

## Crisis Call for Written Evidence – Plan to End Homelessness September 2017

We are pleased to submit evidence to the call for written evidence for Crisis' Plan to End Homelessness. The National Federation of ALMOs represents arms-length management organisations (ALMOs) which manage housing stock on behalf of their councils. At present, there are 34 ALMOs which manage nearly half a million council homes on behalf of 38 local authorities.

As our evidence did not fit neatly into one of the questions on the Survey Monkey and we wished to provide copies of our reports, we have provided a short response attached to email. Should you have any questions, please don't hesitate to contact Lisa Birchall, NFA Policy, Communications and Research Officer on 02476851784 or [lisa.birchall@almos.org.uk](mailto:lisa.birchall@almos.org.uk).

### Measuring the Impact of Welfare Reform on tenants and landlords

The National Federation of ALMOs has recently published our annual report on the impact of Welfare Reform, in partnership with ARCH (Association of Retained Council Housing). The report compiles data from across 42 ALMOs and stock-retaining councils which manage over 560,000 homes. Although we do not specifically look at the link between the benefits system and homelessness within the report, it may provide useful background information for this call for evidence.

The research found that among our respondents:

- The rollout of Universal Credit (UC) has led to a higher percentage of tenants in arrears owing considerably more: nearly three quarters of households on UC (73%) were in arrears compared with 31% of the overall social rented population. UC tenants in arrears owed on average £772.21 compared with £414.40 for all social rented tenants. In total, approximately 10% of the total arrears bill was owed by households on UC, a disproportionately high figure considering that only 2.6% of all households were on UC.

According to the DWP transition rollout schedule, the rollout is due to scale up significantly over the next two years. Although our members have put in place new ways of working to support the UC rollout – including using discretionary housing pots, restructuring teams, co-locating staff in job centres, training external partners, intensive support to individuals - there were considerable concerns that these new ways of working would not scale-up as UC numbers increased.

Our research showed that 40% of UC claimants in arrears **were not** in arrears prior to going onto UC. A large part of this increase is due to the structural design of UC which includes a 7 day waiting period for new claims and 6 week wait for the first payment. There have also been administrative and procedural problems that have led to delays in payments and increased hardship.

Despite the high levels of arrears, the evidence is that NFA and ARCH members are working hard to protect tenancies. 56% of UC households had arrears totalling more than a month, and 41% were subject to an APA (which is mainly available in circumstances where 2 or more months' rent is owed). Approximately one fifth of UC households in arrears had been given a notice of intention to seek possession, but only 1 in 10 were subject to a court action and approximately 1% were being pursued for eviction. There is evidence, however,

that other landlords may not have the resources or inclination to protect tenancies. For example, our members reported that discretionary housing pots were being used to support individuals in private rented housing mainly as those households were more vulnerable<sup>1</sup>.

Our survey looked at other unintended consequences of the rollout of UC, and these included:

- Nearly all respondents stated they had seen an increase in the use of foodbanks, and the use of money, debt advice and financial inclusion services, while two thirds had seen increased demand for hardship funds;
- Some tenants were running out of gas and electric;
- Some tenants had seen negative impact on mental health;
- Some landlords had seen higher levels of abandonment. For example, one respondent reported that 46% of their UC tenancy terminations were negative (e.g. eviction for rent arrears, abandonment, notice to quit or prison) compared with 17% of those not in receipt of UC housing support; while those tenants on UC terminating their tenancies also left with significantly higher debt: £1,042 compared with £527. This respondent felt that there were significant problems being stored up in Former Tenants Arrears, which would impact on Council Housing Revenue Accounts.

Within the report, we also looked at how Councils and ALMOs were allocating discretionary housing payments (DHPs). According to respondents, 6% of working age people on benefits were in receipt of DHPs, with 60% of these claiming due to the under-occupancy penalty and 16% because of the benefit cap. Again, our respondents stated they had concerns about the sustainability of the DHPs; with an example response being *“with the cap and bedroom tax pressures there is little money to cope with the vast numbers of UC claimants we expect to quickly fall into arrears when full service hits. It will be a tool that we can use for exceptional cases but won’t make a dent in the overall arrears. Any DHP money we do spend will be prioritised for private landlords and temporary accommodation as the risk of evictions is much higher...”*

In essence, our research highlighted a worryingly high level of arrears and hardship among tenants on UC at a time when the Government is planning to speed up and expand the rollout of UC. This is reflected in findings from other organisations, for example the Citizen’s Advice Bureau.

Our members have worked hard and invested significant resources into supporting households to move to UC and absorbing higher rent arrears, but there are fears that these actions are not sustainable, especially as the impact of welfare reforms (under-occupancy charge, benefit cap and UC) combine with new homelessness obligations and the cost of temporary accommodation. Without this sustainability, there is a strong possibility that more individuals who are already vulnerable will go into debt and hardship, which may contribute to increased financial instability and homelessness.

Within the report, we listed 5 key asks around UC which our evidence showed would help improve the rollout of UC and reduce hardship for tenants moving to UC:

- End the 7 day waiting period for new claims;
- Slow down the speed of UC rollout until the procedural issues with the existing system have been resolved;
- Create a transitional funding pot for landlords to enable them to effectively manage the rollout of UC and adequately support vulnerable tenants;
- Improve the digital engagement for full service (especially for older tenants);

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<sup>1</sup> See also the report from the Residential Landlords Association into the impact of Welfare Reform and Universal Credit on the private rented sector.

- Improve the process of UC for claimants and landlords, including integrating the learning from Live Service.

#### Life Chances work

In addition to the above, The NFA published a Best Practice Briefing, *Improving Lives*, in April 2017. This highlights the significant amount of work that our member ALMOs do to enhance the life chances of residents, including through contributing to homeless prevention, health and wellbeing interventions, providing educational and employment opportunities, and building assets within individuals and communities. This is the positive side to the equation, since the interventions are designed to be preventative and provide residents with the support to avoid instability and homelessness.

Our report shows that ALMOs remain committed to tackling and preventing homelessness, with our research finding that the majority of ALMOs (68%) directly assist their local authority in implementing their Homeless Prevention Strategy, whilst 41% provide homelessness services themselves. Services included providing money or financial inclusion services, tackling fuel poverty, tackling food poverty, and strategies for digital inclusion. The report presents 4 in-depth case studies from ALMOs with contact details if you would like to find out more information (pages 14-15).

#### **Attached:**

***Improving Lives, Enhancing the life chances of residents in our communities, Best Practice Briefing  
Pause for Thought, Measuring the Impact of Welfare Reform on Tenants and Landlords (2017)***