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Direct Payment Demonstration Project: Learning and Payment figures – MAY 2013

Introduction:

The following document covers the background and feedback from the Direct Payment Demonstration Projects running in six areas across Great Britain covering the first nine payments of housing benefit directly to tenants.

The projects are testing a range of different payment triggers and levels of support for claimants, ahead of the introduction of Universal Credit. Direct payment of housing support is an important part of Universal Credit and will allow claimants to take greater control of their monthly budgets and allow a smoother move into employment.

The majority of tenants are expected to manage direct payments of benefits, but the DWP has been clear that protection needs to be in place so landlords can work with tenants early to avoid arrears and that there is a secure backstop to stop tenants falling into unmanageable arrears.

The projects are testing:

- different levels of support social sector tenants may need to move to direct payments of housing benefit, such as advice on managing personal finances and budgeting
- the exemptions that need to be in place for direct payments
- payment switch-backs to landlords if a tenant falls into arrears
- the support to help tenants in arrears to payback their arrears and potentially to return to direct payments
- early intervention switch-backs before arrears reach trigger points

The six projects are:

- Dunedin Canmore Housing Association in Edinburgh, working in association with The City of Edinburgh Council
- Oxford City Council and Oxford Citizens, (part of the) Greensquare Group, Southern England
- Shropshire Unitary County Council and Bromford Group, Sanctuary Housing and The Wrekin Housing Trust, West Midlands
- Southwark Council and Family Mosaic, London
- Torfaen County Borough Council and Bron Afon Community Housing and Charter Housing, Wales

- Wakefield Metropolitan District Council and Wakefield and District Housing, Northern England

The English and Welsh Demonstration Projects went live in June and July 2012 making the first direct payments to tenants; Edinburgh went live at the end of August.

The figures presented here have been drawn from internal Management Information reports designed to monitor key aspects of Project performance.

The payment rates have been calculated by comparing total payments received against the total rent charged for the first nine payment periods in England and Wales' projects and the first 8 payments in Edinburgh.

Across the different areas, levels of payments by tenants on the projects varied from 91% to 97%. The total level of rent charged stood at £19,204,022 and the average rent collection rate stood at 94%.

A total of 6,168 tenants are currently paid by direct payment, another 1,258 tenants had been paid by direct payment but have now had the payments switched back to their landlord.

This compares with findings over the first four months showing 6,220 social tenants were paid their housing benefit directly, total level of rent charged of £7,692,844, and rent collection rates at 92%.

Full findings from the first four months are available here:

<http://www.dwp.gov.uk/docs/direct-payment-demo-figures.pdf>

Projects are operating within existing processes and support structures they are not providing a pathfinder for direct payments. The learning they are gathering is being used to influence the final design for Universal Credit in the elements specifically relating to support for both tenants and landlords.

Edinburgh project: Dunedin Canmore Housing in Partnership with City of Edinburgh Council Revenues and Benefits Department

The Edinburgh project involves all working age tenants from Dunedin Canmore Housing who live in Edinburgh.

Although Edinburgh remains a comparatively wealthy city, some 70% of association tenants are in receipt of Housing Benefit. Those tenants of Dunedin Canmore Housing in employment are most likely to be in low paid employment and often employed in the service / retail sector.

The baseline tenant's survey of 326 tenants conducted in July 2012, before the first payment was made to tenants, identified demographic and other household characteristics which are quite distinct from other DP project areas. These are shown below, with the results of the other five areas shown in brackets:

- **Gender Balance:** Male 47 % (30%) Female 53% (70%)
- **Household type:** Single person households 63% (29%)
- **Those with limiting health conditions or disabilities:** 61% (39%)
- **Economic activity:** Long-term sick or disabled 46% (30%)
- **Whether or not tenant believes they would need support to manage their affairs if HB paid to them – 58% (44%)**
- **Literacy or Numeracy Difficulties:** 19%

Nevertheless Dunedin Canmore Housing's involvement in the project has demonstrated that most tenants are paying their rent although contact, advice and collection has been a very resource intensive exercise, resulting in other landlord services being compromised.

As a direct result of our experience in the Demonstration Project, Dunedin Canmore recognised the need for organisational adjustments to meet the challenges of Welfare Reform, developing new rent collection/arrears and advisory processes and structures. However we do retain concerns about how our tenants will manage direct payment under Universal Credit when the wider and cumulative impacts of welfare reform changes begin to impact.

Local quotes from Direct Payment Participants:

- **Female Tenant with 2 children:** *“It can be very tempting to spend the money on other necessities but if you have strong enough willpower you can overcome it. I have had no problems with direct payments. We have been receiving payments fine”*
- **Male switchback tenant:** *“I have had some issues with my bank account and benefits which is why I was switched back. I am opposed to the idea of direct payments and am not happy that I was put on the project. I always thought something would go wrong and have been proven right”*
- **Joint Tenants paying using combination of Direct Debit and personal payments:** *“We had some problems with other Direct Debits coming out which has led to our rent payments being somewhat erratic. However on the whole we are managing OK and we think that this is helping them to manage things better and take responsibility. We have maintained our arrangement for the repayment of arrears and have not been switched back.*

Lessons Learnt from Switchback and Switch-forwards:

- It can be difficult to identify tenants defaulting using existing IT and rent accounting systems particularly where tenant is defaulting by small amounts over a number of months.
- In our opinion the one month switch back does not allow sufficient time to engage with tenants, monitor payments and trigger the switch back in time for the next payment to be made to the landlord.
- The majority of switchback tenants up until January 2013 (156) did not engage or accept support to help them move back onto direct payment.
- Of the 20 switch - forward cases 7 have subsequently defaulted again.

How the triggers are working against the Areas arrears:

- The arrears triggers certainly help limit arrears accruing to unmanageable levels.
- They are a vital safeguard for landlords for those tenants who choose not to pay their rent or who encounter significant changes in household circumstances.
- Without specific systems to identify non/part payers the process of monitoring individual rent accounts is time consuming and complex

Oxford Project: Oxford City Council and GreenSquare

Oxford City Council and GreenSquare have put in 2000 tenants into the project split between 1600 for Oxford and 400 for GreenSquare (OCHA)

Oxford City Council has 7,800 tenants, more than half - 54 per cent - of which are in receipt of Housing Benefit. Oxford Citizens Housing Association (OCHA), trading as GreenSquare, provides homes and services to over 3,000 households in six local authority areas. In April 2008 it came together with Westlea Housing and Oakus Estates to form the GreenSquare Group. The housing stock of both Oxford CC and OCHA is predominantly of 'traditional' construction.

In terms of the defining characteristics of the city, Oxford is relatively prosperous and has enjoyed economic growth in recent years. However it is a city of contrasts with 12 of 85 areas in the city among the 20% most deprived areas in England. This is reflected in its IMD ranking of 122. It has comparatively high house prices and affordability is an issue in the city - it has a high average weekly income to house price ratio of 14.5. Befitting a city of its size and economic importance, Oxford has a large number of banks and is also well served by credit unions, the biggest of which is Oxford Credit Union.

The city has a number of other noteworthy features. For example, it has a relatively young population: it has proportionally more residents aged between 20 and 29 than in the region it is located in (South-east) and England as a whole. And it also has a sizeable Black and Minority Ethnic (BME) population, estimated by the ONS to account for more than a quarter of the city's population in 2009.

Local quotes:

Greensquare

The Direct Payment project has proved challenging for both our customers and staff. Being part of this project has enabled GreenSquare to be at the forefront of the issues our residents and staff will face under Universal Credit.

The initial resources required to manage rent payments and provide support to customers has been significant, but we have now reached a steady-state position. However, the need to support our residents can arise at any time, even when a customer has managed payments successfully for a long period. Our experience shows that some of the triggers for arrears are: delays in payment, lifestyle changes, change of household and the impacts of welfare reform.

Our overall experience has been positive and provided GreenSquare with tangible learning on how Universal Credit will potentially impact on service delivery.

A focus Group was held with some of the tenants participating on the project to capture their experience. The feedback was very affirmative. Some of the tenants said it was a bit difficult for them to get their heads round the fact that they would be paid their rent directly and then have to pay it back the council, now that they have been on the project and have experienced it, they are happy with the new system. One tenant said she is a single mother and she has been tempted to spend the money but still she did not as she is aware

that the money is for her rent, however she knows a few other tenants who have dipped into their rent money when they have had financial difficulties.

As a local authority landlord we were concerned that some of our tenants may get into rent arrears as a result of not being able to manage payment of the rent themselves. We are also learning what the best way is to help those who need some support in managing direct payment.

It has been pleasing to see that majority of our tenants have been able to manage direct payment of their Housing Benefit. Encouragingly the trend for each phase of people who moved into the project is for arrears to steadily reduce after the initial payment. This suggests that our tenants are able to adapt to the new process quite quickly.

Lessons Learnt from Switchback and Switch-forwards:

Through the switch back process, Oxford City Council has managed to identify tenants in need of support and some have come forward to ask for budgeting support.

Nearly a third of the total number of tenants switched back have cleared their arrears and we are taking steps to ensure they receive some support before they can be put back on to direct payment again.

Greensquare

Our intensive, preparatory work with customers has helped us to keep switchbacks to a minimum. The numbers have been significantly less than we had anticipated. Both of the triggers work successfully.

How the triggers are working against the Areas arrears:

We are using the 8 weeks and the 15% triggers. We have found that the 8 weeks trigger is the most effective to manage. We would not have as many switchbacks if it was not for the 15% trigger.

Area payment/arrears:

We recently reviewed how our Rent Officers manages the Direct Payment caseload, this resulted in all the cases being distributed to all the rent officers rather than the previous arrangement where all the cases were ring fenced and managed by a small group of Officers. We have seen an increase collection figure and a decrease in arrears

A high percentage of our tenants are managing their direct payments successfully. The majority of our tenants understand our message that they must take paying their rent seriously as they have an obligation to do so under their tenancy agreement.

GreenSquare

We decided at the very start of the project to allocate specialist arrears officers to those customers that had been selected for the project. This has really paid off and enabled us to carefully manage rent payments. Our specialist arrears team take a commercial

approach to rent collection. There is a very short window of opportunity to collect rent after housing benefit has been paid. A large proportion of our tenants have managed very well and are becoming more aware of their responsibility to pay.

We truly embraced the spirit of the project and found it difficult when the project went live when we, as a landlord, no longer received any notifications of a customer's housing benefit entitlement. This has been a steep learning curve for both staff and customers. Our experience suggests that, although resource intensive, explaining any changes to customers is best done face to face. In addition, having the services and support of our in-house tenancy sustainment team has been a great assistance.

Shropshire Project: Shropshire Council, Bromford Group, Sanctuary and the Wrekin Housing Trust.

Within Shropshire participating tenants in the project are dispersed over a large geographical area in a number of towns and villages in the third most rural county in England. The Shropshire property included in the project is owned by four landlords: Shropshire Council, Bromford Group, Sanctuary and the Wrekin Housing Trust.

It is also important to note that these landlords differ markedly in terms of their characteristics and *modus operandi*. Shropshire Council are relatively small and confined to two county area's with The Wrekin Housing Trust being slightly larger. In stark contrast, Bromford and Sanctuary have a regional/ national presence and large portfolios, with 26,000 and 97,000 properties respectively.

Local quotes:

The Direct Payment project within Shropshire has proved to be a very successful undertaking, in that it has highlighted numerous ways in which we can help and support people into the world of Universal Credit.

Relationships between key partners has become a vital part of daily working, and this strong partnership approach ensures that a tenant's journey runs smoothly and that issues are identified and resolved immediately to prevent longer term problems. Though some tenants experience increased levels of arrears due to direct payment, it is learning how to identify these people at an early stage and providing guidance and support to address longer term needs through a multi-agency approach that we have found one of the most useful outcomes to date.

Lessons Learnt from Switchback and Switch-forwards:

Having trialled the 12 week arrears level, we believe that 12 weeks has proved to be too long a timeline to trigger switchback, as it enables the rent arrears debt to escalate to a level which can become unmanageable, and difficult for the customer to recover from, particularly where other debts exist. Budgeting advice goes some way to assist, but the reality is that once arrears have accrued to a 12 week level, legal action to secure the debt means that the customer is at risk of losing their home should further arrears accrue.

How the triggers are working against the Areas arrears:

The four landlords within the Shropshire project have experienced varying levels of rent arrears, with customers joining the project in the later phase proving most problematic. Close monitoring of payments, together with frequent contact both by telephone/text and face to face are helping to minimise arrears.

Arrears levels show that this close monitoring is having a positive effect and limited switchbacks across the project to date. There are relatively few customers who are hitting the 12-week switchback trigger either for non payment or 15% underpayment.

London Project: London Borough Southwark and Family Mosaic

Background from area / baseline data:

The Demonstration Project has now been live since June 2012, with 1474 tenants from the London Borough of Southwark and 525 tenants from Family Mosaic Housing Association selected to participate. Southwark has around 55,000 social housing tenants of whom 39,000 are council tenants, housed in a range of different property types. Family Mosaic owns 20,000 properties for rent across south-east England, including 1,492 in Southwark.

Like most inner London boroughs, Southwark has a number of pockets of deprivation. Nationally the borough ranks 41st in the Index of Multiple Deprivation and is the 12th most deprived borough in London*. It is by far the most ethnically mixed of the Demonstration Projects - in 2009, the Office of National Statistics estimated that a third of Southwark's population were members of a Black and/or Minority Ethnic Group (BME).

Southwark is covered by credit unions including London Mutual Credit Union, which is actively involved in this Demonstration Project. Tenants in the Demonstration Project are located in a number of clusters across the borough, in postcodes SE1, 5, 14, 15, 16, 17, and 19.

The first wave of payments comprised two phases with Family Mosaic tenants receiving their first payment a month earlier (on June 25th) than their counterparts at the London Borough of Southwark (July 23rd). Tenants completed a risk assessment questionnaire indicating any vulnerability and debt issues, from which we identified tenants we could switch straight into direct payment, and those we have referred for support to appropriate agencies prior to attempting direct payment.

* (*Department for Communities and Local Government, Indices of Deprivation 2010*)

Local quotes - Southwark Council experience

A survey carried out anonymously in December 2012 of Direct Payment tenants produced the following typical feedback;

"I would find it very hard if my children were hungry and the electric gone, knowing I have money in the bank for my rent, they go hungry or I pay rent, very tempting not to pay rent and feed my children"

"I suffer from substance abuse and would not be good on the scheme as I'm in a lot of debt etc, why put temptation in front of my eyes. I don't want any more debt"

Local quotes - Family Mosaic experience:

Currently Family Mosaic's collection performance is 95% which has improved from low 80s at the start of the Project but several Family Mosaic tenants have said they do not agree and that *"all you are trying to do is make me fail and evict me"*. Family Mosaic recognise that this is all part of the transitional phase and are cautiously optimistic that these behaviours and attitudes will alter as time goes on in the same way as it has been recently reported** that "arrears fall while rents rise" for Private Landlords (in most parts of the UK) who already operate direct payment.

*** Inside Housing, 19th April 2013.*

Lessons Learnt from Switchback and Switch-forwards:

Key findings for Southwark

- Rent arrears for Southwark tenants under direct payments are higher than when payments go to the landlord – for example 9% higher for the council than under existing arrangements.
- 35% of Southwark tenants who should be in scope have not received direct payment for various reasons, including not having a bank account.
- As at March 2013 15% of those on direct payment have been switched back to landlord payment due to arrears.
- Direct payment leads to significant additional administration costs for the local authority, which based on the current performance would be in excess of £400,000 p.a.
- Of the 1999 tenants in the project, only 1001 were in direct payment at end March, 728 of the 1474 Southwark council tenants and 273 of the 525 Family Mosaic tenants.

The key for Southwark and Family Mosaic is to understand how best to help tenants avoid arrears. All tenants have been offered independent support with banking, budgeting and debt management etc. prior to commencing Direct Payment but very few took advantage of it. This support is still being offered but take up is minimal.

Southwark Council remain very concerned that arrears are increasing at this point when other welfare reforms are only just commencing to reduce tenants' income. It is estimated that in Southwark, 400 families will be affected by the benefit cap and approximately 4,700 claimants will be affected by the changes to the bedroom size criteria.

Although very few additional tenants have been switched onto Direct Payment since January 2013, the switchback process remains in operation. Southwark is operating a 4+4 week arrears trigger. New direct payment tenants are treated as 'probationers' at first. If they miss the first payment, in parallel with taking all the normal steps to ensure arrears don't increase, we offer individual support from the Rent Income Officer or Welfare Benefit/Debt Advisors, who will if appropriate refer them to other organisations including our 3rd sector partners for help with budgeting etc.

If they don't make the second payment at 8 weeks, tenants are switched back to landlord payment while we try to help them sort out their finances and get back on track. After someone has successfully paid their rent for at least two periods, they are no longer in the probationary category and we will switch them back to landlord payment if they miss one payment – this is the 4+4 trigger mechanism. (This also includes consistent under payers, not just tenants who do not pay their rent in full)

The switchback process provides a mechanism to reduce risk associated with increasing arrears as it removes tenants from Direct Payment. However, identifying those that need to be switched back is quite manual and resource intensive. Southwark's housing benefit

department needs to be advised 2 weeks prior to the period end of those that need to be switched back – where operating a 4+4 week trigger, this only leaves 2 weeks to secure rent collection.

In Family Mosaic's opinion, 2 weeks' notice is too long and the concern is whether the 'notice' weeks would increase under "live" Universal Credit (UC) conditions.

It is important to note that 35% of Southwark tenants in scope have not received direct payment for various reasons. This included not supplying bank account details, being referred for support i.e. vulnerable and 11% who have not engaged with the project at all, despite several attempts to make contact with them.

As at March 2013 15% of those on direct payment have been switched back to landlord payment due to arrears. The administration and system implications associated with this increase workloads for housing staff – the level is difficult to quantify in the longer term as we expect to achieve system and procedural improvements. Normally Southwark Council operates with one Income Officer for around 900 tenants; for the project we started with 750 tenants per officer but this proved insufficient and we now have one officer per 500 tenants, a 55% increase in resource requirements. Family Mosaic took a conscious decision to hire one extra Income Officer to manage the 525 tenants on the project (normally 750 per Income Officer), in order to maximise learning.

How the triggers are working against the area's arrears:

A balance will need to be found which encourages landlords to engage in support provision to promote independence but which also provides an appropriate level of risk management against the prospect of high arrears. From Family Mosaic's perspective, 8 weeks is still the most suitable in order to try and apply support and/or agree on repayment but 4 weeks is useful if the need to trigger is highlighted through information received, e.g. "I used my money to buy a washing machine or go on holiday" etc. Southwark Council is currently considering whether the findings support an 8 week trigger or something earlier.

Southwark Council has seen collection rates gradually increase over time, as customers who get into difficulties with payment have been switched back to landlord payment.

Family Mosaic's collection rates have improved due to their recognition that the relationship with tenants is more of a direct relationship; they have formed closer, customer focused relationships with tenants, re-aligning collections procedures and not just relying on the traditional contact methods. However, collection rates remain significantly lower than collection rates for tenants not on DP – which prior to the project were approaching 100% for Family Mosaic and 99% for Southwark Council. We also have significant concerns as to whether UC will trigger switchback in a timely manner – an ineffective or slow process will result in unacceptable financial risk to both landlord and tenant. So far, we have only managed to 'switch forward' two people previously switched back in spite of the additional support and resource this group of tenants is receiving.

Torfaen Project: Bron Afon Community Housing, Charter Housing and Torfaen County Borough Council

The Torfaen Demonstration Project is located in the Torfaen County Borough Council area in south-east Wales with its key settlements of Pontypool, Cwmbran and Blaenavon. The majority of tenants participating are tenants of Bron Afon Community Housing Limited (BACHL). The remainder are tenants of Charter Housing Association.

BACHL is a community owned social enterprise set up specifically to own, manage and improve the homes previously owned by Torfaen County Borough Council. It has 8,002 rented properties, all of which are located in Torfaen. Charter Housing Association owns more than 5000 properties across four local authority areas in South-east Wales, with 330 properties in Torfaen.

Torfaen has suffered economic decline in recent years and is relatively 'deprived.' It has a relatively high proportion (27 per cent) of households with an income of less than £15,000 and a relatively high proportion (16.6 per cent) of households with one or more residents with a disability or long-term illness. Landlords' own records show that both groups are disproportionately represented amongst their tenants.

CRESR's Baseline Tenant Survey found that 83% of households selected for the project were workless and 62% considered they had a disability or long term limiting illness. CRESR found that:

- 66% of tenants considered themselves adept at managing their finances with 63% operating weekly spending limits
- 31% thought they would cope poorly with direct payment and 36% felt they would need significant long term support
- 95% didn't have any savings to fall back on
- 74% expressed a preference for face to face communication
- 25% of tenants said they were suffering from some form of stress or anxiety with another 13% indicating a mental illness

The initial group of tenants received their first payment in July 2012. The final group of participants joined the project in January 2013. Currently 849 tenants are receiving direct payments.

Local quotes:

Our overall experience to date is that:

- Arrears amongst tenants on direct payment are significantly higher than amongst the general tenant population;
- Direct payment creates high levels of debt amongst substantial numbers of tenants;
- The rent collection process demands considerably more effort for a lower rate of return;
- Information exchange between landlords and the housing benefit authority is essential in mitigating arrears and identifying support needs;
- Contact levels with tenants are three times higher than was the case previously;
- Staffing levels are well above those for "business as usual". Currently 4 full time staff are engaged directly in case management and tenancy support for a tenant caseload of 1092 (including switched back cases), a ratio of 1:273 This compares with 8 income team caseworkers to 4626 cases outside the project (1:578)

- Tenants needing support (around 1 in 4) are more likely to engage with our tenancy support workers rather than money advisors.
- Texting timely reminders to pay appear to be having a positive impact when backed up with next day intervention in cases of non-payment.

Lessons Learnt from Switchback and Switch-forwards:

1 in 4 of our cases have now been switched back to landlord payment. Most have been triggered by the 15% shortfall in payment over 12 weeks threshold and there are no firm patterns emerging around cause although “dipping in to the HB pot” to meet unplanned expenses is a commonly cited reason which does seem to accord with CRESR’s findings about lack of savings and ability to manage beyond a weekly horizon. We find the 15% trigger is not the easiest to administer hence our recommendation that DWP adopts a simpler approach under UC.

Switch backs are essential to putting a cap on our losses and safeguarding tenants from falling into even more indebtedness. As this quote from a member of staff at Charter illustrates they are not proving to be the route to debt reduction – *“I have found it very difficult to engage with two of the tenants, who have made no effort to reduce the arrears that accrued. Both tenants have been offered the services of our Money Savers, but have not used the service. Unfortunately, due to the level of the arrears (approx £350) it is not appropriate to escalate the recovery process to court stage, as this would mean adding £100 to their debt. I have now asked for DSS Direct for both of the tenants, but this has not empowered them at all, it’s just a sure way of us getting the money back”.*

So far, 11 cases have been deemed suitable to be ‘switched forward,’ i.e. back into direct payment. We are finding it much harder to engage tenants who have been switched back in activities to help them revert back to direct payment. From our conversations with tenants we sense that for some they are much more comfortable that they no longer have to worry about this aspect of their pressured budget.

How the triggers are working against the Areas arrears:

Evidence shows that the cap on arrears levels we have experienced since January is largely the result of switchbacks with HB having reverted back to landlord payment in 25% of our cases. This demonstrates that having an effective and early means of identifying exceptions to direct payment must be an essential feature under UC as will be an appropriate switchback trigger.

Area payment/arrears :(DWP will release up to Payment 9 Data)

Collection rates since the start of the project and up to the payment 9 period indicate that tenant arrears stand at 5.4% of the cumulative rent charged.

Wakefield Project: Wakefield and District Housing (WDH)

Wakefield and District Housing (WDH) is a Large Scale Voluntary Transfer which was formed in 2005. WDH has retained close ties with its partner in the Demonstration Project: Wakefield Council.

The population of the Wakefield district is around 325,000 and approx 60,000 people live in the 31,000 homes owned by WDH across the district. The majority of these properties are of traditional construction and have been improved to bring them up to the Wakefield Standard, which exceeds the Decent Homes standard required by Government.

Wakefield is located in a spatially concentrated geographical area; the adjacent towns of Pontefract and Knottingley, which are located in the east of the district, were chosen for the project. Wakefield district has a relatively 'high' IMD ranking of 67 and, in line with many other parts of it, both Knottingley and Pontefract have experienced economic decline in recent years.

WDH has a range of different property types in the project area and the participating tenant population is broadly representative of WDH's customer base as a whole. In terms of the management of its housing stock in these areas, WDH has a neighbourhood Service Access Point office situated in Pontefract and the area has its own dedicated Estate Management team.

Over 1000 tenants have now received direct payment of Housing Benefit; these have been split across five phases since June 2012. Payments are made directly into bank accounts on a four weekly cycle. Support and advice has been given to ensure that tenants are aware of their options to make payment and timescales for this.

Lessons Learnt from Switchback and Switch-forwards:

The total number of switchback cases is now 229 with only 4 cases returning to direct payment.

The vast majority of cases (92%) that have reverted to payment to WDH have been due to the percentage underpayment trigger. These included tenants who had used their Housing Benefit payment to meet other costs or deal with personal issues arising. In addition other creditors had collected money from their accounts prior to the funds being accessed for either electronic or manual payment of rent. Many of these tenants have subsequently made and kept agreements to repay outstanding debts but there has been reluctance from some tenants to re-enter the Direct Payment system even when their accounts have been cleared.

There is considerable administration around the switchback process. The many different payment cycles and patterns also mean the process is difficult to automate and report on.

Some tenants have struggled to understand Direct Payments and the timing of these in relation to their weekly rent charges has been confusing. Some tenants who have previously had stable rent accounts have now found themselves in arrears, creating undue stress which we have worked with them to resolve. We are seeing some tenants return to having a credit balance on their account, compared to our earlier experience which showed that some used this to cover ongoing payments.

How the triggers are working against the Areas arrears:

Fewer tenants have reverted to payment to landlord due to either non-payment for eight weeks (2%) or eight weeks rent owing (6%). However, issues have arisen when other benefits have been suspended. For example, some have used Housing Benefit to cover living costs or to continue to make existing payments only to find that their Housing Benefit didn't cover this cost fully. This second factor has again led to payment reverting to landlord.

Area payment/arrears:

The amount of arrears outstanding on cases within the project has reduced to £167, 922; there is also some significant reduction in cases remaining in Direct Payment, which now stands at 773.

Those tenants who fail to make payment continue to be reviewed on a weekly basis and contact is made in line with existing processes. We use a broad range of contact methods including text messaging, telephone and home visits as well as written communication.

From April 2013 the further impact of welfare reform changes will be closely monitored – it is expected that this will cause more cases to revert to payment to landlord as tenants struggle to make up the additional amount that they are required to pay.