

Ready or not?

Preparing for Universal Credit national roll out

Are you ready?

READY OR NOT?

Preparing for Universal Credit national roll out

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Introduction

The government has recently announced the next stage of plans for the national roll-out of Universal Credit (UC) and published the list of first tranche UC roll out areas for 2015.¹ As social landlords across the country gear up for their first new claimants on Universal Credit the NFA has produced a good practice briefing to summarise the specific issues ALMOs need to be considering as well as highlighting some current good practice examples in preparing both tenants and the business for the introduction of Universal Credit.

What is Universal Credit?

Universal Credit is the new benefit created by the Welfare Reform Act 2012. It is designed to replace existing working age mean tested (in-work and out-of-work) support for working-age claimants by combining them into a single benefit administered by the DWP. The six 'existing benefits' Universal Credit replaces are:

- income-based jobseeker's allowance
- income-based employment and support allowance
- income support (mainly for lone parents and carers)
- child tax credit
- working tax credit; and
- housing benefit

(Council tax rebates will continue to be administered by local councils as a separate benefit.)

DWP ministers view Universal Credit as being a surrogate wage from which job-seekers budget to meet all of their essential household expenses (such as food, utility bills and rent). The working assumption is that the whole award is paid monthly in arrears (as if it were a salary) to the tenant including any element for rent rather than being directed to the landlord.

The DWP's original intention was that the vast majority of claims would be made on-line. So far this has not been the experience in the pathfinder areas but it can be expected that this will remain as a long-term objective.

Why is this reform being made?

Under the current system of benefits a person requiring support would have to claim up to four mean tested benefits administered by three different agencies (DWP, HMRC and local council) while out-of-work and four benefits administered by two agencies (HMRC and local council) while in-work.

The current system also means that a claimant can face considerable disruption in their income when moving back into work as benefits are cancelled and new claims made. A disruption made worse by the fact that tax credits are taken into account as income for housing benefit and that entitlement to each expires at different points in the earnings scale making it very unclear how much rent the tenant should pay.

Another problem for in-work claims is the deep poverty trap that arises from tax credits and housing benefit being withdrawn concurrently. The symptom is a very high marginal effective tax rate of over 90% (over 95% if council tax rebate is included). In order to solve this problem, the government has decided that the best way is to combine all of the allowances into a single benefit with a unified taper eliminating the concurrent withdrawals.

The government argues that replacing the six existing benefits with Universal Credit has the following advantages:

- a unified constant withdrawal rate making it easier to predict total income as earnings change
- a reduced effective marginal rate of tax of 76% for a basic rate tax-payer with improved work incentives
- no requirement to reclaim while moving in and out of work
- a single benefit awarded by a single agency with improved take-up.

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How and when will Universal Credit be introduced?

Government has been granted the powers to introduce Universal Credit at the time and pace it chooses. The power to introduce it includes the power to introduce it on an area-by-area basis or by claimant type or both. At the time of writing (February 2015) progress and the projected timetable for the introduction of Universal Credit is as follows:

- as from 1 January 2015 Universal Credit is now live for new claims in every jobcentre plus office in the North West of England, but even so the cohort of new claimants who are claiming UC is restricted to single claimants who are jobseeker's (excluding for the time being for example, new claimants with limited capability for work, lone parents, carers and so on). So that even in the areas where UC is live the actual numbers of cases arising each month for the time being is small
- Universal Credit is also live in a small number of other selected pathfinder areas across Great Britain; these are usually limited to a single jobcentre plus office (identified by discreet postcodes). In some of these areas claims are also being accepted for couples and other family types. See table 1 for details.
- Starting from February 2015 coverage to all of the remaining jobcentre plus offices in Great Britain will be rapidly rolled out (for a similar claimant cohort) so that is expected to be completed later in the year. [The first tranche of areas](#) has already been announced.
- The extended gradual roll out to small claimant slices is intended to iron out any problems in the administration inherent in a new system. Once DWP is confident that all of these have been identified and satisfactory solutions found the intention is to accelerate the coverage by expanding the UC cohort to cover other groups (couples, families, lone parents and so on). This will happen in both the existing areas and the new ones so that rate of claims will gradually steepen. At some stage claimants on existing benefits (JSA, HB and so on) who have a major change of circumstance (such as a new household member or moving home) will also be added.
- This process of 'natural migration' is expected to last until 2017 by which time the number of households on existing benefits to erode to something like a quarter to a third of the current caseload. Following this extended period of natural migration the remaining dead caseload will start to be transferred en-bloc on an area by area basis. The final transfer to UC is expected to be completed by 2020 (completion is sometimes referred to as Universal Credit 'steady state').
- At some stage the transfer of pensioners on housing benefit to the housing credit element of pension credit will start. But at this stage it is not known whether this will take place during or after a UC steady state has been reached.

Start date	Jobcentre Office	Local authority	ALMO affected
29/04/2013	Ashton-under-Lyne	Tameside	
01/07/2013	Wigan	Wigan	Wigan and Leigh Housing
29/07/2013	Oldham, Warrington	Oldham, Warrington	
28/10/2013	Hammersmith*	Hammersmith and Fulham	
25/11/2013	Inverness*, Rugby*	Highland, Rugby	
24/02/2014	Bath*, Harrogate*	Bath and NE Somerset, Harrogate	
07/04/2014	Shotton	Flintshire	
23/06/2014	Hyde, Stalybridge, Stretford, Altrincham	Tameside, Trafford	
30/06/2014	Southport, Crosby, Bootle, Bolton, Farnworth	Sefton, Bolton	
07/07/2014	Birkenhead, Bromborough, Hoylake, Upton, Wallasey	Wirral	
14/07/2014	Preston, Leyland, Prestwich, Bury	Preston, South Ribble, Bury	Six Town Housing
21/07/2014	Eccles, Chorlton, Worsley, Salford, Huyton, Kirkby, St Helens, Newton-le-Willows	Salford, Knowsley, St Helens	Salix Homes
28/07/2014	Chester, Congleton, Crewe, Wilmslow	Cheshire West and Chester, Cheshire East	
Completed by 31/12/2014	50 further Jobcentre offices in North West (rest of region)	Rest of North West	Northwards, Stockport Homes, Blackpool Coastal

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Although initially during the roll out to all jobcentre areas the numbers of claimants in the system will remain relatively small because of the narrow cohort affected (new claims, single, jobseekers) landlords should bear in mind that once a claimant starts on Universal Credit they cannot usually go back onto existing benefits even if they move into an area not yet covered or their status changes (e.g. start family). So even if numbers are initially very small over the course of a year they should build up to significant numbers.

Universal Credit post election 2015

Regardless of the outcome of the general election in 2015 the replacement of existing benefits with Universal Credit will continue. There is wide cross-party support for the integration of existing benefits because it is the only practical solution to reduce marginal effective tax rates below 80%.

The Labour Party has said that it supports the principles behind Universal Credit but would suspend the programme rollout for three months while it conducts a review about the best way to deliver it. The review may result in changes to design and administration of the benefit including how it is paid but it is unlikely to result in it being completely scrapped.

What does it mean for Councils and ALMOs?

Understandably many councils and ALMOs have tended to view Universal Credit almost entirely through the prism of the payment arrangements and the effect that it will have on rent collection rates. While this is obviously critical for the HRA business plan, ALMOs also need to consider how this new benefit will affect tenant behaviour and change landlord-tenant relations in the long term.

Universal Credit is intended to transform how claimants view work. The improved earnings disregard (approximately worth £25.00 per weeks for a single person) and reduced marginal effective tax rate should mean that tenants always feel better off in-work. The confusing overlapping rules about hours worked that apply to existing benefits with thresholds at 16, 24 and 30 hours per week are also abolished. Together these new arrangements should help tenants start back to work by making it easier to predict their award as their earnings increase. In particular this should help those who are long-term unemployed and/or who lack basic skills to start part-time work and gradually increase their hours with greater confidence. In the long-term the new arrangements have the potential to revolutionize the landlord-tenant relationship away from dependence to one that is directed towards improving life chances. This changed relationship provides ALMOs with the opportunity to reappraise their corporate objectives.

Regardless of your approach to income collection Universal Credit will change the relationship with your tenants. Under Universal Credit rents are paid gross (instead of rebated net of housing benefit) so awareness and sensitivity to rents will increase. Tenant attitudes about rent affordability are likely to harden and competition for customers with the private rented sector to increase in some areas.

How these changes manifest themselves locally is likely to vary according to local housing market conditions. In London and the South East affordability (particularly in new developments built under the Affordable Homes Programme) is likely to be the main concern. In the North and Midlands the greatest risk is that rents will approach or even exceed actual private sector rents (AHP rents are 80% of a broad market average and so can be higher than actual rents in the vicinity). In either case a more sophisticated approach to market research is required than previously. Councils and ALMOs can no longer assume that year-on-year above inflation rent increases can be built into business plans without a more robust approach to market testing. As workless households and part-time workers come under increasing pressure from the threat of sanctions and the cost of living rises, sensitivity as to how affordable rents really are will increase. ALMOs and councils will need to start to consider what will be affordable for low paid tenants and those only receiving Universal Credit.

London and Quadrant and **Wheatley Housing Group** are undertaking a full review of their rent structures to test whether their rents truly are affordable to local people in low paid work. Detailed analysis of rents, local income earnings and income from existing benefits and under Universal Credit are fed into a model to test rent affordability. They have been supported by advice from CIH consultancy affordability service.

Paying Universal Credit and landlord preparation

Ministers view Universal Credit as a surrogate wage so the starting assumption is that payment is made to the worker. There was also an assumption at the beginning that the landlord (as a third party) would not have the right to know that their tenant is being paid by Universal Credit unless the tenant volunteered it any more than if the tenant is employed and paid a wage. However the government has understood that for the system to work effectively there does need to be an element of data sharing with landlords and has amended the social security regulations which came into force on the 13th February 2015 to ensure social landlords including ALMOs are notified when one of their tenant's makes an application for Universal Credit. The data shared will be limited to that required by the landlord to identify the tenant and enable them to confirm that Universal Credit has been claimed. This will enable the landlord, at the earliest possible opportunity, to decide whether they wish to offer, or refer the claimant to, additional welfare support.²

The DWP recognises that the move to a single monthly household payment is a significant change to the way benefits are currently paid and that some tenants will struggle to manage their money. Personal budgeting support is the DWP's support arrangements for claimants who need help managing their money and paying bills on time. It comprises of money advice and alternative payment arrangements. The precise arrangements for accessing and delivering support will vary locally (see section local support services framework).

Money advice is offered to all claimants when they make a claim. How the offer is made is the subject of further development and testing but once rolled out the offer will vary locally but it is likely to be available in several formats, online (for example self-help budgeting tools), telephone and face-to-face. The process is intended to identify those who can manage with self-help or one-off support (such as opening a bank account) and those who need additional on-going support.

Alternative payment arrangements are available to claimants who require additional support and should only be considered for claimants 'who genuinely cannot manage a single monthly payment'. Alternative payment arrangements (APAs) comprise the following (in order of priority):

- paying rent directly to landlords (sometimes referred to as managed payments or switchback)
- making payments more frequently than monthly (twice a month)
- splitting payment of an award between partners (for example in cases of domestic abuse or where one partner mismanages the award).

The vast majority claimants requiring an APA will be referred for money advice to help them achieve financial independence at which point the APA will end. Typically an APA is activated by the arrears trigger (expected to be around two months arrears of rent) – but an APA is discretionary so it does not always automatically follow. Broadly it is expected that 20-30% of claimants, may at some stage, require an APA because the arrears trigger has been reached – although at the local level the number of APAs may be higher or lower, for example because of higher levels of social deprivation.

An APA is different from a direct payment of HB because it is based on the following principles:

- it is considered on a case by case basis (there are no mandatory direct payments)
- triggered only with the full knowledge and consent of the claimant (instead of being arranged and administered on their behalf)
- always a temporary arrangement. An APA review date is set by the UC adviser when the arrangement is made.

However, in practice the working arrangements are likely to be more flexible. It is known that the DWP is considering a scheme whereby accredited social landlords could apply directly to the DWP for APAs for individual tenants they believe are likely to struggle paying their rent.

² The Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2015 (S.I.2015/46) were laid on 23 January 2015 and come into force on 13 February 2015. Commencing on 16 February 2015, registered social landlords, local authorities and arms length management organisations will be notified when one of their tenants makes an application for Universal Credit, or when a person already receiving Universal Credit becomes a tenant of theirs.

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The practical working arrangements for most social landlords (including ALMOs) should be eased by plans (although not imminent) to introduce a landlord 'trusted partner status'. The DWP is currently consulting with landlord groups about how this might work in practice but in broad terms it is expected trusted partners will be able to verify documentation for Universal Credit and possibly trigger an APA from the landlords request without the need to provide further supporting evidence. However, this will not mean that landlords can just put all of their tenants back on direct payment. It is expected that qualifying conditions for direct payment to the landlord will remain consistent with UC payment principles and that a landlord's continued status as a trusted partner is dependent on their agreement to apply the rules in the way they are intended. In practice this means that landlords would have to accept that:

- The majority of tenants will receive UC payment in the standard way (i.e. to them rather than to their landlord) and APAs will be applied only in exceptional cases
- Where an APA is appropriate it is still only a temporary phase during which the landlord is expected to cooperate with (or provide) the support the tenant needs to be able manage once they are returned to the standard payment in the near future.

DWP landlord preparation strategy and the local support services framework

The DWP recognises that the period immediately before migration to Universal Credit takes place can be best used to help prepare tenants for the change. The DWP has been working with stakeholders (such as the NFA) on a landlord preparation strategy and a [landlord support pack](#) has now been published.

Personal budgeting support is being developed as part of the [local support services framework](#) so the precise arrangements about how support is delivered will vary locally but in each case will comprise of partnership including local authorities and support agencies led by the relevant [DWP district](#) (an area roughly the size of ten local authority districts). This approach is being trialled in [11 pilot areas](#) (see table) where support services will include help with budgeting, tenancy sustainment, and digital inclusion.

Local authority pilot	ALMO affected	
Derby City	Derby Homes	
Islington		
South Staffordshire		
West Lindsey		
Argyll and Bute		
Dundee City		
Blaenau Gwent		
Carmarthenshire		
Lambeth, Lewisham and Southwark		Lambeth Living and Lewisham Homes
Northumberland and South Tyneside		Homes for Northumberland and South Tyneside Homes
Westminster and the Royal Borough of Kensington and Chelsea		CityWest Homes and Kensington and Chelsea TMO

Other Universal Credit and Universal Credit related pilot schemes

There have been a number of other pilot projects that relate to Universal Credit as part of the preparation for its roll out, notably the local authority led pilots and direct payment demonstration projects both of which have run their course and the findings published. These pilots and projects are designed to test out some of the processes that will apply to UC but are tested on existing benefits without any live UC claims. The [local authority led pilots](#) tested four major themes:

- partnership working
- financial inclusion
- triage (i.e. the initial assessment for support needs and referral); and
- digital inclusion

Lewisham LBC local authority led pilot

Lewisham is the second largest inner London Borough. It has a younger than average demographic, a high number of lone parents (18% of the population) and high levels of benefit take-up.

Aims of Pilot

- to develop a model to assess vulnerability that includes face to face support where needed
- to develop an approach that brings together advice on employment, housing and financial and digital awareness

A core group of voluntary organisations and front-line staff developed a prototype triage model with scripted questions which was tested against a target group of customers affected by the benefit cap. The aim was to produce a triage system that was quick, simple enough to be rolled out to other organisations. The model should be linked to practical skills (not just perceptions of concern) that would help build on the link between employment, housing, personal finance and digital capability and wider welfare reform.

Outcome

The pilot found that scripted triage is a good way of identifying people who need one-off support, but was found not to be sufficiently intelligent and flexible enough to identify individuals who need more intensive on-going support. This appeared to be because in the high need group personal characteristics (such as tenacity) were more important in determining whether the individual could make the transition successfully. A scripted text is not sufficiently sensitive to take account of personality differences but which can be much more easily identified in a face to face environment. This suggests a layered approach to triage might be required.

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The HB [direct payment demonstration projects](#) tested out payment of HB to the tenant the key findings from the independent evaluation of the projects are:

- there is an initial arrears shock following introduction of tenant payment. However payment patterns improve significantly overtime as both tenant and landlord get used to the change.
- payment patterns that result in arrears are far more complex than expected. Routinely good payers can unexpectedly miss one payment and some who struggle at first with the change subsequently go onto manage well.
- Underpayment is much more common than non-payment. However, non-payment had a greater impact on the total value of arrears.
- The circumstances and characteristics that make tenants vulnerable to arrears remain unclear. The assessment process trialled to identify those that are unlikely to manage without support was not effective.
- Design and implementation takes longer than anticipated and new unforeseen problems emerge on a regular basis.
- Data sharing is critical to success
- IT systems did not have the reporting capabilities necessary to identify and support early intervention to effectively manage tenant payment. For example reporting functions should support variable date ranges rather than a fixed cycle period.
- tenant payment does result in attitude and behaviour changes for both landlords and tenants. Landlords changed the way they operated as well as their organisational culture to be more commercially oriented; and in some cases reviewed their overall organisational goals and objectives.

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- Support and advice to manage the transition does make a difference for those that receive it, but too few who need it actually receive it. There are a myriad of reasons for this, including the reluctance of tenants to take up the support offered.
- There are other additional costs associated with tenant payment but landlords data on these costs was not sufficiently robust or consistent to be able to prove beyond doubt to the researchers that it is more resource intensive and in any case some of the initiatives developed (such as improved collection practices) may themselves result in the accrual of cost savings.

What do ALMOs need to do to prepare for tenant payment?

There are many activities that landlords need to start preparing for. It is important to remember that there is no right or wrong answer. What works best for you locally may not be so effective or even practical for another.

The learning from the demonstration projects suggests there are a number of broad areas where early work and learning would be beneficial. The aim should be to be as best prepared as possible when block migration starts. These are:

- Review the data you have for accuracy and usefulness.
- Work out what data is most effective in predicting behaviour and how you will collect it and store it. Remember the aim of data is to try and predict payment behaviour. The demonstration projects found that traditional notions of vulnerability (for example, learning difficulties) are weak predictors of payment behaviour.
- How will you identify who needs support? No pilot or demonstration project has yet found a satisfactory solution to this problem.
- What will be your offer of support for those that need help managing their money and how will your offer be segmented?
 - The demonstration projects made the distinction between those who need one-off support (such as help opening a bank account) or on-going advice to help organise their budgeting.
 - Does your offer include advice and practical products (i.e. means to pay)?
 - Can a proportion of support be delivered through self help products (such as online advice)
 - Through what channels will advice and support be available (face to face, online, telephone)?
 - How do you ensure that the offer of support is taken up? Many people who need support do not recognise that they have a problem or are too embarrassed to take up the offer. None of the pilot projects has yet found a satisfactory answer to this problem.
- Review your rent payment options and work out what systems need to be in place. Most landlords offer direct debit but many only offer one or two collection days a month. Universal Credit will be paid according to the day of month in which the claim was made. Other (non-housing) goods and services will be in competition for your tenants' money as soon as it arrives. If you cannot offer direct debit on their payment date you will be at a disadvantage.
- What other forms of assistance and support can you make available to help make managing money easier? Products that might help people manage better on a limited budget include managed money accounts (e.g. Think Money), affordable credit, home contents insurance and collective switching for utility bills.
- What partners will you need to deliver all of the above (e.g. who will provide basic bank accounts)?

Salix Homes analysed their rent collection data for tenants who were not on 100% HB. They found that their rent collection rate among this group was less than 90%. This was a wake up call as to the scale of the task ahead.

Conclusion

The introduction of Universal Credit means that the rent collection business model that landlords have operated for the past 30 years is obsolete. The current model is based on the assumption that rent collection is essentially an administrative exercise built around housing benefit procedures where the tenant is effectively absolved of responsibility for the rent once they have made a claim. The result is that the tenant has largely become a passive third party and bulk of rent collection is conducted via the working relationship established between the landlord and the housing benefit department. Effective rent collection is substantially about registering a claim and ensuring all the procedures and documentation required to determine have been complied with. All the support a tenant might need to pay rent is managed by the administration of their claim and there is little need for any real customer insight. Risk to income is collective because it can largely be controlled and managed through effective administrative procedures.

Under Universal Credit responsibility for the rent payment falls firmly with the tenant. Efficient rent collection will depend much more on the effective *prediction of individual* risk. This requires a much more sophisticated approach to tenants as consumers with different needs. Landlords participating in the Direct Payment Demonstration Projects all discovered that they knew very little about their tenants. The data they held was usually out of date and of little value in developing services. It is a fair bet that door step lenders and local supermarkets with loyalty cards operating in the same areas had a much better understanding of tenant behaviour and preferences.

Landlords that make assumptions about what services tenants need or that provide only a limited range of choice are unlikely to be effective. An example might be a landlord that 'decides' the solution is a basic bank account (because it is 'free') and direct debit. This might work for some but is unlikely to be suitable for the majority: because basic bank accounts are only 'free' to those that manage their money well, anyone else is at risk of penalty charges. In fact a 'chaotic' money manager may be better off paying for a managed account service than a free account. The point is different tenants will require different solutions. And just because a service works well in one area does not mean it will in another.

Experience from the demonstration project areas and other pilot projects shows that landlords need to become much more consumer focused and commercial in their approach to rent collection. This is not simply about taking a tougher and less tolerant approach to arrears but about being more sophisticated and intelligent with data and being able to respond with new ideas for services for a range of tenant needs.

Under the existing benefits system direct payment covers the full rent for around 45% of tenants and part of the rent for a further 20%. Under Universal Credit the proportion of tenants covered will be much smaller – and even for those that are it is likely only to be a temporary arrangement. That means finding new ways to predict tenant behaviour and developing solutions for the remaining 70% to 80% of tenants. The roll out may be slower than expected but you need all of the time you have been given to find out your tenants needs and design and test a range of new products and services.

How are ALMOs preparing for Universal Credit?

Without doubt, the introduction of Universal Credit (UC) poses a key challenge to all social housing businesses, particularly when it comes to collecting and managing income from rents. The examples below, all of which were winners or finalists in our 2014 'Leading Today's ALMOs' awards, show the range of ways in which ALMOs are preparing to face the changes that lie ahead.

Helping people into work

A key aim of welfare reform is to make sure that no one is better off on benefits than they would be if they worked and this is supported by Universal Credit, under which claimants' benefits will be withdrawn at a slower rate as their income from employment increases, compared to the existing system. The following examples show how ALMOs can lead the way in helping people into training and paid work.

Northwards Housing: Yes project

Northwards Housing set up **Yes**, an independent community interest company, in August 2013 with the aim of providing job opportunities, training, business advice, money advice, and work/voluntary experience to tenants and residents throughout North Manchester. Based in Newton Heath, where more than half of residents claim HB, Yes aims to reduce the impact of welfare reform and lower the unemployment rate in the area by directly helping tenants to gain new skills and employment. This includes encouraging local business to ring-fence some of their vacancies for local people.

In the first nine months of the project, over 3,000 people accessed Yes and 94 found work or training. This included 12 people who had been unemployed for two years or more and one who had been claiming incapacity benefit for 16 years.

As many jobs are advertised online and DWP expects jobseekers to use the Universal Jobmatch website, Yes provides access to free WiFi and PCs, with staff and volunteers on hand to offer advice and support.

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Wolverhampton Homes: LEAP

The **Learning, Employment and Achievement Programme (LEAP)** supports tenants to access training, work experience and apprenticeships. To date it has helped more than 150 tenants and their families to gain work experience, training and qualifications. Designed with tenants, LEAP has three key-stages:

- Developing pre-employment skills ranging from gaining qualifications to preparing for work skills
- An eight week expenses-only work experience placement
- A twelve month paid apprenticeship and chances to study for an NVQ.

Following completion of an apprenticeship, tenants have the opportunity to join the ALMO's staff pool and LEAP apprentices are automatically considered for every Wolverhampton Homes job vacancy.

LEAP attracted much more interest than expected and so staff were trained to become mentors and to provide confidence building, numerical, verbal and writing skills training.

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Six Town Housing: Steps to Success

'Steps to Success' (S2S) takes a 'building block' approach to helping young people address a range of issues affecting their quality of life. Personalised, intensive support aims to end benefit dependency through confidence building, positive behaviour change and developing life skills along with accessing learning and employment opportunities.

Successes to date include:

- 328 people have taken part in 46 courses
- 24 participants have gone into further education
- 19 people have found jobs, 7 full time
- 19 people have had placements
- 10 people have accessed apprenticeships and four have found traineeships
- 77 volunteer placements

An annual budget of £79,000 includes a bursary scheme which has helped 18 people to date. Evaluation of the programme using the HACT model demonstrates that it has generated a social value of £657,724 to the community.

Contact: l.conrad@sixtownhousing.org

Getting people online

With DWP expecting 80% of Universal Credit claims to be made and managed online and with so many jobs advertised on the internet, it is increasingly important to ensure that tenants can use and access internet based services. Worryingly, half of the UK's adult population who don't use the internet are living in social housing. The examples below show the positive work that ALMOs are doing to make sure that their tenants are digitally included.

Salix Homes: Connecting Customers

As 37% of its tenants don't have internet access, an important part of **Salix Homes'** preparation for UC is ensuring that customers are able to manage their finances online. Working with the Broughton Trust, the ALMO launched the **Connecting Customers** project in January 2014 on an estate where 75 per cent of residents are in receipt of benefit.

The project is a 12-week course teaching tenants basic IT and money management skills. As UC claimants will need a bank account to receive payments, all participants are required to open a savings account with Salford Credit Union, and commit to saving £2 each week as part of the course. As an added incentive, Salix Homes pays the £3 joining fee. By the end of the course the £25 saved can be used towards the cost of a reconditioned laptop provided by a local computer recycling company. Salix Homes pays half (£75) and customers are given the opportunity to access a low-cost credit union loan for the £50 balance. The scheme has been so successful it is now being introduced across all neighbourhoods.

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South Essex Homes: Go Digital

The **Go Digital** project includes a number of strands including supporting residents to become 'digital leaders', resident training focusing on employment support and money management, and the introduction of WiFi in sheltered schemes and tower blocks.

In partnership with a local IT social enterprise, 70 digital leaders have had free, recycled IT equipment which previously belonged to the ALMO so they can offer advice and support to residents in their own communities. The project includes CAB and Southend Association of Voluntary Services providing 'money matters' training focusing on paying rent online, opening online bank accounts in partnership with Barclays Bank, and accessing online tenancy services and reporting facilities.

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Stockport Homes: Digital Heroes

The **Digital Heroes** project provides skills and equipment to help customers manage their money and access welfare benefits online. Working with Start Point, a local social enterprise, customers are trained to be digital heroes and then pass on their skills and learning to other customers in their local communities. This includes:

- Encouraging customers to use IT and the internet
- Improving the capacity of customers to access and manage welfare benefits claims online
- Increasing take-up of online banking and budget management
- Using the internet to make savings on groceries and furniture.

The project supported 65 learners during 2013/14 and has had a positive impact on both customers and Stockport Homes. Digital, social and financial exclusion have been reduced for customers and, for Stockport Homes, the project reduces reliance on staff resources to support customers.

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Money matters

The impact of the recession and the rising cost of essentials such as gas and electricity mean that people who rely on benefits to get by are already struggling to make ends meet. Added to this, the introduction of the bedroom tax, the benefit cap, localised council tax benefit and below-inflation benefit rate increases mean that many social housing tenants are experiencing serious financial hardship, particularly as most are affected by several of these measures. Landlords are also concerned that the direct payment of help with housing costs to tenants under Universal Credit poses a high degree of risk to their income streams.

Recognising this, many social landlords are now working to help tenants to maximise their incomes, manage the money they do have effectively, deal with debt and access affordable banking products. The following examples showcase the range of things that ALMOs are doing.

South Tyneside Homes: welfare reform team

South Tyneside Homes set up its six person welfare reform team in February 2013 to ensure that customers were able to quickly access advice and support in a way that best suited their needs.

Achievements include:

- Success in contacting 99% of households affected by the bedroom tax which enabled the ALMO to identify those tenants' needs for support with managing money, debts and benefit claims
- Hundreds of people have been helped to claim discretionary housing payment
- Over 250 households have moved into more affordable accommodation
- Forty involved tenants have been trained to give basic advice and signposting to people in their local communities
- Referring partner status has been achieved with two local food banks allowing food parcels to be delivered to people in need

Contact: hannah.shepherd@southtynesidehomes.org.uk

Homes for Northumberland: money advice worker

Homes for Northumberland and Blyth CAB have jointly funded a CAB money advice worker located with the ALMO to offer tailored support and assistance to vulnerable tenants on income maximisation and debt.

Positive outcomes include:

- Over 1000 tenants have had help with issues including arranging debt relief orders, setting up payment plans and maximising their income.
- The service has reached people who have tended not to engage with debt advice agencies. In 2013/14 the service received 353 referrals, an increase of 22 per cent on the previous year.
- For every £1 the ALMO has spent on this project there has been a £2.35 reduction in rent arrears, and a £3.08 increase in extra benefits paid to tenants
- A total of £50,388 has been secured for tenants in additional or backdated benefits.

Contact: Antonia.edwards@hfn.uk.com

Tower Hamlets Homes: welfare reform team

Tower Hamlets Homes set up a welfare reform team to achieve a number of objectives:

- Providing intelligence-led, tailored advice and support to residents – using data from a range of sources the ALMO developed a clear picture of who would be affected by which reforms, and to what extent, allowing for a tailored and focused response. Given the diverse nature of the local community a range of media was used to reach out to customers with face to face contact achieved for 90 per cent of those affected
- Long-term solutions and support – the ALMO worked with local advice providers, the credit union and Toynbee Hall to create referral arrangements for financial inclusion and employment workshops, promote jam jar accounts, and deliver financial inclusion training
- Manage potential rent arrears increases – by working closely with individual residents Tower Hamlets Homes reduced the rate of increase in arrears and increased rent collection.

Positive outcomes include:

- Approximately a third of tenants visited attended financial inclusion training
- 153 residents were referred into employment programmes, of which 100 have secured jobs or are now in full-time employment
- Rent collection has increased to 100.11 per cent with only a very modest increase in the number of residents slipping into arrears.

Contact: Ashley.rudge@towerhamletshomes.org.uk

Shropshire Towns and Rural Housing: financial inclusion officer

Aiming to embed financial inclusion into the culture of the organisation and taking a more proactive approach, **Shropshire Towns and Rural Housing** appointed a dedicated financial inclusion officer in July 2013.

Key outcomes so far include:

- 139 financially excluded families and individuals have been helped
- Increased partnership working with local agencies
- £59,000 in discretionary housing payments and £25,000 in backdated housing benefit has been secured for tenants
- An innovative project with a local credit union and rural community council has developed a scheme to tackle fuel poverty – meaning cheaper oil could be bought through an ‘oil buying scheme’ using a combination of affordable loan and grant
- Evictions have been prevented, and a reduction in rent arrears has been sustained (as part of a business wide effort)
- Reduction in use of door step and pay day lenders and an increase in the use of credit union/ethical lenders.

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Manchester Councils Energy Scheme: a collective switching scheme

Collective switching is way of getting a better deal from energy providers. Groups of individuals bought together by an intermediary (such as a local authority) auction their bulk business to the energy providers (a reverse auction). The individuals express their – no obligation – interest in being part of the offer. The intermediary then conducts the negotiations on their behalf. The ten Greater Manchester Councils started GM fair energy scheme. 35,000 expressed an interest and 4500 signed up in 2013 saving a total of over £500,000 on their energy bills. <http://www.betterenergydeals.org.uk/>

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