

Impact of welfare reform on housing associations baseline survey 2012

Regional summary – North East Region

Background

The Government is implementing a raft of changes to the benefit system. The main changes affecting the social rented sector, including the size criteria for social housing and the household benefit cap, will be introduced from April 2013, while the new Universal Credit is due to be phased in between April 2013 and 2017. The Federation's programme of research will show how these reforms impact on housing associations and their tenants over the next 15 months.

The survey

A baseline survey was conducted with housing associations using an online survey approach prior to the Autumn Statement. A total of 232 housing associations completed the survey between 21 September and 5 November 2012, representing over half the general needs rented stock nationally. Data has been weighted to the known profile of housing association general needs stock by region across England and by size of association.

- Responses from 18 housing associations with stock in the North East region form the base for this analysis

Anticipated impact of welfare reform

- 90% of associations operating in the North East say they will be affected either a great deal or a fair amount by introduction of direct payments to tenants (compared to 81% overall).
- 74% say they will be significantly affected by the size criteria and 12% by the household benefit cap (compared to 61% and 27% respectively overall).
- Associations operating exclusively in the North East on average anticipate a 50% increase in rent arrears following introduction of welfare reforms.
- 21% think it is likely that increased debt arising from the welfare reforms will make it harder to meet loan covenants (compared to 22% overall).
- 48% of North East associations think their tenants know hardly anything or nothing at all about the benefit changes (compared to 57% overall).

Potential impacts of the introduction of the size criteria

- 100% of associations operating in the North East consider increased difficulty in rent collection likely following introduction of the size criteria (compared to 90% overall).
- 100% say a rise in the level of arrears is likely and 100% expect a fall in total rental income following introduction of the size criteria (compared to 90% and 82% respectively overall).
- 79% say a change in allocations policy relating to working age households on housing benefit is likely and 61% think a policy change is likely for those not on housing benefit.
- 8% of associations operating in the North East and involved in the Affordable Homes Programme believe that the introduction of the size criteria will make it a great deal harder to meet their delivery commitments (compared to 5% overall). 22% think it will not affect them at all.
- 42% of North East associations have reported an increase in requests for a transfer from under-occupying households in the last six months (compared to 43% overall).

Potential impacts of the household benefit cap

- 43% of associations operating in the North East consider increased difficulty in rent collection likely following introduction of the household benefit cap (compared to 63% overall).
- 36% expect a fall in total rental income following introduction of the household benefit cap (compared to 49% overall).
- 16% say a change in allocations policy (eg to prioritize those affected by the cap for internal transfers) is likely (compared to 35% overall)
- 4% of North East associations involved in the Affordable Homes Programme believe that the introduction of the household benefit cap will make it a great deal harder to meet their delivery commitments (compared to 4% overall). 47% think it will not affect them at all.

Potential impacts of direct payment of benefit to tenants

- 100% of associations operating in the North East think they will have to provide more resources for things like money advice and arrears management following introduction of direct payments to tenants (compared to 92% overall).
- 100% think increased difficulty in rent collection is likely and 95% say a rise in the level of arrears is likely following introduction of direct payments to tenants (compared to 90% and 89% respectively overall).
- 90% expect a fall in total rental income following introduction of direct payments to tenants (compared to 78% overall).
- 0% of North East associations involved in the Affordable Homes Programme believe that the introduction of direct payment to tenants will make it a great deal harder to meet their delivery commitments (compared to 10% overall). 22% think it will not affect them at all.
- Associations operating in the North East on average estimate that 34% of their tenants are on housing benefit and do not have access to a bank account and direct debit facility (compared to 30% overall).

What housing associations are doing to prepare

- 99% of associations operating in the North East have begun to look at the risks and opportunities of welfare reform (compared to 95% overall), 79% have started to take action.
- Associations operating in the North East are, on average, planning to spend c£16,230 each in 2013 to prepare for welfare reforms (compared to a regionalized overall average of c£32,575). The highest amount spent in preparation by North East associations is £207,500.
- Anticipated additional average spend in the year to April 2014 is c£32,640 each (compared to a regionalized overall average of £54,630). The highest amount of additional spend anticipated by North East associations is £345,000.
- 79% of associations operating in the North East are providing (or planning to) additional money advice and 80% are undertaking (or planning to) customer analysis to identify and target under-occupiers with help (compared to 76% and 66% respectively overall).