



5th June 2015

Submission:

Reducing the benefit bill by helping people into work: joint submission to the emergency budget

Community Housing Cymru Group, National Housing Federation, Northern Ireland Federation of Housing Associations, Scottish Federation of Housing Associations

Executive Summary

We believe housing associations are the most consistently successful public-private partnership in the economy today and we want to use our position in the local area to scale up the support on offer to tenants to help them to get into work and increase the number of affordable homes we build. In this submission we set out how housing associations are already supporting tenants into work and providing good quality homes which provide stability and a springboard into employment. We also set out a range of proposals which will support the government to reduce the benefit bill by supporting people into work.

1. **Invest in housing.** We need enhanced capital investment to support and provide long-term stability to this work.
2. **Reform contracted employment services so that they more effectively supports those furthest from the job market and support housing associations to become preferred partners to deliver Universal Support.**
3. **Allow social housing tenants to choose to have the housing costs element of Universal Credit paid directly to their landlord.**
4. **A phased approach to changes to welfare entitlement and eligibility.**

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Introduction

We agree that making work pay will help get the benefits bill down and keep it down over the long term. We share the government's goal to reach full employment and believe that good quality and secure housing is the building block to achieve that ambition. As community anchors housing associations are well placed to connect economic growth opportunities to communities and households that might otherwise miss out.

Supporting people into employment is the long term solution to reducing the benefit bill. Housing associations with their long term commitment to local areas and knowledge of their tenants are ideally placed and have a stake in supporting people back into work. Good quality and affordable housing is an essential pre-requisite for many when seeking or accessing jobs and training opportunities and acts as a springboard to achieving the full economic potential of UK Plc.

As independent, social businesses housing associations invest in homes *and* services for communities. They are ideally placed to help people meet their aspirations and are already active in this area. 70% of housing associations are currently offering or planning to offer employment and skills support. Housing associations have invested their own resources to provide skills, financial and digital inclusion support for their tenants to support them back into work¹.

Housing associations operate within a national and local allocations system which is predicated on access to social housing to those most in need. As such, while many housing association tenants are actively seeking work with the help of their landlords, others face multiple barriers to employment which require more focussed support to help move them into or closer to work. We must ensure that welfare reform balances support and incentives to help people back into work with an appropriate focus on the support required for the most vulnerable in our society who are some distance from the jobs market.

Housing associations provide high quality and affordable homes for around 3 million households across the UK. Housing associations don't just provide housing but also wider services and support. They work in some of the most deprived areas of the country; have a long term relationship with their tenants and wider community and are major employers in their own right. They are also working to build and maintain good quality, affordable homes, create jobs locally and assist tenants into work and training. This makes them uniquely placed to support their tenants into work and provide housing that meets the needs of the local market.

This combination of affordable housing coupled with access to employment opportunities is the long term solution to reducing the benefit bill and keeping it down. Housing associations are ready and willing to work with the Westminster and devolved governments to make this happen.

This work is of course not new, housing associations have developed a range of approaches to help their residents become 'work ready'; to support them to access existing employment and

¹ <http://www.housing.org.uk/publications/browse/a-home-a-job-a-future/>

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training opportunities, working with local businesses to create further opportunities for tenants. This work is coupled with genuinely affordable homes for rent and ownership which support people to realise their aspirations and reduce pressure on the Housing Benefits bill through consistently low rents. Housing associations' commitment to house building and investment in existing homes also provide supply chain employment and training opportunities – housing associations are often major employers in their area.

- 39% of housing associations in England currently offer employment and skills support with a further 28% planning to do so in the future¹.
- Housing associations are ambitious about helping people into work and have taken on over 12,000 apprentices over the last three years in England.
- Welsh housing associations spent on average £60,000 on employment, skills and learning opportunities for local people in 2013/14.
- 2.3 jobs are supported in the UK economy for every affordable home built.
- Over 5,000 targeted recruitment and training opportunities have been created by Welsh Housing landlords using the 121 Can Do toolkit.

We believe housing associations are the most consistently successful public-private partnership in the economy today and we want to use our position in the local area to scale up the support on offer to tenants to help them to get into work and increase the number of affordable homes we build.

- 61% of housing associations in England expect their employment and skills support to increase in direct response to the introduction of Universal Credit.
- English housing associations have ambitions to build 120,000 homes pa by 2033 for rent and ownership.
- Almost a fifth of Scottish housing associations currently have some type of employability support in place for their customers according to a recent SFHA survey.
- 81% of Welsh housing associations spend of £1bn was invested locally supporting local businesses and creating local employment.

In this submission we ask the government to commit to four actions which will support housing associations to continue and speed up their work to provide an affordable home for tenants, support tenants to access employment and by doing so reduce pressure on the benefits bill.

- 1. Invest in housing.** We are in the grip of a housing crisis. Housing associations stand ready to scale up the supply of good quality new affordable homes which will exert downward pressure on the Housing Benefit bill and continue the economic recovery. Housing associations will also continue and scale up their work to invest in the energy efficiency of existing housing helping to reduce household bills. To do this we need enhanced capital investment to support and provide long-term stability to this work.
- 2. Reform contracted employment services so that they more effectively supports those furthest from the job market and support housing associations to become preferred partners to deliver Universal Support.** Housing associations with their strong relationships with tenants are uniquely positioned to provide effective, wrap around support to help people into work. The retendering of the Work Programme and allocation of Universal Support contracts provide an immediate opportunity for the government to make immediate progress on this front.
- 3. Allow social housing tenants to choose to have the housing costs element of Universal Credit paid directly to their landlord.** This would provide social housing tenants with an element of choice over how they pay their rent. It would reduce the costs associated with administering Universal Credit to both the DWP and housing associations and reduce the risk of arrears to associations and tenants which can often stymie development aspirations and reduce anxiety about taking up work. For Scotland this should include facilitating the earliest possible administrative devolution to permit the use of relevant powers by the Scottish Government.
- 4. A phased approach to changes to welfare entitlement and eligibility.** Cuts to the benefits bill implemented over a short time frame will leave tenants and landlords little time to adapt and respond to reform; for landlords the need to both support their tenants and manage the risks to their business plans would benefit from clear consultation on the plans. Government should extend the test and learn approach used for the roll out of Universal Credit to ensure that any proposed changes are properly trialled and phased over a reasonable time frame and put in place flexibilities to mitigate risk to landlords.

In response housing associations across the UK will:

- 1. Invest in new and existing homes.** Housing associations are already delivering homes up and down the country and have ambitions to build badly needed homes for rent and ownership at a price local residents can afford.
- 2. Support their residents into work** through employment support, apprenticeships and training and use their own purchasing power to create job and skill development opportunities.

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1. Invest in housing.

This emergency budget provides the government with an opportunity to demonstrate its commitment to solving the housing crisis by prioritising capital investment in housing. We are calling for specific changes which would enable housing associations to increase their development programmes to build the good quality, affordable homes that are desperately needed in every country of the UK.

The housing crisis limits the economic competitiveness of UK Plc. In some areas the housing crisis is not one of supply or affordability, it is about the quality or suitability of homes or where they are, meaning people don't have access to work and opportunity or are living in poor conditions. In other areas, we need to build more homes to keep up with demand. Some housing associations have little trouble accessing private finance but public subsidy is crucial to ensuring building affordable homes remains viable and possible. For others, getting access to land is the problem, or the land is too expensive or the infrastructure needs development to make it suitable for housing.

To fix this we need investment, strong partnership working and a public commitment to tackle these issues. **We recommend that the government uses the emergency budget to increase capital investment for housing, simplify funding arrangements and provide certainty by publishing a long term plan.**

Unlocking our ambition to build further and faster will have implications for local residents and businesses. Housing associations have ambitions to house 1 in 5 people in England by 2033 by building 120,000 homes for rent and sale a year. Short term initiatives and restricted grant programmes work against long term efforts to build capacity across the supply chain and mean that there is not enough certainty for all parts of the industry to invest in staff and skills and plan confidently for the future.

A significant number of jobs could also be created by investing in the energy efficiency of existing housing. Investing in energy efficiency has a number of benefits – it cuts fuel bills, reduces carbon emissions and has health benefits. As energy efficiency programmes are labour intensive investment in this area not only delivers for hard pressed members of the public and the environment, but provides a high economic multiplier effect with money recycled through increased employment and disposable incomes².

² Energy efficiency boosting growth in jobs and benefitting the economy

<http://www.consumerfocus.org.uk/files/2012/11/Jobs-growth-and-warmer-homes-November-2012.pdf>

<http://www.consumerfutures.org.uk/reports/economic-impact-of-energy-efficiency-investment-in-scotland>

Energy Efficiency and Health Benefits: health benefits from investing in home energy efficiency – reduced winter deaths in the elderly, mental health benefits, and reductions in respiratory conditions such as asthma. These are reviewed in the Scottish Government Fuel Poverty Evidence Review published in May 2014.

<http://www.gov.scot/Topics/Built->

[Environment/Housing/warmhomes/fuelpoverty/ScottishFuelPovertyForum/Fuel-Poverty-Evidence-Review](http://www.gov.scot/Topics/Built-Environment/Housing/warmhomes/fuelpoverty/ScottishFuelPovertyForum/Fuel-Poverty-Evidence-Review)

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We recommend that a programme of investment is established to promote energy efficiency across the UK. This investment could be linked to training programmes for your people and the long term unemployed. The link between investment and training and employment could be strengthened by the use of community benefit clauses in public contracts.

2. Reform contracted employment services so that they more effectively support those furthest from the job market and support housing associations to become preferred partners to deliver Universal Support

Housing associations operate within a national and local allocations system which is predicated on access to social housing to those most in need. As such, the unemployment rate for working age people living in housing association homes in England and Wales is 10%, much higher than for those in the private rented sector (6%) or among those who own their own homes (1%). While many social housing tenants are actively seeking work, they face multiple barriers to employment. We must ensure that welfare reform balances support and incentives to help people back into work with appropriate exemptions for the most vulnerable in our society that are some distance from the jobs market.

Housing associations, with their long term stake in communities and understanding of tenants needs are uniquely placed to support access to employment for this group of tenants and are already active in this area. For example, 39% of English housing associations currently offer employment and skills support with a further 28% planning to do so in the future³. This work is already taking place and examples are available at Annex A.

Social housing tenants seeking work can benefit significantly from the wrap around offer which housing associations can make to those living within the communities where they have a significant presence – an offer which starts with a decent and secure place to live. The most immediate opportunity open to the government to support this work is through the retendering of the Work Programme, so that it provides broader support to all groups including those furthest from the jobs market.

We recommend that the following principles for any contracted services which succeed the Work Programme should:

- Focus on distance travelled, with payment arrangements not wholly focused on achieving and sustaining employment.
- Give contracting housing associations some flexibility around who they take on as clients to allow them to focus on those who live within their homes and communities.

³ Ipsos MORI, National Housing Federation commissioned research, October 2014

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- Support devolution and localism by giving devolved nations and local areas in England greater flexibility over the delivery of the programme as soon as possible to meet needs more effectively.
- Facilitate information sharing between contractors and non-contractors where they are both offering employment.

Over the longer term we would like to see the Work Programme reformed to better integrate housing and employment support for vulnerable people with pooled budgets drawn from across a range of governments and departments. This would strengthen the ability of contracted employment services to provide effective support for those furthest from the jobs market.

Many associations are also providing services which will form part of Universal Support, the means by which claimants will be provided support under Universal Credit. A large number of associations already provide financial advice and guidance for their tenants, whether they are on Universal Credit or not. Three quarters of associations in England surveyed by the NHF indicated that they are interested in delivering support via the forthcoming Universal Support delivered locally.

All of this activity supports Universal Credit claimants and other tenants, helping them to move back into work or providing them with skills which can help them move towards the labour market. **We recommend that the government identifies housing associations as a preferred partner for the delivery of Universal Support services locally when allocating contracts for Universal Support services.**

3. Allow social housing tenants to choose to have the housing costs element of Universal Credit paid directly to their landlord.

Universal Credit is designed to make work pay and encourage people to manage their own finances. We support this ambition. Housing associations have worked with partners locally to provide budget management, digital and financial inclusion support to support tenants to respond to the reforms to welfare. 61% of housing associations in England expected their employment and skills support to increase in direct response to the introduction of Universal Credit.

Removing the right for tenants to choose to have their money paid directly to their landlord not only removes the element of choice from tenants but puts at risk the security of housing associations revenue stream which is fundamental to their ability to finance new development and their ambitions to build the homes we so desperately need. Housing associations want to focus their resources on the important job of building and maintaining homes and delivering employment and skills support to help their tenants get back into work. Increased risks to the business plans can put this work at risk and divert resources.

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More than four in five (84%) associations in England assumed that some of the income they currently receive through direct payment of Housing Benefit will be at risk and the direct payments demonstration projects found that on average tenants paid 5.5 percentage points less rent than they would have done had their Housing Benefit been paid direct to their landlord. Associations are also anticipating spending more as a direct result of Universal Credit through increased legal and rent collection costs. We can expect this impact to be mirrored across the UK.

Our most recent data (May 2015) provided by 25 associations currently implementing Universal Credit indicates that:

- There are currently at least 3,009 live Universal Credit claims
- 36% of live claimants have Alternative Payment Arrangements (where the rent element of Universal Credit is paid direct to the landlord)
- Rent arrears currently stand at £1.8m
- Rent arrears per claimant are currently at £615, whilst rent arrears per association has risen since the start of 2015 and currently stand at £74,000

All of this requires associations' resources to be directed into rent collection and diverts associations' attention and resources away from the job of investing in more homes, delivering services and supporting tenants into work. This level of uncertainty also risks exerting a downward pressure on housing associations' development / supply ambitions and capacity.

We recommend that the government reintroduces scope for tenants to choose to have the housing costs element of Universal Credit paid directly to their landlord. For Scotland this should include facilitating the earliest possible administrative devolution to permit the use of relevant powers by the Scottish Government.

4. A phased approach to changes to welfare entitlement and eligibility

The proposed cuts to welfare of £12bn by 2017/18 represent a significant additional reduction in the welfare budget. We are concerned that cuts to the welfare budget will serve to limit housing association ambition and ability to build more homes and invest in existing homes.

Like all independent businesses, housing associations need certainty over their income and losses if they are to grow and continue to deliver quality services. The three proposals announced by the government to date; reducing the benefit cap to £23,000, removing automatic housing support for 18-21 year olds and freezing most working age benefits for two years will have far reaching impacts on housing associations tenants.

For example:

We estimate that reducing the benefit cap to £23,000 would result in a loss of £526 million to approximately 110,000 working age households across the UK based on the current number of working age households receiving benefits currently. It would result in a loss of £217 million across 41,000 UK working age housing association households. Lowering the cap will cut off the amount payable for rent by reducing the housing credit element of Universal Credit. Larger families will be forced to use the basic element of Universal Credit to meet their housing costs, meaning in effect that they are receiving less per person to pay basic living costs than smaller households.

Difference between housing credit (couple with 3 children) and average rent (inc service charge) – weekly

This table shows how the reduction in the benefit cap will cut off the amount payable as housing credit; and as the basic credit amount rises, so the gap between it and the cap decreases. Larger families will be forced to make a decision between paying their rent in full (by using the basic element to pay housing costs) or by accruing rent arrears.

	Bedsit	1 bed	2 bed	3 bed	4 bed	5 bed	6+ bed
North East	£36.31	£31.27	£24.62	£18.42	£12.71	£3.45	£-9.36
North West	£39.21	£34.42	£25.39	£18.92	£11.09	£3.82	£-2.36
Yorkshire & Humber	£40.30	£33.69	£25.13	£20.29	£9.95	£-1.62	£-10.32
East Midlands	£36.95	£30.16	£21.23	£15.59	£2.93	£-1.73	£-18.07
West Midlands	£36.43	£27.78	£18.58	£13.36	£1.26	£-7.53	£-20.21
East of England	£36.95	£30.16	£21.23	£15.59	£2.93	£-1.73	£-18.07
London	£10.55	£-2.89	£-17.04	£-27.79	£-41.17	£-50.73	£-58.91
South East	£28.06	£14.68	£0.72	£-9.66	£-23.24	£-36.31	£-45.53
South West	£37.92	£28.62	£17.55	£9.09	£-3.51	£-11.82	£-22.98
Scotland	£49.26	£43.70	£41.83	£36.00	£27.33	*	*
Wales	£48.91	£34.77	£27.09	£18.92	£9.42	£-1.62	*

*rent data not available

We recommend that the Government should plan and phase any further reductions in eligibility and overall expenditure on welfare over a reasonable time period. Cuts to the benefits bill implemented over a short time frame will leave tenants and landlords little time to adapt and respond to reform; for landlords the need to both support their tenants and manage the risks to their business plans would benefit from clear consultation on the plans. This could be achieved by an extension of the government's test and learn approach used for the roll out of Universal Credit.

We recommend that the welfare sanctions regime should be proportionate so that it can effectively support behaviour change and provide effective support to help people back into work.

In any review the government should aim to ensure that:

- sanctions are used as a mechanism to encourage behaviour change, rather than as a punitive measure⁴;
- interventions and expectations are based on clear evidence of what works;
- expectations on individuals are clear and fair from the outset with links to support available; and
- there is data sharing between DWP and landlords where a resident has been sanctioned so that landlord's can ensure that any support provided to help residents back into work, with financial inclusion and budgeting can be properly targeted.

Conclusion

We believe housing associations are the most consistently successful public-private partnership in the economy today. We are keen to promote aspiration and opportunity by supporting our local communities into sustainable employment to and contributing to the economic success of UK plc. We want to work with Government and local stakeholders to use our position as local economic and community anchors to scale up our offer to help tenants into work, increase the number of affordable homes we build and maximise the economic contribution of our activities to provide more and better jobs.

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http://www.churchofscotland.org.uk/_data/assets/pdf_file/0018/26208/2499_JPIT_Sanctions_Report_high_res.pdf

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Annex A: Examples of housing associations supporting tenants into work.

Housing associations carry out a range of activities and programmes in partnership with each other, local councils, employment services providers, training and skills providers. Housing associations often fund employment and skills services out of their core funds, which allows for local bespoke services to be developed in conjunction with community beneficiaries. In some cases housing associations are also sub-contracted through the Work Programme⁵, or make use of Skills Funding Agency contracts with partner agencies to deliver elements of their wider service offer.

Newydd Housing Association worked in partnership with Hafan Cymru to develop and deliver an 8 week 'Employment Skills Course' for tenants and members of the local community in Barry and Rhondda Cynon Taff, to move them nearer to the work place. The project engaged with 30 individuals over the 8 week period. Feedback was positive with all participants feeling more confident, motivated and more able to find a job as a result. One third of participants also gained a qualification in interview skills.

Staffordshire-based **Aspire Group** owns and manages almost 10,000 homes. Aspire recognised the lack of jobs in the area following the decline of traditional industry; that skills levels were low and that there were pockets of significant deprivation. Aspire has led the establishment of a social enterprise to provide apprenticeships in Staffordshire and beyond. 80% of learners who completed a pre apprenticeship study have gone on to jobs or apprenticeships. The company also works with over 900 local employers to provide work experience and apprenticeship opportunities which has created around 800 placements. In addition around 10% of Aspire's own employees are young apprentices and Aspire work with 400 unemployed adult residents a year, with 80% of those receiving support making positive progress.

United Welsh offers training and job opportunities through building contracts and their maintenance company – Celtic Horizons. United Welsh have supported many people through this route, providing quality training placements and apprenticeships from Llamau and other agencies.

Coast and Country's Journey into Work programme is directly linked to the National Careers Service and provides volunteering opportunities and paid work experience placements. Their Pop-Up Work Hubs are run at local community venues, offering information and advice. Since March 2014, 160 people from priority groups have attended the hubs, and, with the support of the whole range of Journey into Work services, there is a 60% success rate.

In 2013 **Yarlington Housing Group** developed and piloted an approach for helping new residents identify and achieve their goals, by agreeing a Household Ambition Plan as a condition of their tenancy. The majority of ambitions were focussed on employment and training and also featured improved health and wellbeing. In addition to its own in-house employment support, Yarlington works with partner agencies to provide a range of services from job clubs and mentoring, to mental health peer support and financial support. This has led to the creation of Yarlington Employment Services (Y.E.S.), a partnership with Inspired to Achieve (I2A), who specialise in supporting people into employment, training and education.

⁵ Ipsos MORI report showed that 21% of housing associations work with DWP contractors.

New Charter in Tameside has partnered with organisations to provide cheap finance and insurance for its tenants, as well as providing a budgeting tool which can be accessed via its website. Associations also provide a range of digital solutions for tenants.

Many housing associations, such as **First Choice Homes** Oldham, signpost tenants to support in the local area, as well as providing access to computers in their offices. Others have provided innovative access to IT; **Golden Gates** Housing Trust in Warrington has piloted the provision of dongles which allow tenants to turn their televisions into computers to assist tenants to search for work.

The **Newport City Homes Academy** is a paid work placement programme which is open to school leavers and unemployed people living in Newport. The programme provides trainees with office-based work experience, training and qualifications. Trainees are paid by Newport City Homes for six months of their academy placement and for longer if they have an extension to their contract.

Dundee based housing organisation **Hillcrest Group** has a dedicated subsidiary organisation, **Craigowl Communities**, which provides learning opportunities, training, qualifications, guidance and support to people who want to improve their circumstances. Craigowl Communities focuses on a number of main areas; supporting people to take steps towards getting a job, supporting people to find and keep a job, improving confidence and self-esteem, providing advice on managing debt, benefits and budgeting, improving IT skills, providing opportunities to obtain practical skills and qualifications, and providing advice and support on sustaining tenancies. One example of a Craigowl activity is the 'Toolbox Project'. This aims to bridge the gap between employers and young people by sourcing work placements for 16-24 year olds in Angus & Dundee. Craigowl sources work placements by engaging with local employers in all sectors then match suitable young people.

Easthall Park Housing Co-operative, situated in Easterhouse, Glasgow also organises a range of initiatives aimed at delivering our training and employment objectives for its tenants and wider communities. Some of the successful projects **Easthall Park Housing Co-operative** has recently co-ordinated include; Managing and co-ordinating, in partnership with the local John Wheatley College, a HNC in housing/community development qualification, as well as a vocational qualification in Health and Social Care, developed environmental training programmes in partnership with Action for Children that have provided a stepping stone for further training and employment opportunities, creating two apprentice positions with local contractors, providing employment training posts in partnership with disability organisation Glasgow Centre for Independent Living, and providing annual bursaries to support local people in further education.