

Impact of Welfare Reform

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Introduction

- Wolverhampton Homes – 3 star organisation
- Sunday Times - 40th best not for profit company
- Managing around 23,000 council properties
- Annual debit of around £88m per annum
- Generally regarded as top performer
 - Rent collection rates of 98.43%
 - Rent arrears of 0.92%



Wolverhampton

- High levels of unemployment at 7.4%
- Housing benefit – 65%
- Low levels of educational attainment
 - 31% no qualifications
- Welfare reform – likely to impact



Welfare Reform Changes

- Non-dependant charges – significantly increased
- Benefit cap – around 90 tenants affected
- Spare Room Subsidy Removal
 - 14% for 1 bedroom
 - 25% for 2 bedroom
- Universal credit



Potential Impact

- Arrears levels
- Numbers of people in debt
- Forecasts for collection rates
- Increased collection rates
- Additional resources required
- Homelessness



Cash Flow

- 1% reduction = £800k per annum
- 3.5% reduction in 2017 = £2.8m per annum
- Effect on local economy
- Effect on service delivery
- Impact upon 30 year business plan
- Council aspirations for new build



Benefit Cap

- Limit on amount of benefits for working age people
- Maximum £26,000 per annum
- Average working salary
- Couples capped at £500
- Singles capped at £350
- London and south east.....exclusively?



Benefit Cap

- Total of 140 affected in Wolverhampton
- Including 68 Wolverhampton Homes
- Generally
 - Large families
 - High rent levels
- Choices
 - Increase employment opportunities
 - Expenditure choices
 - Not rehousing!!
- Little sympathy?



Spare Room Subsidy

- Bedroom rules
 - Adult or couple
 - Children same sex share up to age 16
 - Children different sex share up to age 10
- Bedroom or not?
 - Test
 - Scotland tribunal – space standards
 - Size criteria determining overcrowding

Spare Room Subsidy

- DWP guidance
 - 7,189 bedrooms
 - 6,967 Properties
- Debate goes on and pressure mounts
 - Political conference season
- No payment culture developing
 - A poll tax scenario?

Spare Room Subsidy

- Choices
 - Pay to stay
 - Discretionary Housing Payment
 - Increase employment
 - Lifestyle choices
 - Lodger/non dependant
 - Downsize



Impact

- Total of 2,779 households originally affected
- Cash value of £1.62m
- Now reduced to 2,298
- Around 40% = 910 have a clear account or in credit
- Around 60% = 1,388
- Average arrears of £160
- Arrears now £1.395m or 1.58% of debit



Universal Credit

- One benefit replacing 6 work related benefits
- Digital by default
- Paid monthly in arrears
- Direct to tenants themselves
- National roll out 2015 to 2017



Universal Credit

- Risks
- Cash flow
 - weekly tenancy
- Vulnerable
- Those already in arrears
- Pre tenancy work
 - Affordability
- Possessions/evictions rising?



Positives

- Financial awareness/capability
- Personal accountability
- Channel shift
- Digital inclusion
- Employment & training initiative





Wolverhampton Homes

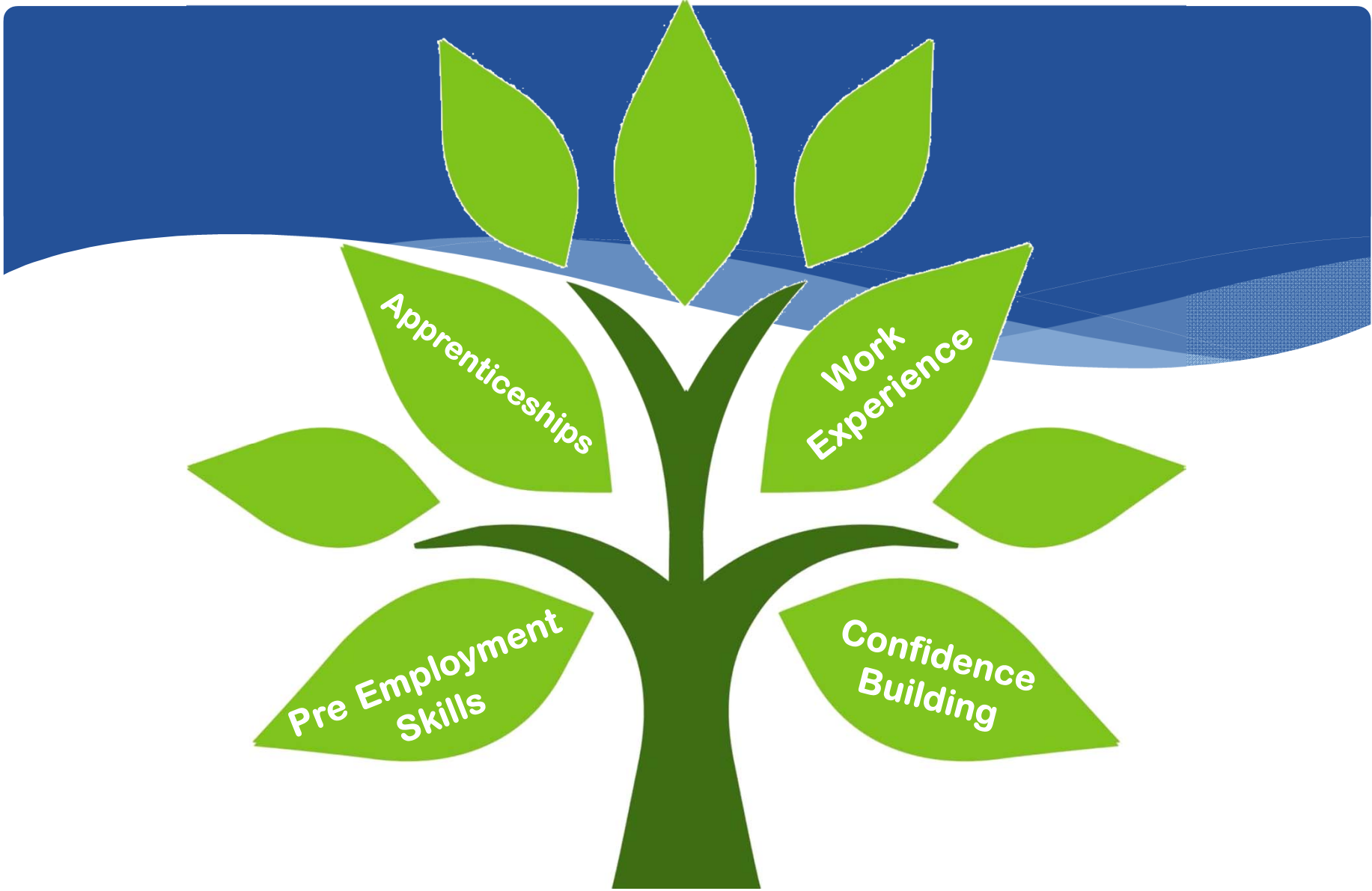




Stereotype



Reality



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What our apprentices say ...



Wolverhampton Homes





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