

## ANNEX 15

# Advice and housing associations

## Introduction

This Annex discusses the role of housing associations (HAs) in providing and funding advice for tenants and the wider public. Different approaches to provision are described. The welfare reforms mean that HAs have a strong interest in ensuring that their tenants have access to good advice, so there is every prospect of their role increasing, either as a provider, or, more likely, as a commissioner and funder of advice. This is therefore an area where the Low Commission is encouraging further developments.

## Background

### England

HAs currently house c2.4m households in England (about the same as local authorities). This amounts to c5m people, of whom about 70 per cent are on benefits. 14 per cent of HA tenants do not have a bank account and as many as 24 per cent do not have direct debit facilities.

HAs in England have a turnover of over £10b pa. They are increasingly becoming involved in wider neighbourhood services, investing £530m pa in a range of different services. The National Housing Federation's last neighbourhood audit 2011<sup>1</sup> describes this work in England. It covers jobs and training, learning and skills, health and wellbeing, safer and stronger communities, environmental projects and community spaces, as well as promoting independence.

According to the 2011 audit, HAs spent £51m on promoting independence, which involved giving advice to more than 500,000 people on a wide range of issues, including:

- general tenancy/pre-tenancy support;
- welfare/benefits advice;
- fuel poverty initiatives;
- debt advice initiatives;
- money guidance initiatives;
- financial literacy/awareness initiatives;
- credit union/savings schemes.

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1 *Building futures*, National Housing Federation, 2012.

## Wales

HAs in Wales currently house around 150,000 households (around twice the number housed by local authorities). This amounts to c280,000 people. HAs in Wales have a turnover of over £650m pa. They are also increasingly involved in wider neighbourhood services. Research commissioned by Community Housing Cymru, and carried out by the Welsh Economic Research Unit,<sup>2</sup> estimates that HAs in Wales invested £28m in community regeneration work in 2011/12 to improve the lives of tenants and communities, covering activities such as creating jobs and training opportunities, improving education, skill and learning, digital inclusion, reducing social isolation and tackling poverty.

## Implications of welfare reform

The welfare reforms directly impact on HAs and their tenants – particularly the change to paying housing benefit monthly in arrears (as opposed to every two weeks as was done previously) direct into tenants’ bank accounts (as part of universal credit), the ‘bedroom tax’ on spare rooms and the overall cap on benefits. HA tenants in Wales are particularly hard hit by the bedroom tax, because much of the housing stock comprises three-bedroom dwellings transferred from the local authorities.

From HAs’ point of view the reforms bring a risk of increased defaults leading to evictions, as well as increased management and court costs. From the tenants’ point of view, many of whom are used to managing their finances on a weekly basis, there could be cash flow problems, as well as the risk of getting into difficulties through spending their housing benefit on other items, instead of using it to pay their rent. Many tenants do not have access to the internet, and this is an issue as the government hopes to see 80 per cent of universal credit claims be made online by 2017. It is estimated that around half of the UK’s 9m people who have never been online live in social housing. The National Housing Federation (NHF) published a report it commissioned from Ipsos Mori and Cambridge University on 24 January 2013,<sup>3</sup> which predicts a 50 per cent rise in rent arrears as a result of the reforms.

Providing advice on these issues clearly makes sound business sense for HAs, as they want to sustain their tenancies and, as far as possible, avoid evictions. Since many local authorities no longer provide housing advice themselves, HAs are increasingly getting involved in this area.

As well as providing advice, HAs can also play an important role in raising

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<sup>2</sup> *Year 6: The Socio-Economic Impact of the Welsh HA and Community Mutual Sector*, Welsh Economic Research Unit report for Community Housing Cymru, November 2013.

<sup>3</sup> *Impact of welfare reform on housing associations*, 2012 Baseline report for the NHF by Ipsos Mori and University of Cambridge, January 2013.

tenants' awareness of welfare reform changes. For example, Community Housing Cymru has run a successful 'Your benefits are changing' campaign.

### **Current advice work**

Some of HAs' main options are:

- to provide advice themselves through their own staff (but then the advice may not be viewed as being independent since they are the landlord);
- to include an advice provider in their group structure (see case study below);
- to have a contract with an advice provider, including provision of free accommodation from which to run advice services or visiting surgeries;
- to provide funding to a CAB or another advice agency (but their service will be more wide-ranging, although in a more sparsely populated area, this may be the best option, as the numbers will be much smaller and there will not be sufficient economies of scale to run a separate service);
- to provide funding to a housing specialist, such as Shelter (London and Quadrant and Thames Valley HAs are calling on 100 HAs to fund one Shelter specialist adviser each or help in any other way they can, given the 50 per cent cut in legal aid Shelter is experiencing, resulting in the closure of nine offices).

The scope of these services will typically cover:

- advice on repossession orders, but not representation. However, they can refer them to solicitors, as they will still be able to get legal aid in these situations;
- all forms of benefits advice, including advice on personal independence payment (PIP), employment and support allowance (ESA), tribunal representation/help and universal credit;
- signposting on employment advice (both getting employment and discrimination cases).

HAs are also having to help tenants who do not have access to new technology – for example, through initiatives such as 'computer gyms', where tenants can learn how to access and use new technology. This area of work is likely to increase as a result of the welfare reforms. It is also likely to include help with opening bank accounts. Go On UK has been promoting work with HAs to extend digital skills among this group; some MPs have called for all HA tenants to have free internet access.

### **Wales**

In Wales, a major issue is that large areas still have no broadband access. Community Housing Cymru is campaigning for this to be addressed.

Community Housing Cymru runs a Money Advice Project funded by the Big Lottery Fund, as well as a Moneyline loan service. In addition, a number of individual HAs have their own financial inclusion staff.

### **Case study: Shepherd's Bush Housing Group**

Shepherd's Bush Housing Association have formed a group structure and merged with an advice charity, Staying First, in order to be able to offer advice services to its tenants. Previously Staying First had a contract with Kensington and Chelsea Royal Borough to run a housing advice service, but this is now restricted to a more limited service for private sector tenants and owner-occupiers in the borough.

Staying First now also provides:

- benefit and debt advice through a service level agreement (SLA) with Shepherd's Bush Housing Group;
- benefit and debt advice under contract to Kensington and Chelsea Tenant Management Organisation (TMO) involving early intervention work with TMO tenants who are in arrears; this also involves a lot of referrals and signposting on issues not covered by the contract;
- SLAs with Origin Housing Group, Catalyst, Wandle and Thames Valley HAs, who all fund a day or two per week for provision of debt and welfare benefits advice. Each SLA has targets for the number of clients to be served. In total Staying First are serving about 750 clients pa and have four staff.

### **Funding arrangements**

Traditionally, funding for these types of services is often in partnership with others, although the potential for this is decreasing as funding for these types of partnerships reduces. Since HAs are either charities or industrial provident societies there is generally no legal impediment to them spending their income on these activities, provided they can justify them as being of public benefit and within their objectives or rules. A current debate within the sector is how far HAs should be funding public services, including generalist advice services, that are having their funding cut.

Where an HA is too small to fund an initiative on its own, there may be scope for joint funding, eg with a local authority, or for developing local services funded through a number of HAs working together.

### **Issues**

The issue of independence is becoming increasingly important, as more tenants find themselves getting into difficulties as a result of the welfare reforms. HAs' usual response is to recruit more staff to provide tenants with debt advice, but it is questionable whether they will always be serving the best interests of the tenants (which might be to advise them to seek a debt relief order), as opposed

to the interests of the HA (which might be to advise them to pay their arrears – or even to take out a loan through a service like Moneyline in Wales).

At the same time, it is important that HAs view debt advice as integral to their operations, as opposed to a ‘nice to have’ add-on. Fair Finance has helped two HAs in east London develop an approach whereby rent collectors are incentivised (through bonus payments) to refer tenants in difficulties to independent advisers. The costs of this advice is budgeted as part of the income delivery code, rather than being seen as an external cost. Integrating advice into the business operations of HAs requires a change of mind-set, which can take time to achieve. (See case study of Fair Finance at Box 24 of main report.)

## **Conclusion**

HAs house many of the people who are most in need of advice. They also have resources to deploy in the provision of advice services and are well placed to provide or commission accessible advice services for their tenants. The welfare reforms now provide a very strong business case for doing this. However, it is important that independent advice is given, while at the same time being treated as an integral part of running the business.