



Case Study

Critical Friend Review of Income Services Bron Afon Community Housing

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<http://www.phhsl.co.uk>

In May 2012, Bron Afon invited us, through our partner LIN, to carry out a critical friend review of their income management service - to ensure income recovery strategies, policies, procedures and processes were in the best possible position to prepare both for going live as one of the DWP Direct Payment Demonstration Project, and the wider challenges of welfare reform.

Background

In preparation for the introduction of Universal Credit in October 2013 five local authority and housing association partnerships in England and Wales are participating in demonstration projects with the DWP on changing the way housing benefit is paid in the social housing sector.

The projects have now begun paying HB direct to some social housing tenants rather than to their landlords, and will be trialling until June 2013 how some 12,000 tenants can manage monthly payments ahead of the introduction of Universal Credit

The five participating areas in England and Wales selected around 3000 tenants for the first wave of payments. These tenants are receiving a four weekly HB payment into their bank account from which they will pay their landlord directly. Pensioners and people with significant support needs have not been selected and will continue to have their housing costs paid direct to their landlord.

Bron Afon Community Housing and Charter Housing, together with Torfaen Council are the partners for the demonstration project in Wales..

The DWP Direct Payment Demonstration Projects first report stated:-

'Social landlords neither hold, nor have ready access to the information necessary to assess tenants' readiness for direct payment and support needs. Landlords themselves reported having been surprised at how little they know about their tenants.'

Our Approach

We worked in partnership with key senior management and operational staff from Bron Afon to agree the methodology, review documentation, undertake on site interviews and case auditing, and test /review the IT systems in place.

Our review took a holistic approach to the income service and risks associated with welfare reform for the whole organisation. The focus was on enhancing strategic preparations for welfare reform and ensuring value for money by improving operating efficiency within the income service.

We cross referenced desktop and onsite findings with key demographic and economic data for the local area; comprehensive benchmarking data; and insight into IT systems and capabilities.

The Local Context

We established that almost 20% of the working age population in Torfaen were reliant on Incapacity or Disability benefits : the highest risk groups in terms of reduced income, with 50% of claimants being found fit for work at re-assessment for Incapacity Benefit or disability relating to Employment Support Allowance (ESA), and those reassessed as fit for work facing reduced weekly incomes of on average £27 per week when transferred to ESA or pending appeal – with delays of as much as a year in any appeals.

Combined with an under-occupation average charge of £14 per week, these were significant potential reductions and downward pressures on incomes for tenants already being hit by changes elsewhere such as tax credits, contribution based ESA, inflation and rising utility costs.

The government promised an additional £60m p.a. in Discretionary Housing Payments (DHPs) across the country in 2012-13, to help with shortfalls in rent which will materialise from welfare reform. However, we also established that Torfaen Council's grant from the government in the current financial year remained unchanged and unlikely to increase moving forward – despite dipping into its own funds in 2011-12 to top up DHP awards.

Our Report

Our report contained a series of prioritised recommendations and solutions based on Bron Afon being faced with daunting potential income reductions for tenants and millions of £s in extra rent to be collected once direct payments to all its tenants are introduced.

It helped Bron Afon to understand their strengths & service improvement priorities and to refine their approach to;

- tenant profiling,
- performance management,
- strategies, policies and procedures , and
- enhancing outcomes, performance and efficiency through development of effective IT solutions.

The Benefits for Bron Afon

Ian Simpson, Director of Community Housing & Support at Bron Afon said:

"The process was both challenging and constructive and has identified a number of best practice recommendations that we will adopt to further improve our income management service, prior to the introduction of Housing Benefit being paid directly to our tenants.

This critical friend review ensures that we are better placed to maximise our rental income collection and minimise tenant arrears, in addition to preparing the income

management service and the organisation for the changes being introduced through Welfare Reform”

Following the review, we were also commissioned and are continuing to provide practical and strategic support to Bron Afon until 2013 on their corporate Welfare Reform Project.

Top Tips for all landlords

1. Thoroughly establish the impact on your business of welfare reform – not just income but on allocations, asset management, development and sustainability.
2. Ensure that a payment and enforcement culture is embedded within your organisation and amongst tenants.
3. Adopt a strategic approach to customer profiling to ensure consistency and relevance of data being sought, and to enable a targeted, ‘risk’ based approach to support & advice.
4. Clarify the approach to be taken to under-occupiers, including those who accrue arrears but have no alternative accommodation to go to, and the potential for reclassifying property sizes, reducing rents, private sector solutions etc.
5. Make sure your IT system and performance management process are fit for purpose - capable of flexible direct debit dates and a mix of preferred or mandatory payment types, together with ensuring that non payment of rent is managed more proactively than may currently be the case.

To discuss how we ,or our partner LIN, could help your organisation prepare for and survive welfare reform - with a critical friend review, project management or in other ways - call us on 01202 233 214, or email info@phhsl.co.uk.