Local Government has enabled the team to deliver their services to local authorities and housing providers without charge.

Making Best Use of Stock Team
 Chartered Institute of Housing
 Octavia House, Westwood Way, Coventry, CV4 8JP
 Tel: 024 7685 1777
 Email: mbus@cih.org
 Website: www.cih.org/mbus

Authors: Melanie Rees, Making Best Use of Stock Advisor (CIH) and David Rafferty (CIH)

© Copyright: Chartered Institute of Housing June 2012
 Registered charity No. 244067/R

Cover photograph by istockphoto.com

Whilst all reasonable care and attention has been taken in compiling this publication, the publishers regret that they cannot assume responsibility for any error or omission that it contains. Readers should take legal, financial and other appropriate advice before taking any specific action in relation to this subject.

Contents

Foreword	4
Setting the scene	5
Section 1: Understanding the size criteria	7
Section 2: The impact of the size criteria	11
Section 3: Identifying tenants affected by the size criteria	14
Section 4: Modelling and assessing the risk	19
Section 5: Getting the message across to your staff	26
Section 6: Getting the message across to your tenants	29
Section 7: Supporting your tenants to pay their rent	34
Section 8: Supporting tenants into training and work	41
Section 9: Allocating homes	44
Section 10: Housing options – should I stay or should I go?	48
Section 11: Working with your partners	56
Appendices	
Appendix 1: Other elements of welfare reform – a brief summary	60
Appendix 2: People who will attain state pension credit age during the period 6th March 2013 to 6th May 2015	64
Appendix 3: The Work Programme’s Prime Providers	65
Useful resources and contacts	66
Acknowledgements	67

Foreword

The Welfare Reform Act 2012 will fundamentally reshape the UK's social welfare system. The main provisions of the Act will come into force from April 2013, but the sector needs to start preparing for these changes now. The Act includes the implementation of social sector size criteria, which will introduce housing benefit reductions for working age tenants who are considered to be under-occupying their homes.

CIH recognises that the size criteria pose significant challenges for social landlords and this *Making it Fit* guide aims to help you to plan and prepare. This includes identifying and modelling the business risks; communicating effectively with the tenants affected; supporting tenants to pay their rent and to find work; and offering a range of options to those tenants who need to move to a smaller home.

We have included a range of examples showcasing the often innovative ways in which social landlords are rising to the challenge. I hope that our guide will enable you to do the same.

The changes introduced in April 2013 are not limited to size criteria, however. The implementation of universal credit, direct payments and total benefits caps all pose challenges to housing providers. CIH has developed a range of practical tools and guidance to help you prepare for these reforms – including seminars providing comprehensive insight into how welfare reform will impact your organisation, regional lunch and learn updates, one-day workshops to help practitioners understand the changes, and regular policy briefings to keep you up-to-date. All of these resources are accessible through our year of practice portal at www.cih.org/yearofpractice

Grainia Long

Chief Executive

Chartered Institute of Housing

Setting the scene

The Welfare Reform Act 2012 represents the biggest change to social welfare in the last 60 years.

The changes planned are likely to have a significant impact on social landlords and their tenants, with the 'size criteria' element of welfare reform posing a particular challenge for landlords who have working age tenants claiming housing benefit and living in homes which are larger than the legislation states that they need. The main aims of this measure are to:

- contain growing housing benefit expenditure and help reduce the budget deficit
- encourage greater mobility within the social rented sector
- strengthen work incentives among people of working age living in social rented housing
- make better use of available social housing stock.

This guide is designed to help you to develop a strategic and operational approach to the size criteria, tailored to your local context. It includes analysis of the potential impact of the size criteria, useful checklists and practice examples of how other landlords are preparing for the changes.

For further practice examples on under-occupation, and on making best use of your stock, visit www.practicehub.cih.co.uk to register for CIH's free, online Practice Hub.

The Department for Work and Pensions (DWP) will also be publishing guidance aimed at housing benefit teams and welfare rights advisors and this will be available on the DWP website.

The checklist below summarises the things you may want to consider as you prepare for the changes ahead. These are all dealt with in more depth within the guide.

Preparing for the introduction of the size criteria – a check-list

- ✓ assess the risk
 - how many tenants are affected?
 - plot/ map their locations to help you to target your approach
 - quantify the potential impact on your revenue
 - assess the likely effect on transaction costs and void rent loss
 - balance this with the cost of preventative work, for example, enhanced advice services, help with removal costs and so on
- ✓ consider advising housing benefit teams of the number of bedrooms in each property, as part of a data sharing arrangement with your local authorities
- ✓ review your business plan and the assumptions it makes about rental income
- ✓ review your risk assessment matrix – does it highlight and address any risks posed by welfare reform?
- ✓ develop a SMART (specific, measurable, achievable, resourced, and time-bound) action plan and timeline



- ✓ train, support and communicate with your staff so that they can give clear and timely advice to tenants
- ✓ explain the changes to tenant representatives and governance body members
- ✓ identify which tenants are affected:
 - use the information you have on your tenants' profiles and the attributes of your properties
 - contact them in person
 - use tailored, personalised letters
 - consider vulnerability
 - explain the changes and their options
 - record their responses and draw up an individual action plan
- ✓ communicate the changes to tenants in general:
 - consider using newsletters, rent statements, your website, social media, road-shows and surgeries
 - develop a strategy for dealing with the local press and other media to avoid 'scare stories'
- ✓ work with partners and other providers
 - develop a shared, strategic response – stock mismatches mean you won't be able to solve everything on your own
 - make any changes needed to your allocations strategies and policies, for example, consider the level of priority given to under-occupiers, can you be flexible on moving people with rent arrears and so on
 - consider developing an enhanced, cross-provider, mutual exchange/ matching service
 - consider the scope to support a new or existing credit union in your area – actively promote this to your tenants
 - ensure local advice and support agencies are clear about how you are tackling this and how you will be working with tenants who are affected
 - talk to local authorities in your stock area about how they intend to use their discretionary housing payments
- ✓ promote, encourage and support tenants to claim discretionary housing payments – bear in mind that these may only be a short-term option and so you may need to develop a long-term plan beyond that
- ✓ consider any changes needed to your approach to income management, including the range of payment methods you offer
- ✓ up-date your financial inclusion strategy
- ✓ consider tenants' needs for budgeting support and help with money management and how these needs may be met
- ✓ check if tenants have bank accounts and whether they are using them – work with credit unions and agencies to offer financial products such as budgeting accounts and pre-payment cards
- ✓ offer support and advice on job seeking – consider offering work placements and job shadowing opportunities within your organisation.

Section 1: Understanding the size criteria

The size criteria measure is the only element of the Welfare Reform Act 2012 which affects social landlords alone. The Welfare Reform Act 2012 contains primary legislation to introduce size criteria in line with the treatment of those living in the private rented sector.

Appendix 1 summarises other elements of welfare reform including universal credit and the overall benefit cap.

Size criteria – key points

- the size criteria will apply to new and existing **working age** housing benefit claimants in the social rented sector
- the measure comes into effect from **1 April 2013** with the associated regulations expected to be laid in Parliament during June 2012, making it critical for landlords to prepare for the changes without delay
- by April 2013 the qualifying age for state pension credit is 61 rising to 62 years by the following April so, a tenant who is aged 62 or older before 6 April 2013 (or more precisely anyone born before 6 October 1951) will not be subject to the size criteria. See Appendix 2 for details of how the qualifying pension age is assessed and will increase over time
- claimants will be assessed to establish the size of accommodation they are deemed to reasonably need (see below)
- those who are assessed as under-occupying for housing benefit purposes **will have their housing benefit reduced by a percentage rate** of their eligible rent depending on the number of bedrooms they are deemed to be under-occupying:
 - 14% for one extra bedroom
 - 25% for two or more extra bedrooms
- housing benefit assessors will rely on information provided by new claimants about the number of bedrooms they have – if there is doubt, assessors will ask the landlord to confirm.

Someone on partial housing benefit will have the size criteria applied in the same way as those on full housing benefit. So, if a tenant whose rent is £80 per week receives £40 per week housing benefit and is under-occupying by two bedrooms, their benefit will be reduced by 25 per cent of the £80 rent, not 25 per cent of the £40 housing benefit – a reduction of £20 per week rather than £10.

Bedrooms – who gets what?

The size of bedroom, for example, single, twin or double, will not be taken into account and living rooms, kitchens and bathrooms will not be included in the assessment.

One bedroom is allowed for:

- each adult couple
- any other person aged 16 or over
- two children of the same sex under the age of 16
- two children regardless of sex under the age of 10
- any other child
- a carer, or one of a team of carers, who has a home elsewhere, who uses a spare bedroom on a regular basis to stay overnight because the claimant or their partner requires overnight care.

There is no distinction between larger and smaller bedrooms for housing benefit purposes. You will need to provide the total number of bedrooms in relevant properties and the information you provide should be based on the rent charged. For example, a flat with one double bedroom and two single bedrooms will be a three bedroom property.

The size criteria do not apply to:

- those over state pension credit age (see below)
- those in shared ownership schemes
- those in sheltered or supported housing who have support services provided by a not for profit landlord.¹

Otherwise, there are no exceptions to this which means that:

- if separated parents share childcare, the child will only be taken account of in calculating the property size for the housing benefit claim of the designated 'main carer' – if care is shared exactly equally the main carer will be the parent that receives child benefit
- parents whose children visit but are not part of the household are not assessed as needing an extra bedroom
- foster children, who are never included in the assessment, will not be considered when assessing whether or not a home is under-occupied
- couples using a spare bedroom when recovering from illness will still be considered to be under-occupying
- disabled people living in adapted or specially designed properties which have more bedrooms than are permitted by the size criteria will have their housing benefit reduced, unless designated as supported 'exempt' accommodation.

¹ This is a particular type of supported accommodation defined for housing benefit purposes as accommodation provided by a non-metropolitan county council in England, a housing association, a registered charity or voluntary organisation, where that body or a person acting on its behalf also provides the claimant with care, support or supervision

An additional £30 million has been made available for discretionary housing payments in 2013/14 with the specific aim of helping those in adapted properties and foster carers. This is covered in more detail later in this section.

Examples of how the size criteria might apply to a household with children

A household comprising of **a couple with two children, a boy aged three and girl aged five** will qualify for housing benefit for a two bedroom home – one bedroom for the couple and a second for the children as they are both under 10.

A household comprising of **a couple with two children, a boy aged eight and a girl aged 11** qualifies for housing benefit for a three bedroom home, with separate bedrooms for the children as they are different sexes with one aged over 9.

A household comprising of **a lone parent with three children, two boys aged 11 and six and one girl aged 13** qualifies for housing benefit for a three bedroom home – one bedroom for the lone parent, a second one for the two boys and one additional one for the girl.

Non-dependant household members

Once a household member reaches the age of 18 they are no longer classed as part of a claimant's family for benefit purposes. Resident adults who share accommodation with a claimant, but who are not reliant on the claimant for financial support, are classed as non-dependants. Housing benefit is reduced for every non-dependant adult residing with a claimant. However, although not included as part of the assessment unit, non-dependants will be counted for purposes of assessing under-occupation.

There are six different non-dependant deduction rates: a zero rate; a lower; and four higher rates. The four higher rates only apply where the non-dependant works at least 16 hours per week and are graded according to the non-dependant's income.

The zero rate applies where the non-dependant is:

- on state pension credit
- aged 25 or over and on income support or income based jobseeker's allowance or the assessment phase of income-related employment support allowance
- a full time student during term time.

The lower rate charge applies in all other cases where the non-dependant works less than 16 hours per week, including all others not covered by the zero rate charge that are not in employment.

The rates of non-dependant charges have risen by an average of 24 per cent in the last two up-ratings since the June 2010 budget. A similarly sized increase will apply again in April 2013 and then, in subsequent years, rates are expected to rise in line with inflation.

Older claimants

People who have already reached state pension credit age by April 2013 will not be subject to the size criteria. A couple are not subject to the size criteria where the eldest member has attained state pension credit age, even if the younger member is still of working age. However, when universal credit is introduced in October 2013, it is likely that, for new claimants, both will be treated as working age and subject to the size criteria until they have both reached the qualifying age for state pension credit.

The qualifying age for state pension credit will continue to rise each year until it reaches 66 in 2020, in line with changes in the state pension age. Appendix 2 gives details of the dates when men and women born between 6 April 1951 and 5 February 1953 will reach state pension age.

As the qualifying age for state pension credit increases, the DWP estimates that the number of claimants affected by the size criteria measure will rise from 670,000 to around 760,000 by 2020,² assuming that there will be no further changes to assessment criteria and to the caseload.

² DWP (2011) *Housing Benefit: Size Criteria for People Renting in the Social Rented Sector*

Section 2: The impact of the size criteria

In October 2010 there were approximately 3.3 million housing benefit claimants living in social housing. The DWP's impact assessment estimated that the size criteria are likely to affect 670,000 claimants across Britain. This represents around 32 per cent of working age claimants living in social housing.³

The DWP estimates that the majority of the 670,000 claimants affected by the size criteria under-occupy their home by one bedroom.⁴

Under-occupation of accommodation by:	Estimated number of affected claimants	% of affected claimants	Average weekly HB reduction
One bedroom	530,000	78%	£12
Two or more bedrooms	150,000	22%	£22
All bedrooms	670,000	100%	£14

Source: DWP (Oct 2011) *Housing Benefit: Size Criteria for People Renting in the Social Rented Sector*

Working age social housing tenants who are under-occupying their home will see their housing benefit reduced by:

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

The average weekly housing benefit loss per affected claimant is estimated at £14 but, as reductions are a percentage of the rent charged, the loss is greater in regions where rents are higher, for example, in London and the South East. You may also need to consider the impact on tenants who are working as they will be proportionately worse off.

There are significant regional variations in working age housing benefit claimants affected by the measure with proportionately more claimants affected in the North East and North West of England than in the South.

See the table on page 12.

³ *ibid*

⁴ *ibid*

Government Office Region	Estimated number of affected claimants	Affected claimants as % of working age HB claimants in social sector	Average weekly HB reduction per affected claimant
North East	50,000	46%	£13
North West	120,000	43%	£13
Yorkshire and Humberside	70,000	36%	£12
East Midlands	50,000	37%	£12
West Midlands	60,000	33%	£15
Eastern	60,000	36%	£16
London	70,000	19%	£23
South East	50,000	26%	£16
South West	30,000	28%	£14
Wales	40,000	42%	£12
Scotland	70,000	32%	£11
GREAT BRITAIN	670,000	32%	£14

Source: DWP (Oct 2011) *Housing Benefit: Size Criteria for People Renting in the Social Rented Sector*

It is estimated that 20,000, or 4 per cent of claimants, will no longer be eligible for housing benefit once under-occupation is taken into account, and so will become responsible for the full rent payable.

The DWP's impact assessment has identified that households where the claimant or their partner has a disability will be more likely to be affected, with 66 per cent of those affected by the size criteria measure classified as disabled as defined by the Equality Act 2010.⁵

Softening the impact – discretionary housing payments

Discretionary housing payments provide tenants with further financial assistance when a local authority considers that they need help with their housing costs. The rules covering this are set out in the Discretionary Financial Assistance Regulations 2001.

'Housing costs' and 'further financial assistance' are not defined by the regulations. This gives local authorities broad discretion to interpret the term as they wish. However, local authorities have a duty to act reasonably, fairly and consistently.

Recognising that disabled people and foster carers are likely to be adversely affected by the size criteria measure, the government has increased the funding for discretionary housing payments by £30 million for 2013/14. Of this, £25 million is targeted towards those who live in properties

⁵ DWP (2011) *Social Sector Housing Under-Occupation Impact Assessment*

adapted for people with disabilities and £5 million towards foster carers, including those who are between placements. A further group which might benefit from discretionary housing payments is those who are on the 'cusp' of the reform, for example, tenants on the cusp of 'working age' and tenants who may be entitled to an extra bedroom shortly as a child reaches an age that triggers needing their own bedroom. Do bear in mind that these are not the only groups eligible for discretionary housing payments, so check the local policy and speak to your local housing benefit team.

It is important to note that the increased allocation will not be ring-fenced and so local authorities will be free to allocate the resources locally as they see fit.

Action point



The tenant is responsible for making a claim and so it is important that you tell all tenants affected by the size criteria about discretionary housing payments and, if they need it, offer them support to make a claim. Remember also that this may not be a long-term solution for some claimants.

Section 3: Identifying tenants affected by the size criteria

A key element in preparing for the introduction of the size criteria is identifying which households will be affected to make sure that:

- they receive clear, appropriate advice and support
- that the risk to your business is minimised.

You are likely to be asked for information from your local housing benefit section about your social rented sector properties. They will be seeking information on how many bedrooms are contained in these properties and whether any of these are adapted properties. Housing benefit teams hold information on those living within a property where housing benefit is being claimed but need to know the number of bedrooms to be able to assess whether claimants are under-occupying. You do not have to comply with this request but it may be in the interests of your tenants to provide the information and ensure that an accurate housing benefit assessment is made. If you also hold information on whether a property has been adapted for the current tenants this will be helpful in assessing the need for a discretionary housing payment.

If you do not currently hold information on the size of your properties it would be helpful to anticipate this request and establish the make-up of your stock. Once this information is received housing benefit teams will be able to establish any under-occupation for housing benefit purposes and which level of reduction might apply. If you already have this information readily available you may wish to approach your local authority housing benefit team to arrange transfer of this data.

It is also important that local authorities share the information they have about housing benefit claimants with housing associations to allow them to target support to affected tenants before they get into arrears. Entering into data sharing arrangements are the best way to ensure this happens.

You will already hold a great deal of information about your tenants which will help you to target your approach. Liaising with your local authority housing benefit team to access further information will help you to develop a more comprehensive picture.

There are some groups of tenants who will not be affected by the size criteria and identifying these at an early stage will help you to concentrate your efforts and resources on those who will be. Those unaffected include:

- tenants living in one bedroom or bedsit properties
- households not in receipt of housing benefit
- tenants who will be aged 62 and over in April 2013.

Action point

Some tenants, for example, those aged 62 and over, may be anxious about the changes even though they won't be affected, so it's important that you give out clear messages to allay any fears that they may have. Housing benefit teams will also be publicising the change.

Sharing data

Data sharing – a note of caution

Remember that any data exchanged between local authority housing benefit teams and social landlords has to be done in accordance with legal gateways and is covered by the Data Protection Act 1998. Only information that is relevant should be shared and the data should only be used for the purpose that it was intended. Information shared must be relevant and proportionate to the requirement.

However, local authorities are allowed to freely exchange statistical data with a provider that has been processed in such a way so that individual claimants cannot be identified. For example, the total number of tenants affected by the size criteria, with a further geographical breakdown to the lower level super output area.

Data sharing in the context of the size criteria is likely to include:

- landlords looking to scope the effect of change
- local authorities seeking and receiving information from social landlords on the number of bedrooms that properties have – housing benefit teams can already seek relevant and necessary information from other bodies to assess a claim and further regulations laid in June 2012⁶ will support them in this
- local authorities advising social landlords on which of their tenants will have their housing benefit reduced – the June regulations will allow this to take place.

Even without these regulations in place, there is nothing to stop general information being shared, for example, a local authority could tell a landlord how many of its tenants will be affected by the size criteria even if it is not allowed to name the tenants affected. However, any information revealing data relating to individual claimants is protected under the Data Protection Act 1998.

Once local authorities have established who might be affected by the under-occupation measure they may inform you of tenants who will experience a reduction. This will allow you to allocate resources more accurately to provide these tenants with appropriate support to be able to meet the rent shortfall. This might include advice on:

⁶ The Social Security (Information-sharing in relation to welfare services etc.) Regulations 2012

- budgeting and financial inclusion
- taking in a lodger
- sub-letting
- encouraging non-dependants to contribute more
- moving into work
- moving into appropriately-sized accommodation.

Gathering and making the most of the information you already hold

You will already hold a wealth of information about your tenants. Ideally it will be held in a single database for ease of access, but in reality different parts of the organisation may hold different information about the same customer, perhaps even on different IT systems.

In recent years some landlords have proactively gathered customer profile or insight information to help them to tailor and develop services to meet their tenants' specific needs. This information will come into its own now, enabling those landlords to easily identify the tenants they need to target.

Compiling information about your tenants and properties – points to consider

- liaise with your local authority housing benefit team to get an idea of how many of your tenants are likely to be affected
- establish the number of bedrooms in your properties, if this is not already known
- recognise that those under-occupying two or more bedrooms will be hardest hit and consider prioritising support and advice to this group first
- identify which properties have one bedroom or are bedsits – you can eliminate them from this exercise
- identify your tenants who are not on housing benefit as they won't be affected – but bear in mind that there may be some tenants receiving housing benefit which you don't know about because it is paid directly to them
- work out which tenants will have attained state pension credit age in April 2013 (born before 6 October 1951) – the size criteria doesn't apply to them
- if you haven't already done so, now may be the time to carry out an audit or census of your tenants – prioritising those who don't fall into the three groups above will save you some time. Once gathered, make sure that information is held in accordance with Data Protection Act requirements and keep it up to date
- cross-check what information teams dealing with housing applications, gas servicing, repairs, rent and income, anti-social behaviour, housing-related support and disabled adaptations hold - particularly about who is living in a property and any vulnerability that the tenant or household member has



- make the most of opportunities to gather information from tenants including:
 - customer surveys and questionnaires - postal, online and telephone
 - door knocking exercises
 - tenant events, workshops and surgeries on estates
 - training and encouraging staff to fill gaps when they are in touch with tenants, for example, when they ring to report a repair.

Learning from others



Recognising the impact that welfare reform would have on its tenants, **Calico Homes**, a housing association with more than 4500 homes in Lancashire, is carrying out an audit to make sure that it holds comprehensive, up to date information on all its tenants. Members of the neighbourhood services team are tasked with contacting all tenants to gather information about their circumstances and household composition.

Around 70 tenancy audit visits are done each week lasting between 30 minutes and an hour. Contact by telephone lasts about five minutes per call with around 40 per day completed. This is supplemented by information gathered through Calico's existing programme of bi-annual tenancy audit visits. This is ensuring that Calico is well-placed to identify and advise those tenants affected by welfare reform.

Contact: Helen Thompson at Hthompson@calico.org.uk

Learning from others



Housing Hartlepool has a dedicated officer visiting tenants affected by the size criteria, beginning with those under-occupying by two bedrooms, to make them aware of the situation and to discuss possible solutions. The visits enable a personal approach to be taken and allow each individual to discuss the options most appropriate to them. These may include paying the difference in rent, rehousing to a smaller property, family members moving back home or signposting to agencies able to help them find employment.

At the same time, information on risk factors is collected, such as existing debt problems and other potential vulnerabilities such as mental health issues. The visiting officer will act on behalf of tenants wishing to move by seeking out appropriate transfers for them and liaising with the allocations team.

Contact: Anthony Scarre at Anthony.Scarre@HousingHartlepool.co.uk

Tenants who are vulnerable

Many landlords gather and record information about tenants who are vulnerable in some way to make sure that they tailor services to meet their needs. If you don't already do so, you may need to consider your approach to this. This is particularly important in the context of welfare reform because you need to be able to develop a sensitive approach to explaining and supporting people through the changes. Things to bear in mind include:

- tenants may be vulnerable because:
 - they have a learning disability
 - they have a mental illness
 - a medical condition seriously impairs their ability to manage on a day to day basis
 - they have difficulty reading and writing
 - they don't speak, read or write English
 - they misuse substances
 - they are care leavers, recently released from prison, or fleeing domestic violence
 - they have a history of homelessness
 - they have severe debt issues or un-discharged bankruptcy
- some tenants may be very anxious or upset about how the changes may affect them
- some tenants may not be able to understand the changes or how they will be affected
- even if the measures are clearly explained in your written communications many will believe, because of their personal circumstances, that the measure will not be applied to them – it seems likely that messages will need to be reinforced before the consequences are fully appreciated
- consider the best way to contact and explain the changes to customers – some may prefer you to contact a relative or advocate, some prefer face-to-face contact rather than letters, some may need information in different formats or languages and so on
- some tenants may need support to manage their financial affairs – this will be crucial when universal credit is introduced and, with some exceptions for vulnerable people and people in arrears, the housing element is paid directly to tenants.

Section 4: Modelling and assessing the risk

Once you have identified the number of households within your stock affected by the size criteria, you can begin to model any potential risk to your rental income. There is significant regional variation in the average rents charged and so also in the average reductions in housing benefit tenants and organisations need to prepare for.

The table below takes average rents combined for local authority and housing association tenancies in England and demonstrates the average regional housing benefit reductions weekly and annually for working age claimants in receipt of full housing benefit.

Government Office Region	Existing weekly average rent	14% of existing weekly rent	14% of existing annual rent	25% of existing weekly rent	25% of existing annual rent
London	£106.58	£14.92	£775.84	£26.65	£1385.54
South East	£96.32	£13.48	£700.96	£24.08	£1252.16
East	£87.29	£12.22	£635.47	£21.82	£1134.77
South West	£80.44	£11.26	£585.60	£20.11	£1045.72
West Midlands	£76.80	£10.75	£559.10	£19.20	£998.40
North West	£73.44	£10.28	£534.64	£18.36	£954.72
East Midlands	£72.11	£10.09	£524.96	£18.03	£937.56
Yorkshire and Humberside	£69.99	£9.79	£509.52	£17.50	£909.87
North East	£68.55	£9.59	£498.68	£17.14	£891.15

Adapted from NHF: Combined LA and HA 3 bedroom rents (31/3/2011 RSR, 1/4/11 LA advanced Subsidy Return)

Action point



If you haven't done so yet, you may want to consider carrying out a modelling exercise based on your actual rents.

What does this mean in practice?

The following two examples illustrate what this will mean when applied to specific scenarios.

Example 1 is based on a working age single claimant or couple, living in a **two** bedroom, self-contained social housing property. The rent charged will be £85 per week at April 2013. This is based on rent charged for 52 weeks.

Tenancy arrangement	Under-occupying?	Impact of size criteria	HB payable	Rent to pay after HB
Sole tenant or couple on a passport benefit	Yes	From April 2013 HB restricted by 14%	Before: £85 After: £73.10	Before: £0.00 After: £11.90

The tenant's housing benefit will be reduced by £11.90 per week equating to a monthly shortfall of £51.57 and an annual shortfall of £618.80.

Example 2 is based on a working age single claimant or couple, living in a **three** bedroom, self-contained social housing property. The weekly rent will be £85 at April 2013. This is based on rent charged for 52 weeks.

Tenancy arrangement	Under-occupying?	Impact of size criteria	HB payable	Rent to pay after HB
Sole tenant or couple on a passport benefit	Yes	From April 2013 HB restricted by 25%	Before: £85 After: £67.75	Before: £0.00 After: £21.25

The tenant's housing benefit will be reduced by £21.25 per week equating to a monthly shortfall of £92.08. Annually this shortfall is £1105.00.

The financial implications for social landlords

Tenants who are affected by the size criteria measure will be expected to make up the shortfall in their rent. The modelling above shows that there is a significantly increased risk of affected tenants falling into rent arrears. With this in mind, you may find it worthwhile to model potential rent arrears scenarios based on the number of your tenants affected and your average rent.

The table below takes the average rents of London and the North East and shows the potential financial shortfall per affected tenant. This table is for tenants under-occupying their homes by one bedroom only and based on 52 chargeable rent weeks.

Using a baseline figure of 500 affected tenants the table below models the maximum potential monthly and annual income at risk. This is just for illustration and does not take account of any steps landlords may take to prevent rent arrears.

	North East (average)	London (average)
Weekly Shortfall per affected tenant (14% of average rent)	£9.59	£14.92
Monthly Shortfall per affected tenant (14% of average rent)	£41.56	£64.65
Annual Shortfall per affected tenant	£498.68	£775.84
Number of affected tenants	500	500
Potential Monthly Shortfall	£20,780	£32,325
Potential Annual Shortfall	£249,360	£387,900

Modelling the potential housing benefit lost by tenants will help you to develop a realistic, informed action plan to support tenants and protect your business.

How might this look in practice?

This modelling example is drawn from CIH's online calculator which some housing providers have used to model their potential exposure to the size criteria measure.

The organisation, a large scale voluntary transfer association in the North West, owns and manages 6,245 homes.

- 49% of its two bed homes are under-occupied
- 53.6% of its three bed homes
- 61.4% of its four bed homes.

	Homes under-occupied by 1 bedroom (includes state pension age tenants)	Homes under-occupied by 2 bedrooms (includes state pension age tenants)	Number of tenants affected by 1 bedroom HB rules	Number of tenants affected by 2+ bedrooms HB rules
2 bedrooms	1441		657	
3 bedrooms	665	954	284	407
4 bedrooms	17	64	8	28

The total number of housing benefit claimants is 4,812, of whom 1,384 are affected by the size criteria measure. So, using the figure of £498.69 from the baseline calculation of the annual shortfall in income per affected tenant above, the income at risk for this landlord may be just over £690,000 per year.

Other issues to consider

The introduction of the size criteria and, in October 2013, the housing element of universal credit, mean that you will see **an increase in the volume of rent transactions**, and in the costs associated with processing them, and you will need to factor this into your financial modelling.

While there may be a focus on encouraging tenants to use the most cost effective payment methods, such as direct debit, these may not suit their needs or circumstances. It is important to ensure that you offer a wide range of payment methods to encourage tenants to maintain regular payments. Supporting your tenants to pay their rent is covered later in this guide.

A further issue lies in the potential for **higher refusal rates** on offers of housing and **longer void periods**, as people may not be able to afford their contribution to the rent. You will also need to include this in your modelling.

Action point

Have you undertaken any modelling based on your stock profiles and lettings criteria to identify if any homes will become harder to let due to the introduction of the size criteria? This may include homes designated for certain age groups, such as 45 and over, or for households without children.

Supply and demand issues

The DWP recognises that there is a mismatch between the household requirements of affected tenants and the number of smaller, particularly one and two bedroom properties, available to rehouse them in.⁷

You may find it helpful to analyse previous lettings data to inform your response. Knowledge of how many one and two bedroom properties were let in the previous year, for example, will inform your ability to respond to under-occupation within your stock. If there is a significant mismatch between the number of properties becoming available and the numbers potentially seeking to move, you may need to explore whether your tenants would consider moving to the private rented sector as part of a comprehensive discussion about their housing and other options. However, the majority of tenants are likely to want to remain in their current home and will try to make up the rent shortfall themselves.

Action point

Try to work with other local social landlords to identify the profile and turnover rates of your combined stock compared to what you know about households affected by the size criteria. This will help you to identify available housing options for your tenants and who may be best placed to meet their needs for a smaller home.

⁷ DWP (2011) *Social Sector Size Criteria Impact Assessment* London: DWP

Modelling will also help you to identify the cases you may need to tackle first. For example, you may find that someone eligible for housing benefit on a one bedroom property is living in a three or four bedroom home. Supporting these tenants to move, as some landlords are already doing, will free up family housing for those who need it, enable tenants to live in homes they can more easily afford, and protect your rental income.

Action point



Surveying tenants affected to ask them what they plan to do – pay, move, find work, and/ or take in a lodger – will help you to assess and resource the steps you need to take to advise and support them.

Learning from others



The Adactus Group has carried out a survey with its 'Adactus 500' tenant panel. The survey included questions on awareness about the size criteria, the best way to communicate with tenants about the changes, how tenants would cope with the shortfall in housing benefit and the factors which would pose barriers to downsizing.

The results have given the Group a useful indication of the areas in which tenants are likely to need help and support. They have also informed its communications strategy and its approach to financial inclusion.

Contact: Tony McMahon at Tony.Mcmahon@adactushousing.co.uk

Learning from others



Gentoo has carried out a pilot in the south area of Sunderland, where an under-occupation officer has been appointed for an initial period of three months to complete face-to-face visits to individual households to assess levels of under-occupation. This has shown that:

- customers are aware of welfare reform, but unaware how and to what extent they will be affected individually
- only a third of those affected stated that they would be prepared to move, raising issues such as removal costs, school catchment areas, disabilities and area preference.

A full analysis of this pilot will be available in Summer 2012.

Contact: Melanie Smith at melanie.smith@gentoo.com

Mapping the impact

By using accurate local maps of under-occupation at an estate level, you can more effectively target resources to support tenants and communities. Where an estate has significant under-occupation of working-age housing benefit claimants, you may want to pursue initiatives to support those communities.

Mapping can also be used to inform plans to develop new homes. Landlords who identify estates and communities particularly affected by the measure can potentially look to develop local homes for these tenants to move into.

Learning from others



Huntingdonshire District Council and its partner housing associations used its Local Land and Property Gazetteer (LLPG) to identify potentially under-occupied social rented homes in its area. Every local authority in the UK maintains its own LLPG which is matched to other internal datasets, such as council tax.

The stock of the 24 housing associations operating in the district is matched annually to the LLPG which includes data on the number of bedrooms and tenure. A shared unique property reference number (UPRN) for each property in the LLPG, enables easy linking and data matching between housing stock, council tax and housing benefits. Using an access database, the information from these various sources was combined to identify potentially under-occupied properties.

By using the spatial co-ordinate attributes maintained within the LLPG, officers were able to map these properties using GIS. The mapping revealed interesting clusters of under-occupiers which has informed decision making, for example, exploring the development of new housing on nearby obsolete garage sites.

The council is now planning to repeat the exercise using an updated methodology in light of the social sector size criteria.

Contact: Trish Reed at Trish.Reed@huntingdonshire.gov.uk

Tenants who no longer receive housing benefit

It is estimated that 20,000 claimants, 4 per cent of those affected, will no longer be eligible for housing benefit once under-occupation is taken into account. Those tenants will become responsible for paying the full rent due.⁸

Aim to identify these customers by, for example, focusing on those who receive housing benefit at or below the level of the reduction for an extra bedroom. These tenants are likely to be

⁸ DWP (2011) *Housing Benefit: Size Criteria for People Renting in the Social Rented Sector*

already paying most of their rent directly to you already. Cross-referencing this against your household under-occupation information may highlight those tenants facing a reduction in housing benefit. You can then model potential income loss within this customer group and offer appropriate, targeted support.

What happens next?

Modelling the likely impact of welfare reform and assessing the associated risks should give you a basis on which to plan for the future and make decisions about how to direct resources, both staffing and financial, to support your tenants and protect your business. This may include allocating additional resources for housing management activities and/or developing new services.

Learning from others



Recognising the challenges posed by welfare reform, Eastlands Homes has reviewed its staffing levels to increase support to its residents. This includes:

- an additional financial inclusion officer targeting those affected by the changes
- an employment support officer working alongside the financial inclusion team to support and encourage residents to find employment
- an under-occupation project officer, supported by a handyperson service, who will develop options and support people needing to move.

Contact: Gavin Fisk at Gavin.Fisk@eastlandshomes.co.uk

Section 5: Getting the message across to your staff

The introduction of social sector size criteria represents a material and cultural change for tenants who rely upon the state benefit system and are used to its current delivery. It also means a cultural shift for landlords and their staff. Front-line staff and managers need to be well-informed and trained so that they can deal confidently with tenants' queries and concerns about how the reforms will affect them.

An effective approach to communicating with staff will make sure that you send out a strong, consistent message about your organisation's approach to preparing for welfare reform and the size criteria and the information which staff need to convey to tenants. This will increase staff confidence and ensure that your customers receive a high quality service.

Communicating with and training your staff – points to consider

- try to ensure that staff understand the concerns and fears that tenants may have about the changes – this will help them to take a responsive, tailored approach
- include all staff who are likely to have some contact with tenants, such as estate-based caretakers, concierges and repair operatives – make sure that everyone has a basic understanding of the changes
- provide information to raise awareness among staff working in other agencies who have contact with your tenants, for example, health and social care
- make sure that all staff know where and how they can refer tenants for advice and support if they can't help themselves
- aim to provide regular updates and briefings so that staff are aware of developments and changes before they take place – this will help to maintain confidence and morale
- training, information and support could include:
 - online briefings and resources
 - road show briefings delivered at housing offices by senior staff
 - manager briefing sessions
 - a staff conference around welfare reform and its implications.
 - office-based welfare reform champions
 - briefing sessions from external partners such as Citizens Advice, money and debt advice agencies, the housing benefit team, the credit union and so on
 - regular articles in staff newsletters and/ or a dedicated welfare reform bulletin which include good practice
 - sessions to equip staff with the skills to recognise when tenants are facing financial difficulties
 - updates to all staff from any welfare reform working groups to ensure that information and policy decisions are communicated
- consider joint training with partner organisations - training together creates networks for frontline staff and sends a clear message that this is an organisational priority.



Learning from others

Sandwell Homes has developed a comprehensive training programme to embed its approach to under-occupation and overcrowding within its day to day work. The training is targeted at housing officers, choice-based lettings staff and housing staff from other social landlords which are working with Sandwell Homes on their tenants incentive scheme.

The training, four half-day sessions over two weeks, will eventually involve around 100 staff. The sessions give an overview of the extent of under-occupation and overcrowding in social rented homes in Sandwell's borough, what has been achieved so far and the future challenges. It covers welfare reform, tenancy fraud, the introduction of a customer information pack, staff guidance, and the service level agreement which supports the initiative.

Two workshops will focus on identifying areas for improvement including increasing the take up of mutual exchanges through Homeswapper as well as identifying suggestions and ideas as part of the allocation policy review, which is currently underway.

Contact: Kevin Tebbett at kevin_tebbett@sandwellhomes.org.uk



Learning from others

To respond and prepare for welfare reform, **Gentoo** has set up a welfare reform impact team made up of staff from across the group. The team has produced an action plan including elements such as lobbying and influencing policy, data collection, financial inclusion, worklessness services, resource planning and communications. Gentoo's approach includes:

- training for all staff tailored to their roles with, for example, all housing management, repairs and maintenance and customer service staff trained to answer frequently asked questions about welfare reform with in-depth training for specialist income management and support staff
- queries taken and advice given is logged on the customer relationship management system and analysed
- an internal communications plan has been put in place – the intranet, regular briefings and internal newsletters will be used to regularly communicate key messages.

Contact: Melanie Smith at melanie.smith@gentoogroup.com

Learning from others



Recognising that new and potential tenants need advice about the welfare reform changes, **Leicester City Council** has trained its staff to give face-to-face advice to customers at registration, offer stage and tenancy sign-up.

Contact: Suzanne Collins at suzanne.collins@leicester.gov.uk

Learning from others



Yorkshire Housing held a conference for around 50 staff involved in income management in early May 2012. The day included an overview of the welfare reform changes, the likely impact on the association and its tenants, exploration of how best to communicate with tenants and a session about credit unions.

Contact: Geoff Day at geoff.day@yorkshirehousing.co.uk

Action point



Have you considered the scope to provide training on welfare reform to tenant and community activists? This might help you to get the message out, or to reinforce it, beyond your usual communication methods.

Section 6: Getting the message across to your tenants

Social landlords have a vital role in ensuring that tenants are aware of the introduction of the size criteria, understand the changes and how they will affect them. Landlords have a responsibility to ensure tenants are in a position to make informed decisions about their finances and housing options.

Action point

If you haven't already done so, communicate the planned changes to your existing and potential tenants now.

This will give you, and your tenants who are affected by the size criteria, the maximum possible time to prepare and consider the options.

Working with your tenant representatives, partners and stakeholders, aim to develop a communication strategy which makes sure that messages are clear, consistent and well co-ordinated. Make sure that tenants understand what the changes mean for them and that they can make well-informed choices.

Tenants may respond to the changes in a number of ways including:

- increasing their income by starting work
- increasing the contributions made by any resident non-dependants
- paying the shortfall from their current wage or benefit income
- taking in a lodger to share the financial burden
- moving into a smaller property via transfer, mutual-exchange or finding a home in the private rented sector
- not paying all or any of the shortfall, so falling into rent arrears – they will need to understand that this may eventually lead to losing their home.

DWP will be making leaflets and factsheets available for download on its website aimed at housing benefit claimants. You may find these useful as they stand or you can use them as a basis for your own publicity.

Communicating with tenants – points to consider

- target your effort and resources to those that you know will be affected
- use your customer profile information to target your contact: face-to-face, telephone, email, SMS messaging, or personalised letters according to what you know about their communication preferences and any needs they have, such as large print, audio, Braille or translation into community languages



- to manage an increased volume of customer queries, you may want to consider sending letters out in batches, or increasing the number of staff available to answer calls
- consider the best way to communicate with your vulnerable tenants – face-to-face may be best
- be imaginative and, depending on your customer profile, consider using Twitter, Facebook, Bebo, MySpace and YouTube to get key messages out there
- run information sessions and advice surgeries in accessible community locations, for example, you could target parents through sessions at local schools timed for when they drop children off
- use community shops, pubs, libraries, GP surgeries, community centres and leisure centres for surgeries and posters
- prominently display posters and information in housing offices and flat communal areas
- work with tenants to develop clear, easy to read, attractive leaflets and newsletters – consider the needs of tenants who may have difficulty reading and writing
- include regular articles in tenant newspapers and magazines
- include information about welfare reform changes in rent statements
- provide information on your website alongside links to housing benefit and advice services
- deliver briefings and training to tenants and residents groups and through conferences and workshops so that they can spread the word and advise you on the best way to communicate with those affected
- make effective use of your local media including community radio stations
- develop a strategy for dealing with the local press and other media to avoid ‘scare stories’
- update existing materials for down-sizing schemes and rent payment information.

Learning from others



Gentoo has developed a customer communications plan. The first stage aims to inform and support customers about how welfare reform, in particular the size criteria, may affect them.

Gentoo has produced fact sheets, leaflets and posters for offices encouraging customers to speak to a member of staff if they are worried. All material directs customers to a dedicated welfare reform section on the Group’s website. In addition, all customers will receive a piece of direct mail on under-occupancy and how they may be affected. Gentoo is encouraging customers to let them know if their circumstances change so they can provide the right advice and support.

Contact: Melanie Smith at melanie.smith@gentoo.com



Learning from others

Berneslai Homes has produced a leaflet for tenants clearly and concisely explaining what the size criteria are and giving examples of how households will be affected. The leaflet estimates the anticipated housing benefit reduction for affected claimants and then proposes some potential tenant options including downsizing and mutual exchanges.

The leaflet defines working age to reassure older customers while targeting those affected by the measure and makes clear that tenants will be responsible for making up any shortfall in their housing benefit from April 2013. Visit www.practicehub.cih.co.uk for a copy of the leaflet.

Contact: Bob Cartwright at bobcartwright@berneslaihomes.co.uk



Action point

Tenants need to know exactly how much more they will be expected to pay once the size criteria measure is applied. Consider how you can make sure that this is clearly and swiftly communicated to prevent tenants from falling into arrears and to minimise the risk to your business. Also, bear in mind that:

- annual rent increases due in April 2013 may make communicating the definite housing benefit reduction to tenants more difficult – your housing management, communications and finance teams will need to work together closely to communicate this to tenants in a clear, co-ordinated way
- some messages are harder to communicate, especially the one about ‘working age’ which moves up year on year
- housing benefit teams will also be writing to tenants but contact from landlords to support this will help to ensure that tenants are more fully informed of their position and can think about what action to take before their benefit is reduced in April 2013. You may want to liaise with your local team to see if you can coordinate your communication activity so that your messages and their timing aren’t confusing.



Learning from others

Helena Homes arranged for a group of tenants, including members of its customer excellence panel and customer inspectors, to meet with their MP, housing portfolio holder and Helena Homes’ executive director of business resilience to discuss the introduction of size criteria and wider welfare reform issues.

The workshop had a rotating format with key guests circulating among groups of tenants to allow everyone the opportunity for personal interaction.

Discussions were led by tenants and covered their concerns and discussions about partnership working and preferred methods of communication around the welfare reform agenda.

Contact: Anne Meadows at anne.meadows@helenapartnerships.co.uk

Learning from others

Gatehead Housing's welfare reform working group has produced a 'Money Matters' guide which has been sent to all tenants. It includes information on welfare reform, tips on debt advice, saving money and how to access training and business advice. To find out more, see the 'Money Matters' section at www.gatesheadhousing.co.uk

Learning from others

Derwentside Homes has produced a clear and accessible customer leaflet which summarises the welfare reform changes and how they are likely to affect tenants. Visit www.derwentsidehomes.co.uk/UserFiles/File/Leaflets/1261%20Welfare%20Reforms%20flyer.pdf

Action point

You may want to consider how you give reassuring messages to those who won't be affected by the changes but who fear that they might be, for example, your older tenants.

Communicating with prospective tenants

The introduction of the size criteria will impact upon new and existing social housing tenants and you may wish to design communications specifically for applicants explaining the introduction of reform and how it may affect their housing options.

Explaining the changes to prospective tenants – points to consider

- include clear information about the size criteria on your choice-based lettings website and publicity information
- include information about the size criteria in your offer letters including worked out examples to illustrate what weekly contribution they will need to make if they are under-occupying their new home
- make sure that tenants who are working and not eligible for housing benefit understand that, if they have a home larger than they need and their income reduces, if they claim housing benefit it will be reduced
- provide proactive pre-tenancy support which includes:
 - affordability checking – with worked out examples showing the likely contribution they will need to make each week
 - welfare benefit advice
 - income maximisation, budgeting and debt advice



- manage applicants' expectations – if they want an extra bedroom, and your allocations policy allows under-occupation, they need to consider how they will pay for it
- make sure that applicants with children understand what this means in terms of the property size they can afford. For housing benefit purposes:
 - if they have two children of different sexes aged under 10, they will be expected to share a bedroom
 - two children aged under 16 of the same sex will be expected to share.

Learning from others



Leicester City Council has taken steps to ensure that new tenants are aware of the implications of the size criteria. It has:

- amended offer letters to advise prospective tenants about the size criteria
- developed an information sheet for single applicants which is included at offer stage
- included information and frequently asked questions on housing benefit reform on the Leicester HomeChoice website
- included links to the money advice website and housing benefit calculator on the Leicester HomeChoice website
- included messages in its weekly printed vacancy sheet.
- trained staff
- written to all single people on the housing register to tell them about the changes and how this will impact on their housing options
- briefed council members at the Housing Scrutiny Commission and, shortly, the cabinet.

Contact: Suzanne Collins at suzanne.collins@leicester.gov.uk

Action point



You may want to consider including a disclaimer in your lettings pack and process, which new tenants sign, to show that you have explained the potential impact of the size criteria to them. It will also act as a reminder to staff.

Section 7: Supporting your tenants to pay their rent

The introduction of the size criteria and other elements of welfare reform, such as the payment of the housing element of universal credit direct to claimants monthly and in arrears, pose a risk of increased rent arrears.

Maximising rent collection at the lowest cost is a high priority for landlords and, until now, housing benefit has provided almost guaranteed income. With tenants affected by the size criteria needing to make up the shortfall, supporting them to do so becomes a key priority for landlords, as part of an effective rent collection and arrears prevention strategy.

Money matters – points to consider

- make sure that you offer a comprehensive range of ways for tenants to pay their rent – this will increase the chances of them doing so
- encourage tenants to pay by direct debit wherever appropriate
- make sure that tenants know how to pay rent – they may not have done this before
- check if tenants have bank accounts, and if they are using them – if they do, do their accounts allow them to set-up standing orders or direct debits? If they don't have a bank account, can they get one?
- do tenants have easy access to welfare rights and money advice services, either in-house or provided by external agencies?
- make sure that welfare rights and money advice services are well-promoted and that staff know how to make referrals
- is there enough welfare rights and money advice provision in your area, bearing in mind that demand is likely to increase? Talk to your partners about how you can work together to increase provision
- watch out for tenants paying their rent on credit cards – use this as an opportunity to tell them about and refer them to money advice services
- is training on budgeting and money management available in your area? Is this something you can provide, either on your own or with partners?
- recognise that investing in advice and support services can protect your income stream and promote sustainable tenancies and communities
- try to understand all the changes a household may be experiencing such as reduced income as a result of increased non-dependant charges, reduced family tax credit, and loss of overtime or reduced working hours.



Learning from others

To help customers to manage debt and maximise their income, **Aragon Housing Association** has launched an online service which includes a weekly/ monthly budget and debt calculator and other information about help on offer to customers. To see more about this, visit www.aragon-housing.co.uk/about-us/news/news-archive/debt-advice-website/

Think point

Are there cases where chasing arrears will cost you more than the actual amount owed? In such cases, would a more pragmatic approach be to write the debt off?



Action point

You may need to consider if your existing income management processes will be effective in tackling any new cases of arrears which may emerge and small, but increasing, debts.

Help and support – an inside job?

When you've modelled the impact of the welfare reform changes on your income stream, there may be a compelling business case for investing in support and advice to prevent tenants getting into rent arrears and to help those who are already in arrears. You could do this by supporting new or existing external services, but you may want to consider in-house provision if the level of risk and the number of tenants affected is enough to justify this. Your options could include:

- increasing the size of your existing in-house service
- redeploying one or two existing income recovery staff to specialise in benefits and money advice
- if you have a floating support service, consider establishing a post dedicated to benefits and money advice
- hosting a seconded benefits and money advice worker from an outside advice agency, such as Citizens Advice
- seconding an existing member of your staff to work on benefits and money advice in a local advice agency.



Learning from others

Following previous partnership agreements with local and national advice agencies, **Aspire Housing** decided to bring money advice in-house to ensure that their customers received timely, good quality and free independent money advice. A money advisor was employed in 2010 and two more in 2011 to help customers with the difficult financial climate and the welfare reforms.

The team:

- provides specialist representation in benefit tribunals
- completes debt relief order applications, including the online intermediary application to the Insolvency Service – the team has been successful in getting a lump sum from a national charity to pay the debt relief order fees of those customers who are most vulnerable
- provides specialist advice on any matter relating to welfare benefits or debt
- delivers advice at outreach venues, by home visit and out of hours
- challenges housing benefit overpayments
- has trained income management and lettings staff to use a new benefits calculator
- receives referrals from lettings staff triggered by an affordability check
- supports customers who are giving notice due to affordability with a view to helping them to remain in their homes
- is advising tenants affected by increased non-dependant deductions to check if a deduction should apply, if it is set at the correct rate and offering a benefit check and debt advice
- has carried out a 'mystery shopping' exercise of banks in the area to assess the customer experience when trying to access a basic bank account.

Outcomes so far include:

- 270 clients supported of whom 32 per cent had mental health issues and 14 per cent had physical health issues
- entitlement to benefit of £2,123 weekly and £80,742 annually has been identified
- benefit of £1,418 weekly and £84,647 has been generated
- priority debts of £196,843 have been dealt with and £1,219,615 in non-priority debt with a further £287,988 written off.

Contact: Paul Malkin at pmalkin@aspirehousing.co.uk



Learning from others

With major changes to the benefits system taking place, **Derwentside Homes**, a housing association in the North East, has taken steps to ensure its tenants are supported by employing a specialist welfare rights officer.

Contact: Gregg Peart at g.peart@derwentsidehomes.co.uk

Learning from others

Berneslai Homes funds a post within Barnsley CAB to provide money advice to its tenants. It also actively promotes the credit union and has a referral arrangement in place for its money management scheme.

Contact: Carole Roby at caroleroby@berneslaihomes.co.uk

Learning from others

Halton Housing has held a series of welfare reform coffee mornings for tenants to raise awareness about the changes. It also runs weekly 'Budget Buster' workshops offering training on budgeting skills and welfare benefits advice.

Contact: Maureen Forshaw at maureen.forshaw@haltonhousing.org

Supporting financial inclusion

Financial inclusion is having the ability to access appropriate financial products and services. A tenant unable to access these products and services, such as bank accounts and loans at affordable rates, may be financially excluded and may be forced to pay what is known as a 'poverty premium' – higher charges due to a perceived higher risk. In 2009, CIH estimated that 60 per cent of financially excluded households live in the social rented sector.⁹

Some tenants may not have bank accounts at all while others may have 'basic' accounts which don't allow them to set up payments such as standing orders and direct debits. This may pose a barrier to regular payment habits and so it will be in your interests to invest in and support initiatives to help tenants to access appropriate financial services and products.

Learning from others

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

Contact: David Hull at dahull@solihullcommunityhousing.org.uk

⁹ CIH (2009) *Financial Inclusion and Housing: Baseline Survey* Coventry: CIH

The role of credit unions in promoting financial inclusion

A credit union is a financial services co-operative run for the benefit of members. Credit unions encourage saving and offer affordable credit to low income households when needed. The reduced interest payments are a significant benefit to low income families and allow for greater disposable income and affordable, realistic repayment planning. Trying to repay expensive loans will have an impact on a tenant's ability to pay their rent and so supporting a credit union makes good business sense.

Sources of finance – points to consider

- is a credit union already operating in your area? Is it effective? Can you do more to promote and support it, for example, by offering financial support, office space and/ or hosting surgeries?
- if you don't have a credit union in your area, or you don't feel that the local credit union has the capacity to work with extra members, consider talking to a larger credit union about whether they could extend their membership criteria to include your tenants and offer services via your own premises
- instant affordable credit is not always available from credit unions so you may need to find out what is available in your area and what can be provided to tenants
- Community Development Finance Institutions (CDFIs) are organisations that lend money to small businesses, social enterprises and individuals who find it difficult to get high street finance and, like credit unions, offer loans and support at an affordable rate¹⁰
- Credit unions and CDFIs can also help counter the prevalence of doorstep loan providers, 'payday loan' companies and illegal money lending.

Learning from others



Walsall Housing Group and **Walsave Credit Union**, have a long-standing partnership. Walsall Housing Group actively promotes Walsave to its tenants, paying the membership fee for any tenant who wishes to join.

Walsave offers savings accounts and affordable loans. It also offers a budgeting account which supports members in managing their money and paying their bills and rent. Budgeting account holders can choose to 'ring-fence' money within the account to ensure that money meant for bills or rent does not get spent on other items. Walsave charges 90p per week for these accounts. Currently Walsall Housing Group covers the cost for any tenant wanting to open an account. However, they are anticipating that demand for budgeting accounts will increase when universal credit is introduced, and so are reviewing the current funding arrangements.

Contact: Jaz Kaur at Jaz.Kaur@whgrp.co.uk

¹⁰ CDFI (2010) *What is a CDFI?* Online at www.cdfa.org.uk/about-cdfis/what-is-a-cdfi/



Learning from others

The **Bristol Community Housing Foundation** (BCHF) and **Bristol Credit Union's** (BCU) partnership started in 2002. BCHF provides space for BCU to have weekly sessions for customers, inputs skills through the Board and publicises BCU to tenants. BCU provides financial services to BCHF tenants which includes savings accounts, access to affordable credit and the credit union current account.

The two organisations work closely on strategic areas of mutual benefit, for example, on funding bids for financial inclusion work and on developing products such as ring-fenced 'jam jar' accounts designed to secure housing benefit payments.

The benefits for BCHF include good publicity, strong arrears performance and increasing development links, while BCU have benefited from increased membership and associated money and the input of financial expertise at board level. Tenants have increased access to services which increases their chances of avoiding financial exclusion.

Contact: Joanna Banks at Joanna.banks@bchf.co.uk

Digital inclusion

The DWP expects that 50 per cent of universal credit claims will be made online at the time of its launch. By 2017 they expect this to have increased to 80 per cent of claims. It is estimated that around half of the UK's adult population who do not use the internet are living in social housing.

Social landlords need to consider how they can support digital inclusion so that tenants can make benefit claims and access housing services such as rent payment online. It can also help tenants to search for jobs and provide them with skills which they can use in the workplace.

Digital inclusion – points to consider

- supporting tenants to use and access online services will help them to claim benefits, seek work, and access your own online services – this is good for them and for your business
- it's estimated that people with good IT skills are able to earn between 3 per cent and 10 per cent more than people without them – so investing in training may enhance your tenants' earning capabilities
- map out points in your area where tenants can access free internet facilities – libraries, community centres, civic buildings, your offices, resource centres for your involved tenants – publicise them so tenants know they are there
- explore the potential to offer IT taster sessions.

Learning from others



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

Visit www.southernhousinggroup.co.uk/Residents/Digital-Inclusion/Learning-Centres/

Learning from others



As 80 per cent of Cambridgeshire is rural in nature, access to both the internet and services has traditionally been difficult. Travelling to attend classes is also difficult for some residents.

Cambridge Housing Society has tackled this by employing two digital inclusion officers who travel to provide tutorials to individuals or groups. Sessions last for 1 to 2 hours over 5 to 6 weeks. They start off teaching people the basics, like how to turn a computer on, and continue through to things like word processing, emailing and internet searching.

Source: UK Housing Awards 2009

Section 8: Supporting tenants into training and work

Welfare reform aims to ensure that no one is ever better off on benefits than they would be if they worked. With around a third of workless households living in social rented housing, their landlords can lead the way in helping their working age tenants into training and paid employment, often through effective partnership working, as shown by the examples below.

While welfare reform may provide an added driver, many landlords have already recognised that, by investing time and resources in initiatives that enhance employment opportunities and tackle worklessness, they contribute to the quality of life and sustainability of the communities they work in. Positive outcomes can include:

- improved tenant satisfaction
- improved tenant and resident involvement
- reduced incidents of anti-social behaviour
- increased spending in local economies, promoting sustainable communities
- reduced instances of poverty and positive impacts upon health and education
- access to new funding opportunities
- improved community confidence and aspiration
- better relationships with partners and stakeholders
- following the introduction of the size criteria, the ability for organisations to maximise their revenue streams and tenants to afford to remain in their homes.

Learning from others



Eastlands Homes employs an employment support officer who works alongside the financial inclusion team. This means that financial inclusion officers can advise tenants about the need to look for work and, at the same time, make a referral to the employment support officer. The range of support offered to residents includes one to one sessions where CVs are developed, advice on preparing for interviews and guidance/help with job applications.

Contact: Charlotte Gilbert at Charlotte.Gilbert@eastlandshomes.co.uk

Learning from others



Enterprising Futures is a business development project that offers free business advice and practical help to people living in Sunderland. The partnership between Gentoo and Sustainable Enterprise Strategies, a social enterprise organisation, is supported by Sunderland City Council's 'Just the Job' campaign and aims to help local residents explore the opportunities of self-employment.

Contact: Melanie Smith at melanie.smith@gentoo.org



Learning from others

In 2009, **St Vincent's Housing Association** launched Positive Futures – a one to one service, with a dedicated employment support officer, offered exclusively to its unemployed tenants. Approximately 70 per cent of St Vincent's tenants are in receipt of benefit, and tackling the cycle of worklessness is an organisational priority. Providing a tailored service, St Vincent's works in partnership with local voluntary organisations, Jobcentre Plus and training providers across the North West, to maximise opportunities and services. Since its launch:

- over 500 referrals have been received with over 250 first visits to tenants' homes carried out
- 35 tenants have found employment and moved into volunteering positions
- 48 tenants have attended college courses and 24 attended clear aims motivational training
- 12 tenants have accessed St Vincent's bursary set up to fund further education and training.

The tailored approach has included funding specialist nursery care and training and providing a bursary for one tenant to attend a counselling course with that person now helping people in the same situation she once found herself in and being offered paid work when she qualifies.

Contact: Julia Glover at julia.glover@svha.co.uk



Learning from others

A partnership between **Tristar Homes** and **Know How North East** has been running for two years. It delivers employability services by seconding housing professionals to work as personal advisors in a small, community-based, charitable organisation, bringing added value by maximising engagement opportunities and targeting support where it is most needed.

Tristar Homes has added value through the creation of the WorkSTEPS partnership. This has brought together a housing consortium of seven housing providers, the Working Neighbourhoods Fund, Jobcentre Plus, and the local authority's private sector and homeless services, all pooling resources to deliver opportunities for communities in Stockton Borough.

Through the development and delivery of a 'local offer', the initiative has delivered positive outcomes for communities. A borough-wide standard, developed with tenants, sets out the level of service that tenants can expect from the WorkSTEPS partnership.

Over the last 12 months:

- 72 people have secured employment and 26 people have maintained employment in excess of six months
- 258 people have been supported by personal advisors, engaging in a variety of services including CV development, interview techniques, confidence building and removing barriers to work.

Contact: Kay Glew kay.glew@tristarhomes.co.uk



Learning from others

Housing providers in Northumberland, including **Bernicia**, have formed the Housing Employment Network consortium which has agreed to a set of principles set out in the Housing Employment Compact for Northumberland. All front line housing staff within the signatory organisations are trained and encouraged to identify customers who require employability support, to advise them on the support available locally and to refer on to these support services.

Most referrals are made to Northumberland College and its Employability Skills Level 1 course, with Next Step as a secondary referral partner. An event was held early in May 2012 to re-invigorate this approach and to introduce new referral partners to the menu of support.

Northern Learning Trust is also a major partner. Working specifically in partnership with Bernicia, it has developed a Learning Hive model which is a community-based engagement and learning centre, designed to deliver demand-led learning and initiatives that meet the needs of the local community and also the priorities of the housing association. While this model has been developed solely in partnership with Bernicia, other registered providers within the network are considering adopting the model in their localities.

Contact: Mark Sproat at Mark.Sproat@bernicia.com

The Work Programme

Launched in July 2011, the Work Programme is a new welfare to work initiative delivered by public, private and voluntary organisations with the aim of finding work for people at risk of becoming long-term unemployed. It is a payment-by-results scheme rewarding organisations which deliver sustainable employment.

The DWP estimates that around 500,000 people will join the programme each year. Currently 18 'prime providers' are delivering 40 contracts across 18 areas of the country. Details of the contract areas and providers are included in Appendix 3.

If you want to find out more about the Work Programme, or get your organisation involved in delivering support to people who are out of work in your area, contact details for your local prime providers are available at www.dwp.gov.uk

Section 9: Allocating homes

A comprehensive approach to allocations and housing options is a key element in your response to the size criteria, for both existing and future tenants. Clear, timely advice and support is vitally important to ensure that tenants are able to afford and sustain their tenancies and also to protect your income stream.

Due to a mismatch in stock, tenants who want to downsize may not be able to stay in the area they already live in or with their current landlord. They may have to consider moving into the private rented sector. This needs to be handled sensitively but honestly, as part of an open discussion about all the available options.

Getting the right fit

Making best use of social housing stock is one of the aims of the size criteria. The intention is that, by moving away from a system of benefit that pays for any sized home regardless of household need, movement will be created within social housing stock ensuring that the resulting vacancies are targeted towards those who need them most.

The Localism Act 2011, by removing most transferring tenants from the allocation rules, will allow local authorities to give more priority to tenants affected by the size criteria. The requirement on every local authority to publish a tenancy strategy will give local authorities and their partner social landlords the opportunity to consider how to make best use of stock, including addressing under-occupation.

On the move – points to consider

- with around 670,000 tenants affected by the size criteria, demand for transfers is likely to rise sharply as tenants try to move to smaller, more affordable homes
- of these, around 400,000 tenants are single people and couples with no children,¹¹ and so demand for one bedroom homes will increase
- your allocations policy may award priority to under-occupying households, but does the level of priority increase depending on the number of bedrooms they are under occupying?
- managing tenants' expectations will be hugely important – smaller properties will be in much higher demand, turnover may be low, their current landlord may not have enough of the type of homes they need, and they may need to be prepared to consider other housing options, such as privately renting or taking in a lodger



¹¹ DWP (2011) *Housing Benefit: Size Criteria for People Renting in the Social Rented Sector* London: DWP

- if your allocations policy allows applicants to be considered for a spare bedroom, prospective working age tenants on housing benefit need to consider how they will pay for a home which is bigger than they need before they accept the offer – you may also want to consider if you still want to continue with this policy
- housing associations and local authority partners may need to recognise that situations will arise where an association has to refuse a nomination because the person nominated can't afford the rent – this is a sensitive area which may call for mutual understanding and a pragmatic approach by both the association and the local authority
- work with partner social landlords to explore the scope to offer reciprocal moves – this may increase tenants' mobility and options
- tenants who have been informed of the financial impact of size criteria may choose not to accept your offer of housing – you may therefore see refusal rates increase and void periods lengthen
- you may want to consider allowing some smaller properties to be ring-fenced for use in tackling under-occupation – direct letting can reduce void periods and quickly facilitate moves for tenants affected by the size criteria. It is possible to do this within choice-based lettings schemes
- you may want to encourage applicants to consider applying for a home with a friend – this may increase the options open to them and improve their ability to pay.

Action points



If you haven't already done so, you may want to consider the level of priority you and your partner social landlords offer to under-occupying tenants. Is it set at a high enough level to enable them to move if they need to? Is this a desirable aim, given that you have a range of housing needs and demands to meet?

Also, are your policies on moving tenants with current or former tenant rent arrears likely to pose a barrier to those who need to down-size?

Reasonable preference – a note of caution

It is important to remember that local authorities continue to be subject to the requirement to give reasonable preference to applicants in the statutory categories. Many local authorities are expecting a sharp rise in the number of transfer requests due to the impact of the size criteria. They will need to consider how they are meeting their statutory obligations, which are subject to potential legal challenge, while balancing the needs of existing tenants who need to move out of a home larger than they need which they cannot afford.



Learning from others

Oldham Council has completed a successful letting chain involving six households and four different social landlords. Two households were overcrowded, three were under-occupying and one was homeless.

By creating a chain and making direct offers of accommodation to each household, once a property suitable for the household at the head of the chain became available, the council was able to move each household into a home which met their needs. The property belonging to the household at the end of the chain was then advertised through the choice-based lettings scheme. An officer oversaw the whole process and acted as a point of contact for the households involved.

Contact: Zillur Rahman at zillar.rahman@oldham.gov.uk

A future for local lettings plans?

Many landlords use local lettings plans to deliver balanced and sustainable communities, to increase demand and tackle local issues such as anti-social behaviour. This often means that people are allocated homes which have more bedrooms than they are deemed to need under the size criteria and those homes may no longer be affordable once the size criteria are introduced.

Local lettings plans – points to consider

- does your organisation use local lettings plans – have you reviewed this approach in the light of the size criteria?
- does their use mean that working age people on housing benefit are offered homes which are larger than the size criteria?
- if you decide to stop using them, how else might you be able to balance communities?
- will age-based local lettings plans, which encourage lettings to older people, restrict the supply of units for younger people affected by the size criteria to transfer to?
- would re-classifying properties from two to one bedroom make them more affordable and attractive to prospective tenants?
- what would the rental loss be - how would this compare to potential rent arrears?
- how does this weigh against the void loss?
- how might this affect property valuations? Bear in mind that a reduction in potential rental income may affect your ability to borrow and hence your plans for future development
- what's the impact on your business plan and how will your lenders react to this?
- will such reclassification create more units for down-sizing tenants?

Re-designating homes

To encourage balanced, sustainable communities and support effective housing management practices, many social landlords have local lettings plans in place. Depending on local circumstances and needs, these may aim to:

- avoid housing families with young children in larger, upper floor flats – which means that single people and couples without children are allocated those units and, following the introduction of the size criteria, they may be under-occupying and unable to afford to live there
- set aside certain blocks of flats for certain age groups, for example, people aged 45 and over – which means that those homes are not available for younger people affected by the size criteria to transfer into.

You may want to revisit your policies to check that they are still sustainable and consider if some re-designation or flexibility, if needed, is possible. As part of this it is important to consult and work closely with existing residents as any decisions taken will impact on them.

Lettings plans on new housing developments

In a new housing development where a significant number of properties become available to let at the same time, landlords aim to achieve mixed communities. By using local lettings plans, landlords allocate to a mix of household types to:

- establish a balanced community with a mix of household types and sizes
- encourage sustainability through manageable child density and occupancy levels.

You may want to consider your approach in these situations as, when letting homes to working age people on housing benefit which are bigger than they are deemed to need, they need to decide if they can afford to live in that property and how they might be able to make up the difference in housing benefit. Equally, tenants who work should be aware that, if they need to claim housing benefit in the future, their benefit will be reduced if they are deemed to have more bedrooms than the regulations say they need.

Section 10: Housing options – should I stay or should I go?

An open and honest discussion with affected tenants will involve explaining and discussing all the available options including:

- making up the shortfall from benefit or other income
- looking for work which would bring in income to bridge the benefit gap
- transferring to a smaller property within your stock
- transferring to a smaller property with another social landlord
- doing a mutual exchange with another tenant, either within your stock or with another provider
- moving to a smaller home in the private rented sector
- taking in a lodger to help with the costs.

If tenants decide that they want to move, it may take time to achieve this and they will need to think about how they will afford to pay their rent in the meantime.

It is important not to place pressure on your tenants – it is their personal choice. But you do need to make sure they understand the statutory and contractual terms of any new tenancy agreement they sign with another landlord, that that security of tenure will be less in the private rented sector and that there are pros and cons to consider when taking in a lodger.

Supporting tenants to down-size

Moving house will be a daunting experience for most tenants, particularly those who are vulnerable. When you consider that they have to move when they hadn't planned to do so, it highlights the need for advice and support to make sure that things go as smoothly as possible.

Moving on – points to consider

- by assisting tenants to move now, you will reduce the risk of rent arrears and pressure on support services when the size criteria are implemented
- it may be worthwhile targeting the tenants who are under-occupying by more than one bedroom – demonstrating the financial impact on them may inform a decision to move
- consider targeting those tenants who have already expressed an interest in moving
- support tenants to apply for a transfer and make sure that they understand how to bid for properties if you operate a choice-based lettings scheme – offer help with bidding if they need it
- take care when explaining all the available options – tenants need to be aware of the pros and cons of any choices open to them such as the costs associated with moving



- are there barriers to them moving, for example, your, or your partners', policy on current or former tenant rent arrears? Can you agree some flexibility on this?
- if you have an existing under-occupation incentive scheme, do you need to review and/ or target it better? Many schemes focus on freeing up larger houses, while many people affected by the size criteria may be living in two bedroom flats.

Action point



Many landlords offer financial incentives to tenants who are down-sizing, usually based on the number of bedrooms freed up. You may want to consider if you still need to do this with the size criteria offering an incentive in itself. Or you may decide to continue to do so on grounds of equity and fairness and also because it will help tenants with limited resources with the costs of moving.

Supporting tenants to down-size – points to consider

- treat under-occupiers as a priority group regardless of housing need, particularly if they are living in the type of home which is in demand
- have a dedicated officer to offer a personalised service
- proactively identify appropriate homes
- offer help with choice-based lettings bids if needed
- do accompanied visits to properties and provide good quality information on local services
- offer access to a cheap or free handyperson service
- offer practical support with the move itself including reconnection of white goods or assistance through the voluntary sector with packing and removals
- make use of links to local voluntary or charitable organisations
- offer information and support to make an application for a crisis loan or budgeting loan to pay for moving costs if the tenant is moving before April 2013 or, after that, on how to apply for financial assistance from the local authority to pay for moving costs
- help with sourcing affordable decoration, carpets, and furniture packages
- offer signposting or direct referral to voluntary sector organisations that can provide used furniture free of charge
- work closely with the adaptations service if the tenant is disabled and, where there are significant adaptations, help the tenant apply for discretionary housing payments
- help with redirecting post and informing friends, family and service providers such as banks, solicitors and doctors of the change of address
- help with recycling for bulky waste or access to house clearance services.

Learning from others

Royal Borough of Kensington and Chelsea invited all known under-occupying tenants to an open day with presentations on welfare reform and the housing benefit changes. It also actively promoted its down-sizing scheme and available properties.

Contact: Robert Shaw at robert.shaw@rbkc.gov.uk

Action point

You may want to consider setting up a fund to support tenants with the costs of moving house. When set against the rent arrears which may accrue if a tenant doesn't pay their contribution to the rent, this may make business sense.

Balancing the needs of older applicants

Many down-sizing schemes have focused on moving pension-age tenants to free up houses for families in need. The introduction of the size criteria may mean that landlords shift their focus as they target tenants affected by the measure in down-sizing initiatives. If you can, try to retain a balance so that older people continue to have the opportunity and support to down-size, so freeing up much-needed family sized homes.

Mutual exchanges

Mutual exchanges offer tenants a broader range of choices in terms of type and location of a potential home and can help to tackle both under-occupation and overcrowding. There is no need for tenants to wait for homes to become vacant, enabling swift moves and limiting void loss. Mutual exchanges also offer the opportunity for tenants to move across providers and locations to find a home more suited to their needs, improving mobility in the social sector.

An easily accessible, well-promoted and resourced mutual exchange scheme will facilitate moves for tenants affected by the size criteria, protecting your rental income stream, supporting affected tenants and making best use of available social stock.

HomeSwap Direct offers tenants living in a council or housing association home the opportunity to find a new property in another part of the country by linking existing mutual exchange schemes giving tenants access to properties nationwide and boosting their prospects of moving.

Action point

Work with your partner social landlords to explore the scope to develop an enhanced, cross-provider, mutual exchange scheme which includes a proactive matching service to help tenants to find the right move for them.

As mutual exchanges may be the best option for many tenants, you may want to consider:

- offering help with removal costs or allowing a week or two rent free to help people move
- being more flexible about allowing empty bedrooms following a swap – if one of the parties can pay the rent and they are swapping with someone who cannot, a more pragmatic approach may be needed
- being more flexible about allowing tenants to swap who have arrears – it may prevent arrears increasing in the long run.

Learning from others

London Borough of Islington has created Smartmove which matches under-occupied tenants with overcrowded tenants. The under-occupied tenant's home is advertised through the Home Connection scheme. Overcrowded tenants, including those who have no points, can bid to express an interest. A mutual exchange officer checks bids and sends exact matches to the under-occupier and sets up viewings if both tenants are interested.

The scheme has been expanded to include a Smartmove catalogue which gives overcrowded tenants details and photos of homes and what the current tenant is looking for.

Contact: Susan Haire at susan.haire@islington.gov.uk

Learning from others

Landlords across Merseyside have developed a region-wide home swap scheme in response to the size criteria. Twenty housing associations and five councils are taking part, owning a total of 107,000 homes between them, with 5,200 potentially and 2,000 definitely under-occupied. The scheme, which will help tenants to move between landlords, launches in June 2012.

Source: *Inside Housing*, 23 March 2012

Learning from others

The Perfect Fit (South East) scheme operates in five London boroughs and involves 13 housing associations. This sub-regional scheme allows under-occupiers to move easily between boroughs and across different landlords.

Under-occupying tenants have been identified through the databases of participating landlords supplemented by referrals from publicity and recommendations. Landlords then make properties available for offer. The scheme employs a dedicated under-occupation officer to match tenants with suitable properties. The scheme also provides practical help with moving.

Contact: Nina Morris at nmorris@gallionsha.co.uk

Learning from others

London Borough of Southwark held a 'speed dating' coffee morning to help people to find mutual exchange matches. It resulted in three successful mutual exchanges and eight registrations for its downsizing scheme.

Contact: Carol Smith at carol.smith2@southwark.gov.uk

Sharing a home

For some tenants affected by the size criteria, sharing their home may help them to meet their housing costs and so remain there. Options may include:

- applying to be rehoused with a friend which would help them to avoid the benefit reduction and share living expenses
- for existing tenants, taking in a friend or lodger as a non-dependant
- taking in a formal lodger, subject to their landlord's rules.

Lodgers can help to make the best use of social housing stock and provide social and financial benefits to the lives of tenants. While there are housing management issues associated with lodgers, the introduction and impact of the size criteria means that you may need to offer this as part of a range of options.

Learning from others

Stockport Homes is offering its single housing applicants the opportunity to have a joint tenancy with another applicant. While take-up has been low so far, it offers an option which may meet the needs of some people.

Contact: Geoff Binns at geoff.binns@stockporthomes.org

Action point

You may want to bear in mind that, where people who are not of the same household share a home, a House in Multiple Occupation may be created. It may be worth seeking advice from your local environmental health team.

Lodgers – a definition

A lodger is someone who rents a room in her/ his landlord's home and who shares living space with her/ him. Some lodgers receive services, such as meals or cleaning, as part of their agreement and are described as 'boarders'.

Letting out a room – points to consider

- depending on the type of tenancy, a tenant may or may not be able to take in a lodger:
 - introductory tenants do not have the right to take in lodgers – you may want to take legal advice on how flexible you can be about this
 - Secure tenants have a statutory right to take in lodgers as long as this doesn't create overcrowding. They are required to inform their landlord in writing prior to a lodger moving in
 - assured tenants do not have a statutory right but they may have a clause in their tenancy agreement which states that they must ask their landlords' permission to take in a lodger – the landlord cannot deny the request unreasonably.
- develop clear information on taking in lodgers – this can form part of your housing options information pack for tenants affected by the size criteria and will ensure that tenants understand their rights and responsibilities
- make sure also that lodgers understand their rights and responsibilities
- consider reminding tenants of any obligation to tell you before taking in a lodger – this will ensure that your household data records are up-to-date and you can make sure that overcrowding does not occur
- review your policies and procedures to make sure that they offer clear guidance to tenants and staff
- cover taking in lodgers as part of staff training on housing options and welfare reform
- consider the scope to develop a lodging scheme where tenants with spare rooms are matched with people in housing need and support services are provided – explore the scope for an area-wide scheme with your partner social landlords
- customers who have taken out home contents insurance will need to inform their insurer as taking in a lodger may invalidate some policies. A number of household insurance providers do not have products that allow their clients to take lodgers. Such products are available but at a higher premium.

Lodging schemes – a note of caution

Lodging schemes may offer a good solution for tenants affected by the size criteria and for those who are looking for somewhere to live. But if you are supporting and promoting such a scheme it is very important that you include **appropriate safeguarding and risk assessment measures** as part of the process. You may also want to consider offering floating support in the early stages as both parties settle into the arrangement.

Housing benefit and lodgers

Lodgers are included in the household housing benefit calculation for determining the appropriate number of bedrooms for the size criteria. Income from a lodger is taken into account in assessing entitlement to housing benefit as income available to meet day to day living expenses. However, the first £20 a week of any charge, plus half of the remaining payment, is disregarded in respect of meals and other services for a boarder. This disregard applies to each boarder individually and not to the total amount of income from this source. The boarder can claim housing benefit in their own right.

The national Rent-a-Room scheme

This scheme allows homeowners and tenants to let furnished accommodation in their own homes, receiving up to £4,250 a year tax-free. Those letting out rooms in this way cannot claim any expenses relating to the letting, for example, wear and tear, insurance, repairs, heating and lighting, or losses. Depending on the type of tenancy they have, social housing tenants may need their landlord's permission, as set out above.

Learning from others



Wishaw and District Housing has a lodger's policy which aims to ensure that people do not move in and out of its properties in an unlawful or uncontrolled way. The policy is also intended to provide guidance to staff on implementing the correct procedures and to tenants on the requirements placed on them. The association also runs a scheme where a housing officer helps the tenant to draw up a lodging agreement, helps with the application process and provides leaflets explaining the process and roles and responsibilities.

Contact: Elaine Lister at asso@wishawdha.org.uk

Learning from others



Eastleigh Borough Council has produced a comprehensive *Renting a room out in your home* booklet. Visit www.eastleigh.gov.uk/housing/rent-a-room.aspx

Moving into the private rented sector

Some tenants affected by the social rented size criteria may choose to move into the private rented sector. This may be because:

- it's a positive choice for them
- they can't afford to wait for a transfer to a smaller social rented property
- there may not be the kind of home they want available in the area they want to live in.

If a tenant lives alone, is aged under 35 and rents from a private landlord, the maximum eligible housing benefit is restricted to the local housing allowance rate (LHA) for renting a single room in a shared house. This is known as the shared accommodation rate. From April 2011 new regulations set the LHA rates at the 30th percentile of rents in each rental market area – known as the broad rental market area. These regulatory changes may affect the availability of affordable and desirable homes within the private rented sector.

As part of a comprehensive housing options approach, consider forging links with council and voluntary sector agencies which help people to access privately rented homes by providing bond guarantees and accreditation schemes for responsible private landlords.

Action point



It is important that tenants understand the implications of moving into the private rented sector in terms of the reduced security of tenure and the short term nature of the lettings.

Learning from others



Wigan CAB and **Wigan Council** developed Wigan Housing Solutions (WHS), a not-for-profit organisation that acts as a social lettings agency, as a natural progression from their existing bond guarantee scheme.

The scheme is a bridge between the private sector and the social sector, with WHS helping to relieve pressure on the housing waiting list by:

- acting as a managing agent for private landlords
- managing properties leased by the council for a minimum of three years from private landlords
- offering a 'let only' service where landlords pay WHS a tenant-finder fee.

WHS ensures the property is decent, being free from hazards under the Housing Health and Safety Rating System and their lettable standard criteria sets out what is expected in terms of quality.

Wigan Council has a very good relationship with private landlords and landlords are very keen to let their properties through WHS. As there is relatively little single person accommodation in the borough, but a good supply of two bedroom properties, they have now secured funding from Crisis to develop a service to facilitate matching of clients and offer planned moves for clients with an agreed sharing relationship via a 'Shared-Lets' service.

Contact: Louise Atherton at l.atherton@wiganhs.org

Section 11: Working with your partners

The introduction of the social sector size criteria will affect tenants, social landlords and strategic housing authorities across the UK. Social landlords simply won't be able to meet the challenges this poses on their own and so formal and informal partnership working will be essential to make sure that tenants, communities and organisations have the support they need.

Many social landlords have already begun working with partners, often through existing groupings and structures for local partnership working. Pooling resources, skills and knowledge will help you to develop a comprehensive strategic and operational response to the changes, which will benefit the tenants and communities that you serve.

What could you work on together – points to consider

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

Action point



Do you have a welfare reform working group in your area?

If not, can an existing group, such as a social landlords' forum, form a good basis for one?

Can you take the lead and establish a working group?



Learning from others

Leeds City Council's Executive Board has approved a welfare reform strategy for ensuring that customers, service providers and stakeholders are prepared for, and able to respond to, the issues and requirements arising from the welfare reform programme.

The overarching strategy is supported by a communications plan, to deliver timely, targeted information to customers and stakeholders, and by a welfare reform operational group which meets monthly to discuss the impact on housing.

The group includes representatives from:

- the council's strategic housing service, performance and paralegal advice
- Leeds three arm's length management organisations
- the tenants federation
- council housing finance
- housing IT – supporting the group with reporting requirements
- revenues and benefits
- private sector housing: housing regulation and the houses in multiple occupation team
- housing options service
- housing associations.

Although it is too early for outcomes to have emerged, this grouping is ensuring that the approach to welfare reform in Leeds is co-ordinated and consistent.

Contact: Kathryn Bramall at Kathryn.Bramall@leeds.gov.uk



Learning from others

Gateshead Housing Company and **Gateshead Council** have established a working group of local housing providers, advice agencies, and jobs and training agencies. The group aims to examine the potential impact of welfare reform and to help develop a co-ordinated approach to communication. A well-attended workshop took place in October 2011 with presentations on the national picture and on the impact of welfare reform in Gateshead. The group continues to share information and circulate updates and has jointly produced the 'Money Matters' guide for tenants mentioned earlier in this guide.

Contact: Kevin Johnson at kevinjohnson@gatesheadhousing.co.uk

Partnership working – points to consider

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

Who might your partners be?

The list of potential partners is long and will vary depending on your local context and the needs of your tenants. It might include:

- governing body members from the council and housing providers
- tenants groups
- community groups
- local authority housing services
- arm's length management organisations
- local housing associations and trusts
- legal advisors
- representatives from the private rented sector, for example, members of your local landlords' forum if you have one
- housing options
- revenues and benefits
- council private sector housing standards team
- Jobcentre Plus
- training and employment agencies
- welfare rights and debt advice services
- teams which tackle illegal money lending
- the local credit union

- agencies supporting specific groups of people such as local drug and alcohol support providers
 - floating support providers
 - advocacy services
 - Citizens Advice and other local advice providers
 - law centre
 - social care.
-

Appendix 1: Other elements of welfare reform – a brief summary

While the size criteria are the only element of the Welfare Reform Act 2012 aimed specifically at social landlords and their tenants, the introduction of universal credit and the overall benefit cap will also have a significant impact on them.

Universal credit

Universal credit is the cornerstone of the Welfare Reform Act 2012. It is designed to replace a range of existing means-tested benefits for people of working age, and comes into effect in October 2013 for all claims. It will be administered by the DWP and moves away from the current system of a number of benefits, each with its own rules and eligibility criteria, delivered by different departments. The aims are to make work pay by reducing the rate at which benefit is withdrawn when claimants increase their working hours, to deliver efficiency savings to the taxpayer and to simplify the process for claimants.

By 2017, universal credit will replace:

- housing benefit
- income-based jobseeker's allowance
- income support
- income-related employment and support allowance
- working tax credit
- child tax credit.

Universal credit – key points

- reform will affect around 19 million individual claims and 8 million working age households
- the government has stated that there will be no 'cash losers' when universal credit is introduced – no one will see their benefits reduced at the point of change¹²
- designed as a 'surrogate wage', it will be paid to claimants monthly, as opposed to four weekly, and in arrears and is intended to prepare them for employment and improve work incentives¹³
- universal credit will be assessed on the basis of household circumstances rather than those of individuals
- the fact that applicants need only apply for a single benefit should simplify the process and help improve take-up



¹² DWP (2011) *Universal Credit Policy Briefing Note 6: Transitional Protection*

¹³ DWP (2010) *Universal Credit: Welfare That Works*

- the housing element, which replaces housing benefit, will usually be paid directly to the tenant, rather than to their landlord, with the aim of promoting personal independence and financial responsibility. However, in some circumstances, it can be paid to the landlord.

Universal credit – the timetable for change

Phase 1 – October 2013 to April 2014

- universal credit will launch in October 2013 and all new claims to the current benefits and credits will be phased out by April 2014, with new claims to housing benefits and tax credits being the last to end in April 2014. Existing claimants who experience a change of circumstances will be accepted on universal credit from October 2013.

Phase 2 – April 2014 to around end 2015

- existing claimants, whose circumstances haven't changed, will start to be transferred to universal credit. This is currently planned to start from April 2014. It is expected that, as most of those households who are actively seeking work will move over through the new claims or natural changes route by April 2014, the type of households that will fall into this phase will generally be households with people in part-time work and households that are economically inactive
- priority will be given to those households whose work behaviour is most likely to benefit from universal credit.

Phase 3 – End 2015 to end 2017

- from around the end of 2015 the remaining households will be moved by taking into account local circumstances, such as staffing turnover, contractual obligations and demography, so that households are moved onto universal credit in good time before housing benefit loads become too small to be viable. Within those parameters the focus on work and poverty will be retained
- this should allow local authorities to plan with more certainty over the medium term.

The overall benefit cap

Currently, there is no limit on the overall amount of benefit that a workless household can receive, but this will change when the Welfare Reform Act 2012 introduces a cap.

The household benefit cap is designed to ensure that a workless household does not receive more in state benefits than the average wage for working households. The aim is to provide improved work incentives to those on benefits and deliver significant fiscal savings to the taxpayer.

The overall benefit cap – key points

- it comes into effect in **April 2013**
- the cap will limit the total state support available from universal credit (and the benefits it replaces) and child benefit to working age households. The total from these benefits will be limited to:
 - £500 per week for couple and lone parent households
 - £350 per week for single person households.
- the cap level is based on median incomes and will be reviewed annually with any uprating being at the Minister's discretion
- a household is defined as a claimant, their partner and any children who live with them. This does not include non-dependants
- Jobcentre Plus will know who the households are who are likely to be affected by the cap and will work intensively with them before the cap is introduced in April 2013 to support them to move into or closer to the labour market
- for all claimants who have been in work continuously for the previous 12 months, a 39 week grace period will apply whereby the application of the overall benefit cap will be deferred
- DWP will provide additional funding for the discretionary housing payments scheme of up to £75 million in 2013/14 and £45 million in 2014/15. The scheme allows local authorities to make additional payments to people entitled to housing benefit where the person needs temporary help with housing costs
- the overall benefit cap will not apply to households where someone is in receipt of:
 - disability living allowance (and its replacement personal independence payment)
 - industrial injuries disablement benefit (including any additions for constant attendance)
 - support component of employment and support allowance
 - attendance allowance
- the overall benefit cap will not apply to those households who are entitled to working tax credit. This will increase the incentive for people on out-of-work benefits to find jobs because once they are in receipt of working tax credit their benefits will no longer be capped
- the cap will not be applied to war widows and widowers.

The impact of the overall benefit cap

Modelling carried out by the DWP¹⁴ has identified a number of likely impacts:

- when implemented in April 2013, around 67,000 households will see their benefits reduced by an average of £83 per week. Of those affected:

¹⁴ DWP (2012) *Impact Assessment of the Household Benefit Cap* London: DWP

- 52 per cent will be lone parent families
- 35 per cent will be couples
- 13 per cent will be single person households
- 44 per cent will be social housing tenants
- 54 per cent will be in Greater London, 39 per cent in the English regions and 7 per cent in Wales and Scotland
- in 2014/15 a further 75,000 households will be affected – this will include 90,000 adults and 220,000 children
- it will affect in and out of work households who are also:
 - Living in high rent areas and therefore in receipt of high housing benefit payments
 - Larger than average families and therefore in receipt of higher than average child tax credit and child benefit payments
- almost all local authorities will have households affected by the benefit cap but around two thirds of these will have less than 100 cases.¹⁵

Council tax benefit

Council tax benefit will be reduced by 10 per cent, saving £490 million a year from 2013/14. In England, it will be replaced by grants to local authorities from April 2013. Authorities will then choose their own policies and mechanisms to rebate council tax bills. Cuts for working age tenants are estimated at 16 per cent. You need to bear this in mind when modelling the overall impact of welfare reform on your tenants.

15 *Ibid*

Appendix 2:

People who will attain state pension credit age during the period 6th March 2013 to 6th May 2015

The following table shows the date when state pension credit age is attained.

Date of Birth	Date state pension credit age is attained
On or before 5 October 1951	6 March 2013 or earlier
6 October 1951 to 5 November 1951	6 May 2013
6 November 1951 to 5 December 1951	6 July 2013
6 December 1951 to 5 January 1952	6 September 2013
6 January 1952 to 5 February 1952	6 November 2013
6 February 1952 to 5 March 1952	6 January 2014
6 March 1952 to 5 April 1952	6 March 2014
6 April 1952 to 5 May 1952	6 May 2014
6 May 1952 to 5 June 1952	6 July 2014
6 June 1952 to 5 July 1952	6 September 2014
6 July 1952 to 5 August 1952	6 November 2014
6 August 1952 to 5 September 1952	6 January 2015
6 September 1952 to 5 October 1952	6 March 2015
6 October 1952 to 5 November 1952	6 May 2015

Appendix 3: The Work Programme's Prime Providers

Region	Provider
East of England	Ingeus and Seetec
East Midlands	A4e and Ingeus
West London	Ingeus, Reed and Maximus
East London	A4e, Careers Development and Seetec
Merseyside Halton, Cumbria and Lancashire	A4e and Ingeus
North, West and Greater Manchester, Cheshire and Warrington	Avanta, G4S and Seetec
Scotland	Working Links and Ingeus
Thames Valley, Hampshire and Isle of Wight	A4e and Maximus
Surrey, Sussex and Kent	Avanta and G4S
Devon, Cornwall, Somerset and Dorset	Prospect Services and Working Links
Gloucestershire, Wiltshire and West of England	Rehab and JHP Group Ltd
Wales	Working Links and Rehab
Birmingham, Solihull and the Black County	EOS, Pertemps People Development Groups and Newcastle College
Coventry, Warwickshire, Staffordshire and The Marches	Employability and Skills Group and Serco
West Yorkshire	BEST and Ingeus
South Yorkshire	A4e and Serco
North East Yorkshire and the Humber	G4S and Newcastle College

Useful resources and contacts

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

For up-to-date news, good practice examples, discussion forums and more visit CIH's free Making Best Use of Stock Practice Hub: www.practicehub.cih.co.uk

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

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

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

CIH practice online has chapters on allocations and lettings and rent arrears and other debts – www.cih.org/practice/online/ (CIH members have free access to this resource)

The National Housing Federation's free online resource for housing associations: Next Steps – advice for landlords: www.housing.org.uk/policy/welfare_reform/next_steps.aspx

The Housing Futures Network, made up of Affinity Sutton, Gentoo, Places for People and Riverside, has commissioned and published research into the likely impact of the size criteria: www.affinitysutton.com/pdf/20111010%20AS%20Housing%20Futures%20report%20-%20final.pdf

CIH (April 2012) *Welfare Reform Briefing*: www.cih.org/resources/policy/CIH%20briefing%20papers/welfare_reform_briefing.pdf

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

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

CIH Housing Practice Issue 15 (June 2011) *Reducing under-occupation*: www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Reducing_under_occupation

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

- income health checks and service reviews
- in-house training on welfare reform and the impacts
- facilitation of strategic partnerships with commercial and charitable organisations
- providing executive and team briefings on the subject of welfare reform
- visit www.cih.org/welfare_reform to find out more.

Acknowledgements

CIH would like to thank the following for their advice and support during the development of this toolkit:

Department for Communities and Local Government
 Department for Work and Pensions
 David Clayton, Making Best Use of Stock Team, Chartered Institute of Housing
 Sam Lister, Chartered Institute of Housing
 Andy Tate and Sue Ramsden, National Housing Federation
 Satty Rai, Northern Housing Consortium
 Clarissa Corbisiero, Local Government Association

Shelia Doran	Eastlands Homes
Kath Bramall	Leeds City Council
Neil Bouch	The Gateshead Housing Company
Ella Atkinson	Bromford Housing Group
Mel Godfrey	Manchester City Council
Hilary Burkitt	Affinity Sutton HA
Andrea O'Callaghan	Swan HA
Trish Reed	Huntingdonshire District Council
Holly Marshall	London Borough of Camden
Angelo Sommariva	Moat HA
Anthony Jones	London Borough of Tower Hamlets
Anne McLoughlin Flynn	Hastoe HA

We also thank all the organisations whose work is featured as practice examples.



For further information contact:

David Clayton

Head of Making Best Use of Stock Team

Chartered Institute of Housing

Octavia House

Westwood Way

Coventry CV4 8JP

Tel: 024 7685 1777

Website: www.cih.org/mbus

Email: mbus@cih.org