

New survey finds growing North-South divide over impact of welfare reforms

Press release

Date:

One year since the introduction of the government's 'bedroom tax', a new survey by three national council housing organisations has discovered a growing north-south divide as residents in the North of England are continuing to be hit the hardest by welfare reforms.

The survey found that tenants in the North of England are more likely to be affected by the under-occupation penalty (13% compared to 5% in London) and also to be in rent arrears (7% compared to 2% in the capital).

Although nationally the percentage of households in rent arrears and the percentage of tenants affected by the under-occupation penalty and in arrears are falling, the North of England is experiencing worse outcomes compared to other regions.

The findings are the result of a joint research project from the National Federation of ALMOs (NFA), the Association of Retained Council Housing (ARCH) and the Councils with ALMOs Group (CWAG), into the impact of welfare reforms on council tenants. Together the three housing bodies represent over 1.3m council properties.

The survey also found that over the course of 2013/2014 the proportion of households affected by the under occupation penalty and receiving discretionary housing payments has more than tripled in some areas.

However just under half of respondents (45%), said that even this additional funding was insufficient and that the payments are being supplemented by other forms of local hardship funding. In most cases this came from the Council's Housing Revenue Account.

Commenting on the report, NFA Policy Director, Chloe Fletcher, said:

"The results of our latest survey suggest that although overall levels of rent arrears attributed to welfare reforms are falling nationally, there are considerable regional differences with the North of England being hit harder than other areas. There are a number of reasons for this

including a lack of suitable one and two bed properties to move to and far fewer employment opportunities for tenants to apply for.”

ARCH Policy Adviser Matthew Warburton said:

“Despite the worrying regional variations, the overall picture of falling arrears does suggest that landlords have put in a lot of resources and support to minimise the impact of welfare reforms on their residents and their organisations’ finances. However, the large increase in the number of households receiving discretionary housing payments could also explain some of the reduction in arrears which does pose significant questions over how sustainable this position is in the long term.”

The survey also found that voids times have not been significantly affected by the introduction of the under occupation penalty and that most organisations have increased staff and resources to collect rent and to support tenants through financial and digital inclusion initiatives.

-ENDS-

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Notes to Editors

- For a full copy of the report please visit www.almos.org.uk
- The survey was sent to all NFA, CWAG and ARCH members in July/August 2014. In total 31 organisations (25 ALMOs and six local authorities) provided responses.
- The NFA, ARCH and CWAG represent just over 1.3m council properties – around one third of social housing in England. The organisations are supporting their members across England to minimise the impact of welfare reforms with a range of educational and financial measures.
- The under-occupation penalty or spare room subsidy is a change to housing benefit entitlement which was introduced in April 2013. Council residents judged to have one spare bedroom receive a 14% reduction in of housing benefit and those with two or more spare bedrooms lose 25% of entitlement.

- **NFA -The National Federation of ALMOs** www.almos.org

There are 47 ALMOs (arm's length management organisations) across England managing 654,000 council homes across 50 local authorities.

- **ARCH - Association of Retained Council Housing** www.arch-housing.org.uk

Working on behalf of local authorities who own and manage their properties, we are here to get the best deal for councils and tenants.

- **CWAG - Councils with ALMOs Group** www.councilswithalmos.org.uk

CWAG is the representative body for stock owning authorities where housing stock is managed by ALMOs and acts as a forum to provide mutual support to those authorities.