
Welfare Reform 2012

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Introduction

- Welfare Reform Overview
- Implications for our Customers and the Organisation
- Our Response



Welfare Reform Overview

The main elements of the Act:

- To create more incentives to encourage people into work
- To reduce in-work poverty
- To simplify the benefits system
- To process the transitions into and out of work more effectively
- To reduce fraud and error.



Implications for our Customers

- **Universal Credit**
 - Replaces means tested benefits
 - Will not include Disability or Carers allowances
 - Will comprise of a set of allowances
 - Will be paid in arrears as a single monthly payment
 - Will be paid direct to the claimant but at 8 weeks arrears payment will be paid to the landlord
 - The housing cost element will be paid direct to the landlord if the claimant is deemed to be vulnerable



Implications for our Customers

- **Social Size Criteria**

- Will apply to claimants of working age renting in the social rented sector
- Rent allowance will be reduced if claimant is under occupying the property
- Reductions
 - 14% if under occupying by one bedroom
 - 25% if under occupying by two or more bedrooms



Implications for our Customers

- **Benefit Cap**

- Will limit the total amount a single person or couple are entitled to;

 - lone parents and couples with or without children
£500.00 per wk

 - single people without children £350.00 per wk

- Initially if cap is exceeded the housing element of the benefit will be reduced
- A number of exemptions will apply including if claimant is in receipt of working tax credits, disability living allowance



Implications for our Customers

- **Claimants over pension age**
 - Introduction of Housing Credit
 - Pension credit claimants can opt to have housing credit paid to landlord
 - Awaiting information on how pension credit and housing credit will work



Implications for our Customers

- **Not Housing specific**
 - Disability allowance replaced by personal independence allowance – tougher points based, medical tests
 - Discretionary allowance abolished replaced by “local welfare assistance” administered by local authorities
 - Council tax benefit scheme replaced by rebates based on rules decided by the local authority
 - Annual uprating of benefits linked to Consumer Price index rather than Retail Price Index



Implications for our customers

Timelines

- Universal Credit
- Social size criteria
- Benefit Cap from
- Personal Independence
- Allowance
- Local Welfare Assistance
- Local council tax rebate
- scheme

When

October 2013 – 2017

April 2013

April 2013

April 2013

April 2013

April 2013



Implications for Golding Homes

- **Increased pressure on resources**
 - demand for smaller properties
 - will be providing high volume debt advice and support
- **Changed relationship with our customers**
 - distinguish between Can't pay and Won't pay customers
 - greater focus on price and value for money



Implications for Golding Homes

- **Greater Financial uncertainty**
 - Rent roll 28.5m , 62% income derived from Housing Benefit
 - Will be focused on collecting debt rather than administering HB
 - Phased introduction of universal credit will result in reduction of Housing Benefit direct payments of 3% per month 27k (324k per year) currently receive 900k per month
 - Introduction of direct payments in year 1 estimate arrears for working age claimants may increase from 230k to 537k
 - There are 2555 households of working age if all claimants transfer to direct payments the estimated additional transaction costs will be 52k per year
 - There are 618 households that are under occupying their properties estimated loss of income per household estimated at £10,088 per week (484k per year)



Implications for Golding Homes

- Projected Future Arrears

2012/13 – 1.7%2017/18 – 3.3%

- Estimated Number of Evictions

2012/13 – 502017/18 – 109

- Bad Debt Provision

2012/13 – 143k2017/18 – 298k



Our Response

- To assess the impact of welfare reform
- To identify and support residents affected by the change
- To ensure staff are equipped to provide the service
- To educate prospective tenants
- To ensure the infrastructure and IT systems are robust to support business requirements
- To develop shared response with partners



Outputs

- Business plan that reflects impact of welfare reform
- An effective Income Management Strategy
- Improved Customer engagement
- Customer Satisfaction



Meanwhile.....

- Is it our responsibility to provide alternative accommodation?
- How should we deal with short term can't pay?
- Should affordability be a factor when making an offer of accommodation?
- Should we consider introducing flexible tenancies in order to better utilise our stock?
- Should we just focus on delivering our landlord core services?



Questions

