



# Tenancy Debt Advice Service

## *Evaluation briefing*



Blyth Citizens Advice Bureau (CAB) and Homes for Northumberland (HfN) have implemented a Tenancy Debt Advice Service for HfN tenants since October 2010. The project consists of one CAB Debt Advice Case Worker who is located in the Homes for Northumberland main office in Blyth and who is jointly funded by both organisations. This is an independent evaluation of the service produced in March 2012, which has been funded by the Millfield House Foundation, a Charitable Trust based in the North East.

## Introduction

The Tenancy Debt Advice Service aims to help tenants, particularly those with rent arrears, manage their debts. It began in October 2010, when the Debt Advice Case Worker came in post. The Case Worker is a CAB employee and although located in the offices of HfN, it is explicitly recognised that it is an independent position. The Case Worker sees tenants at the Homes for Northumberland offices in Alnwick and Blyth and the Northumberland County Council offices in Cramlington and Seaton Delaval. Tenants are also visited at home.

The Case Worker has seen 208 clients at HfN and Council offices and 74 in their own home together with HfN's Vulnerable Persons Coordinator. The Case Worker sees between five and eight clients a week. Clients are seen face-to-face on the first few occasions with further contact made by telephone or letter. The Case Worker tends to see more vulnerable clients in their own home accompanied by the Vulnerable Persons Coordinator.

The Case Worker provides debt advice to a range of different tenants with a diversity of characteristics. People are helped to manage their debts and arrange repayment plans. Most tenants can be called financially vulnerable and are on low incomes or state benefits. Tenants tend to be in debt to a range of organisations such as loan companies like Provident and Greenwoods and hire purchase firms such as Bighthouse and Perfecthomes. They also typically owe rent, Council Tax and utilities.

## Key project data

Between October 2010 and March 2012, the project has received a total of **324 referrals** from Housing Officers. Of these, 282 have been seen.

100 percent of these have **three or more debts**.

As a result of the project, rent arrears have reduced by **£39,552**.

The project has also helped a total of 48 tenants claim a total of **£61,959** in benefits owed to them, for example in backdated Welfare Benefit, Tax Credits and ongoing entitlements to Income or Housing Benefit.

*This evaluation was funded by The Millfield House Foundation. More information: [www.mhfdn.org.uk](http://www.mhfdn.org.uk)*

## Financial Context

There are two important aspects to the project's financial context: the Government's welfare reform programme and the business case for social landlords about providing debt advice. The Coalition's programme of welfare reform has a number of significant implications on the financial situation of HfN. The changes that have most impact include:

- **The integration of Housing Benefit into Universal Credit: from October 2013 Housing Benefit will no longer be paid directly to HfN instead the entire benefit sum will be paid to the recipient. The new changes mean that tenants with no experience of either making payments or managing this aspect of the household budget will now be responsible for paying HfN.**
- **The introduction of Non-Dependent Deductions: these are reductions in Housing Benefit (and ultimately Universal Credit) to people who have adult children living with them. This means around 700 tenants will have less income and there is a risk that this may translate into rent arrears.**
- **Penalties for under occupation: from April 2013, Housing Benefit will reduce if tenants occupy a house which has more bedrooms than corresponds to the number of people in the house.**
- **HfN has calculated additional collection costs of around £50,000. HfN has used the Chartered Institute of Housing's Housing Benefit Calculator to estimate the impact of these changes. Using this method, the likely financial impact of this change on tenants has been estimated by HfN to be a loss of Housing Benefit to tenants of £1,056,368.**

The other important aspect to the context of this evaluation is the growing evidence indicating the importance of debt advice services within the social housing sector. This evidence shows that debt advice services: reduce rent arrears and prevent evictions and court proceedings; and result in significant financial gains for social landlords in recuperated rent and prevention of eviction costs.

## Project impact

Based on the findings of this evaluation, we can say that the project has had the following impacts.

- The project reduces debt and increases household income: the project has reduced rents arrears by a total of £39,552 and increased household income by £61,959 through unclaimed entitlements. To a population who on average live on or just under the poverty line, this represents significant savings and household contributions.
  - More people access debt advice and guidance because of the project: previous to the project, when Housing Officers made a referral of a tenant to the CAB office in Blyth, around 25 percent of tenants made a visit – a low conversion rate. Now the conversion rate is 87 percent. This is because as the Housing Officer can make an immediate appointment at the time of contact, the tenant is much more likely to make the visit, meaning more people are seen. Or the Case Worker will make a home visit.
  - Improved the functioning of the housing and community development teams: the project was reported to "have made the work of the housing teams easier". It was reported that Housing Officers would "often see people in distress" but would not know the best ways with which to deal with them. It was reported they "did want to help but didn't know how". In relation to HfN's Community Development Team, it has resulted in a more effective management of the Vulnerable Persons Coordinator's caseload by adding an additional service element - most clients have financial difficulties.
  - Contributed to the development of a financial inclusion hub: a relationship has developed between the CAB Case Worker, the Housing Benefit Officer, the Vulnerable Persons Coordinator and the Housing Officers (this will also soon be complemented by a Financial Inclusion Adviser). This group has been said to be "more than the sum of its parts". It is also noted that there is much learning occurring between the professionals, particularly on the part of the Housing Officers who have been learning much from the former two.
  - Increases added value for HfN: the concept of added value is important to the work of HfN and it relates to bringing in external organisations to deliver services to HfN tenants. This ultimately improves the business by improving the customers' experience. The project brings such added value to HfN.
- Increases organisational diversity: it was reported that the project has brought a new viewpoint (described by one manager as a voluntary sector viewpoint) into the organisation and in many ways challenged a prevailing culture of simply collecting rent. Indeed, it was noted that at the beginning of the project, the Case Worker was "viewed with suspicion" by some people. However, the project has become quickly embedded within HfN and one senior manager reported "it has introduced a new world".
  - Complemented an organisational fiscal management approach: HfN has other approaches that it uses to try to improve the financial capacity of its tenants. One of these ways is a relationship that they have with the Credit Union of South Northumberland.
  - Increases and improves HfN's social welfare function: HfN is a social landlord, which means it provides more than just a landlord function. It is evidenced in national datasets through the Indices of Multiple Deprivation that South East Northumberland is an area of high deprivation. This is particularly concentrated in Blyth and further concentrated in the council housing sector. In short, tenants in council housing in Blyth are among the poorest and most deprived in Northumberland. The Debt Advice Service brings a valuable service to such tenants helping them to manage a key issue in their households, thus improving the social welfare service of HfN.

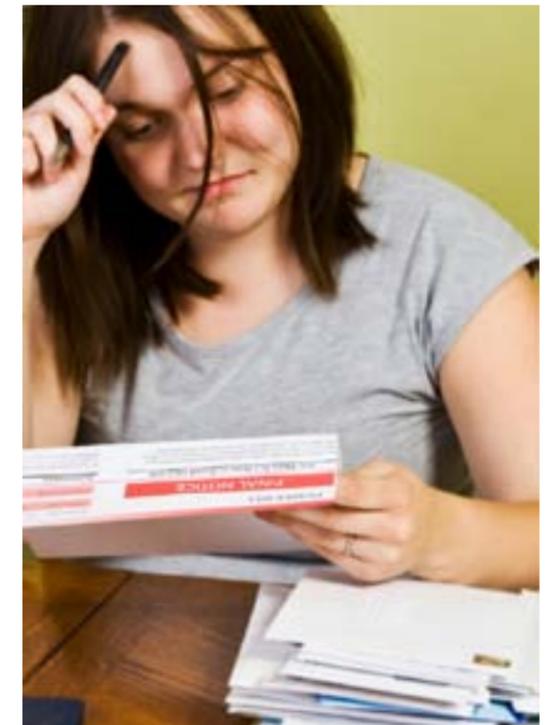
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*I wouldn't have gone to see anyone, it's because she came to see me ... because I was burying my head in the sand and pretended it wasn't happening". Tenant*

## Policy implications

The CAB and HfN Debt Advice Service has a series of policy implications to local, regional and national bodies. Many of these implications relate to the project's demonstrated efficacy at recuperating lost rent and helping tenants manage debt. As social landlords provide more than just a landlord function, then there is a strong argument for other social landlords across the country and region to adopt a similar approach. Therefore, in relation to policy:

- On a local level (Northumberland), this evaluation has demonstrated that there is a business case for further embedding the Debt Advice Service into HfN policy and strategy. There is also a strong argument for other social landlords across Northumberland for adopting a similar approach.
- On a regional level there is also a strong argument for other social landlords to adopt a Debt Advice Service approach, preferably using the CAB in a similar way.
- On a national level, the project adds to the evidence base that indicates debt advice services should be part of the fabric of the offer of social landlords. This will increase in strength as welfare reforms and austerity measures continue.



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*I couldn't see a way out, it was such a mess, but she sorted it all out, gave us instructions that we could understand and follow". Tenant*

## Conclusion

This evaluation has highlighted a number of important issues for a range of stakeholders including tenants, social landlords and creditors.

For tenants, we have shown that using an independent outreach and office based service reaches out to tenants and engages with those hardest to reach. We have also shown that complex and multiple debts can be managed effectively with the right support.

For social landlords we have shown that using a CAB Debt Advice Worker is effective at reducing rent arrears and preventing evictions and costly punitive actions. Indeed, investing in such a worker would appear to make sound business sense. It is also the case that such a worker improves the social welfare function of the landlord, which is important in the context of a shrinking social welfare sector (both voluntary and public sector).

For creditors, we have demonstrated that there are other effective ways of collecting debts that provide an alternative to using bailiffs. We have found that often vulnerable tenants experience fear and trauma when approached by sometimes threatening bailiffs. These alternative ways represent best practice in debt collection.

Financial difficulties as experienced by the tenant population of HfN will certainly get worse when changes to benefit systems become more fundamental and Welfare Reform progresses. As the Housing Benefit Calculator has demonstrated, the threat to the business of HfN is considerable.

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*I had bills, the catalogue, Provie loans, rent ... I was robbing Peter to pay Paul ... I was under so much stress. Then I saw Lucy, she sorted everything out, gave me a plan, sorted out priorities, wrote letters ... she sorted out my Council Tax, rent, Working Tax Credit ... now I feel so much better, so relieved". Tenant*

## Homes for Northumberland

Homes for Northumberland Limited is a non-profit making company responsible for the management of over 8500 homes in Blyth and Alnwick in the county of Northumberland. The company is an Arms Length Management Organisation for Northumberland County Council. Homes for Northumberland was formed in April 2009 following local government reorganisation. The company was previously Blyth Valley Housing which started in 2002 managing the council housing stock of Blyth Valley Borough Council. Tenants and leaseholders living in the homes which the company manages are tenants or leaseholders of the Council.

More information: [www.hfn.uk.com](http://www.hfn.uk.com)



## Blyth Citizens Advice Bureau

Blyth Citizens Advice Bureau is a thriving moderate size bureau which has offices in Blyth and Cramlington and an outreach in Seaton Delaval. They specialise in welfare benefits and debt and have workers for the gypsy and traveller community, as well as a volunteer project from which there is a Money Active Project, a Telephone Project and a Complex Client Project. There are 31 volunteers who deliver the face-to-face work, as well as 13 Trustees who manage the Bureau. In 2011, they had over 4,400 face-to-face new clients, and provided telephone support to an average of 300 phone calls.

More information: [www.adviceatblyth.org.uk](http://www.adviceatblyth.org.uk)



For more information on the evaluators, Barefoot Research and Evaluation, see: [www.barefootresearch.org.uk](http://www.barefootresearch.org.uk)

