

Impact of Universal Credit – The Frontline Perspective

Final Report

December 2017

Key stats from Impact of Universal Credit - The Frontline Perspective

Based upon research data gathered from respondents from 38 organisations representing a total of 628,373 households and 10,965 Universal Credit claimants from across the North.

Impact on tenants

78% of respondents to our Round 4 report experienced delays. This fell from 84% in our Round 1 report.



95% said tenants were having difficulty meeting housing costs. This is a knock-on effect of 92% of tenants on variable hours reporting they find it difficult to keep track of how much they are being paid.

Members' awareness of tenants with health issues, including stress, depression and anxiety, increased over the course of the project from **40%** to more than **50%**



 All respondents said that they were aware of tenants turning to foodbanks to feed their families. 

Impact on landlords

27% of respondents reported evictions due to rent arrears. This has increased from 18% since the roll-out of UC.

41% said tenants terminated their own tenancy as a result of UC. Some respondents said these tenants were sofa surfing or living with family.

92% said staff were spending more time supporting people through UC than housing benefit. 36% of landlords introduced credit checks before letting to new tenants.

DWP Experience

89% said there had been communication problems between tenants/housing organisations and DWP.



The average UC claim processing time for housing organisations increased throughout 2017 by **49%** from 28 working days to 41.



75% of respondents said they received different answers to the same question from different DWP sources.



Percentages have been rounded to the nearest whole number.

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1. Preface

This report is the culmination of a year-long study and draws on the results of four surveys into the impacts of Universal Credit on housing organisations and their tenants in the North of England. The primary research took place between April 2016 and April 2017. As such, references are made to issues faced by members and their tenants before the announcements made in the Chancellor's November Budget.

For example, respondents often made reference to the wait for the first payment of Universal Credit. This however has been reduced by one week with effect from February 2018. Other initiatives announced in the Budget designed to alleviate tenants' financial worries during the wait for the first payment were also not factored into the design of the questionnaires due to the timing of the announcements.

The rationale for this study was to attempt to improve the procedures of Universal Credit and therefore the end product for service users. At the end of each survey, the Northern Housing Consortium (NHC) liaised with the Department for Work and Pensions (DWP) through our Roundtables network. During these sessions DWP were updated with the latest results of the study to bring to their attention the effects the new system were having on claimants and housing organisations.

2. Introduction

Universal Credit (UC) is the new benefit for those on low incomes. It affects people both in and out of work (including those who are sick or a carer) but does not directly alter means-tested support for adults over the state pension age. UC replaces six income-related benefits for working-age claimants: Employment and Support Allowance, Jobseeker's Allowance, Housing Benefit, Income Support, Working Tax Credit and Child Tax Credit.

UC was introduced in pathfinder areas of the North West in April 2013. Since October 2013, it has progressively been rolled out to all parts of the country. As of October 2017, there were 221,221 people claiming UC in the north of England. The regime was rolled out to single person households first and although other client groups are now beginning to claim the new benefit (as Table 1 below shows), single people without dependents are still the most prevalent client type on UC. From October, the roll-out of UC to disabled people and families has increased from five to 50 new areas a month – despite calls from many to slow down so that reported problems can be ironed out.

Table 1: Household breakdown of UC claimants

	Single, no child dependant	Single, with child dependant(s)	Couple, no child dependant	Couple, with child dependant(s)	Total
North East	86.6%	7.8%	1.9%	3.7%	100.0%
North West	66.2%	25.6%	1.8%	6.4%	100.0%
Yorkshire and Humber	90.2%	5.5%	1.3%	3.0%	100.0%
All North	75.2%	17.9%	1.7%	5.2%	100.0%

Source: DWP

UC is administered by the DWP, in contrast to the existing system where HM Revenue and Customs (HMRC) manage tax credits and DWP administers most means-tested benefits. Having a single body in charge of a single benefit should make life simpler for households (saving them time) and make benefit claims easier to check (reducing error and fraud).

Members of the NHC raised concerns anecdotally about the impact UC was having on the cost of collecting rent and issues around communication and information sharing with DWP. In April 2016, the NHC embarked on a longitudinal research project to track the impact the roll-out of UC was having on our members and their tenants.

The research consisted of four self-completion questionnaires. These were sent to members once every three months, with the final survey being carried out in March 2017. A total of 85 organisations took part in the research over the year. Responses were dominated by registered providers as Table 2 shows below.

Table 2: Breakdown of respondent organisations

Member Type	No.	%
Registered Provider	59	69.4%
Local Authority	13	15.3%
ALMO	12	14.1%
Charity	1	1.2%
Total	85	100.0%

The questionnaires were designed to collect intelligence from members within the overarching themes of:

- the impact on tenants.
- the impact on the organisation.
- the DWP experience.

These surveys were supplemented by two focus groups which were designed to collect more qualitative data, and to inform the content of subsequent questionnaires. Reports on the findings of each survey were published and are available from the NHC website¹. This final impact report brings together the findings of the four surveys on core questions and other contextual information. It provides a picture of how the roll-out of UC has impacted our members and their tenants over the course of the year since April 2016.

The new system was implemented to simplify an overly complicated benefits system and to ‘make work pay’. However, since embarking on this research many organisations and individuals have been voicing their concern about the effects of the new regime. Sir Bob Kerslake, former permanent secretary at the Department for Communities and Local Government said: “Everybody can see the potential benefits of this policy, but the implementation is critical and there is now enough evidence about the problems of arrears, particularly for some very vulnerable groups, that makes it essential that these issues are addressed before the roll-out continues.”

¹ Northern Housing Consortium <https://www.northern-consortium.org.uk/services/policy/welfare/>

3. Impact on tenants

Delays

A minimum six-week wait for the first payment to a claimant was built into the system.

This six-week period comprises:

- seven ‘waiting days’, when the claimant is not eligible for Universal Credit.
- one calendar month’s ‘assessment period’, during which the claimant’s income is assessed to determine their first payment.
- seven days for processing the claim².

There are real concerns around the impact of the six-week wait for a first benefit payment for families on very low incomes. A study by the Money Advice Service has found³ that more than 16 million people in the UK have savings of less than £100. In five areas of the country more than half the adult population has savings below that level. Amongst those areas are Yorkshire and Humber (50.9%) and the North East (50.7%), while in the North West 47.4% have savings of less than £100 and this wait for a first payment is leaving people struggling to pay bills and forcing some of them into debt.

“The idea of the extra days was not something which I or my colleagues came up with. It was a Treasury matter at the time and I think it’s certainly worth them reviewing that to see whether or not they can get rid of the waiting days.” Iain Duncan Smith

To offset claimants’ hardship, David Gauke, Secretary of State for Work and Pensions said in his speech at the Conservative Party conference, that claimants in “immediate need” will be able to receive a same-day payment to cover their living costs before their Universal Credit payment arrives in their bank account, although qualifying criteria is as yet unclear. In a further attempt to offset hardship, the Chancellor in his November budget announced that the initial seven-day wait will be abolished from February 2018 and UC entitlement will begin from the day of the claim.

² House of Commons <https://publications.parliament.uk/pa/cm201719/cmselect/cmworpen/336/336.pdf>

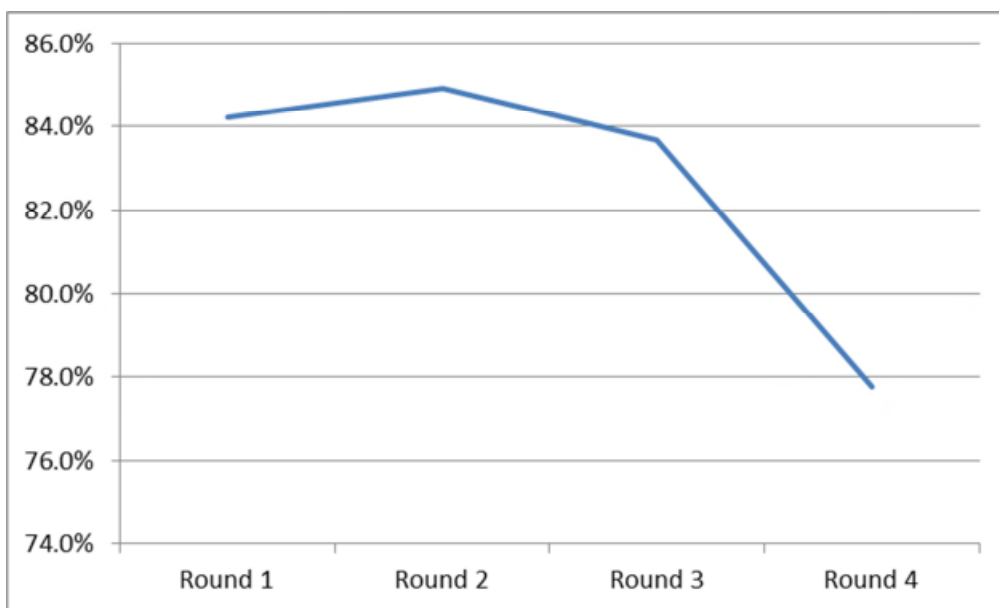
³ BBC <http://www.bbc.co.uk/news/business-37504449>

“The Government remains determined to ensure that people joining Universal Credit don’t face hardship which is why we recently announced significant improvements to the system of advance payments that people can get as soon as they get into the system”, Government spokesperson

http://www.huffingtonpost.co.uk/entry/pressure-mounts-for-government-to-cut-cruel-universal-credit-wait_uk_59f06231e4b04917c59460b3

In addition to the standard six-week wait for payments built into the system, respondents to our surveys have consistently told us that there have been delays in processing claims. Over the course of the project there has been a general improvement on this issue. After a high of 84.9% of participants in Round 2 reporting some delays in processing claims, this fell to 77.8% by Round 4. Although this downward trend is encouraging, over three-quarters of organisations are still pointing to delays in processing claims after four years of operation (including the pilots in the North West). This suggests fundamental issues in the construct of the system.

Figure 1: Delays in processing claims



Meeting housing costs

Analysis of welfare reforms by Policy in Practice⁴ revealed that the roll-out of UC will affect 7.2 million households across Britain. It says that more than 3 million of these will lose an average of £46.48 per week, while 2 million will gain an average of £26.80 per week and that the annual income loss to these 7.2 million households will be around £4 billion.

Throughout the project, we asked members about the effect the delays in processing claims had on individuals. There was a consensus that the delays left claimants short of money whilst awaiting their first payment. In each round of surveys, over four-fifths of respondents agreed that claimants were left without any money. In response, the Government has pointed out that more people in need are receiving advances, and take-up of advance payments has increased steadily over the past year to around half of new full service claimants in July 2017⁵. However, a recent report by the Work and Pensions Committee on UC concluded that advance loans offered only limited help. This was due to claimants only being able to borrow up to only two weeks' UC income to help them through the six-week waiting period. In his November budget, the Chancellor announced that from January 2018, claimants would be able to access up to a month's worth of UC. This is another form of debt which must be repaid in time via deductions from in-arrears UC payments. However, the Chancellor also extended the period over which the advance must be paid from six months to over twelve months.

“The best way to help people pay their rent is to help them into work and under Universal Credit people are moving into work faster and staying in work longer than under the old system”, DWP spokesperson

<https://www.theguardian.com/society/2017/oct/23/universal-credit-sending-rent-arrears-and-food-bank-use-soaring-councils-say>

The Government has often highlighted that UC is encouraging people into work. Labour Force Survey data from the beginning of 2013 (pilot start) to September 2017 highlights the average northern employment rate for 16-64 year olds grew from 68.8% to 73.5%. However, we found through our research that the security and type of contract can have a

⁴ Policy in Practice, http://policyinpractice.co.uk/wp-content/uploads/2017/06/The-cumulative-impacts-of-welfare-reform-a-national-picture_full-report.pdf

⁵ DWP, [Universal Credit statistical ad hoc: Payment advances](#)

major impact on claimants' ability to manage their finances. Labour Force Survey data for April to June 2017 shows that there were 175,000 people on zero-hour contracts (2.7% of people in employment) and over 1.6 million people on part-time hours.

In all four surveys we asked whether tenants on variable rates of pay (zero hours, on overtime etc) were having difficulty keeping track of how much UC they were being paid. Figure 2 across shows that in Round 1, 81.1% believed that tenants were facing budgeting difficulties. This figure eventually increased to 92.1% by the end of the study. It was recently revealed⁶ that some weekly paid working claimants also face going through the Christmas period without receiving a UC payment. The same problem will re-occur in other months which, like December, have five paydays, because UC is calculated on a monthly basis and their income "will likely go over the Universal Credit limit" for the month. At October 2017, there were 86,577 working claimants in the north, 39.1% of all claimants (DWP). However, it is not possible from official statistics to ascertain how many of these working claimants are paid on a weekly basis and therefore how many will be affected by the UC monthly limit in the North.

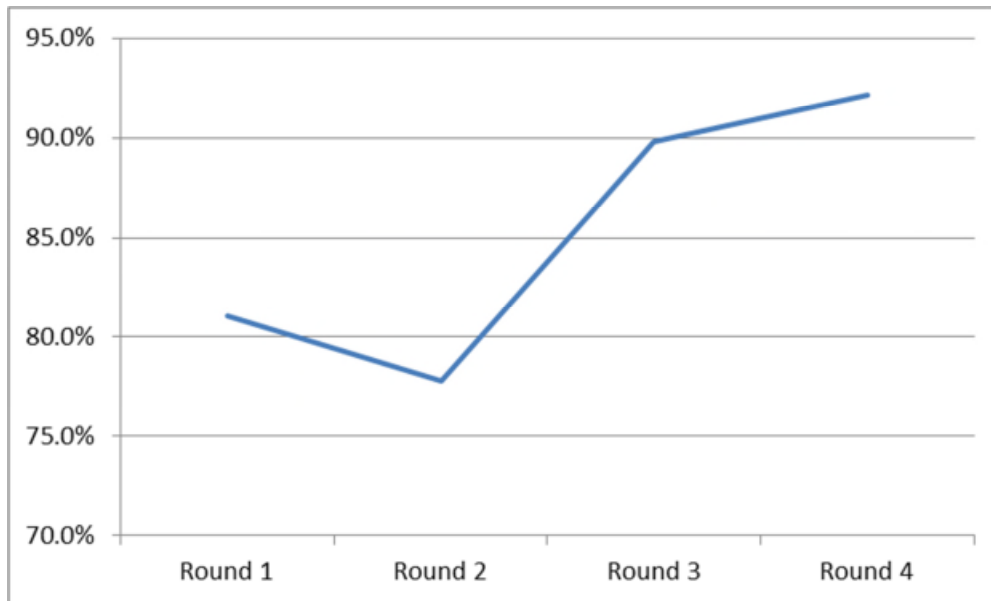
"The vast majority of people in work continue to get Universal Credit in a five-week month and when people's earning take them over the UC threshold they can continue to have Universal Credit the following month", DWP spokesperson

<http://www.independent.co.uk/news/uk/politics/universal-credit-payments-christmas-new-year-estimated-100000-no-payment-a8062271.html>

Other studies also suggest tenants, especially those who are used to weekly or fortnightly budgets, have struggled to budget using a system that pays people on a monthly basis. In an attempt to assist claimants with the transition from HB, tenants moving to UC in Scotland will be able to choose to be paid fortnightly and request that the housing benefit element is paid directly to their landlord. The Chancellor has announced that from April 2018, claimants who are in receipt of Housing Benefit will continue to receive this benefit for two weeks to reduce build-up of rent arrears in the early stages of the UC claim.

⁶ The Independent, <http://www.independent.co.uk/news/uk/politics/universal-credit-payments-christmas-new-year-estimated-100000-no-payment-a8062271.html>

Figure 2: Respondents reporting tenants on variable rates of pay have difficulty tracking how much UC they are paid



The results from all four surveys confirmed that difficulties in keeping track of what benefit is being paid will clearly have an impact on a claimant's ability to pay their housing costs. In Round 1, 88.2% of respondents said that tenants on UC were having difficulty meeting their housing costs and this proportion increased in each survey to end Round 4 on 94.7% - an increase of 6.5% over the year-long study.

Similarly, the proportion of respondents who were aware of tenants turning to food banks to feed their families grew as the study progressed. Already at a high level in Round 1 (91.9%), by the end of the study all respondents reported that they were aware of food bank use. It is of little surprise that many are now turning to food banks; many other studies support our findings. The Trussell Trust, the UK's biggest food bank network, said demand for its parcels in areas where full service UC is in operation had increased by an average of 30% since April, compared with 12% in sample areas not yet covered by UC⁷. The Trust cited the wait for UC as a contributory factor for referrals.

⁷ Trussell Trust, <https://www.trusselltrust.org/2017/11/07/foodbank-demand-soars-across-uk/>

Health and Wellbeing

Debt and uncertainty – caused by being without income – has been a source of stress and anxiety for many customers. A Guardian investigation⁸ into people's experiences of UC suggests there are widespread fears of eviction compounded by stressful and frustrating interactions with benefits bureaucracy. Furthermore, the move to a full digital approach to benefits administration makes it difficult for claimants without internet access to easily make, adjust or follow up claims.

NHC members' experiences of their tenants' health issues was a concern tracked throughout our project. We asked whether respondents were aware of any increase in the health issues of their tenants due to the roll-out of UC, and our findings are similar to those of the Guardian. The proportion of members reporting an increase in tenants' health issues grew from two-fifths in Round 1 to more than half (51.4%) in Round 4. Many respondents pointed to mental health issues and poor nutrition. Some of the issues cited in Round 4 include:

- suffering from the effects of cold and damp housing conditions as tenants are unable to heat their homes – particularly during the wait for first payment.
- stress and anxiety issues.
- mental ill health including anxiety and depression.
- people becoming distressed as a result of service centres using incorrect guidance.
- the use of incorrect guidance causing UC underpayments, resulting in financial hardship.

Increasing or exacerbated health problems were also found to be issues in the Real Life Reform study which the NHC was involved in regarding earlier welfare reforms⁹.

⁸ The Guardian <https://www.theguardian.com/society/2017/oct/08/i-cant-even-charge-my-wheelchair-the-impact-of-universal-credit-delays>

⁹ Northern Housing Consortium, <https://www.northern-consortium.org.uk/services/policy/real-life-reform/>

Member Case Study: Miss K

Miss K has various health problems including chronic obstructive pulmonary disease (COPD), emphysema, depression and anxiety. Her COPD will not improve and she is unable to work. Miss K did not score sufficient work capability points and her ESA stopped on 10th July 2016. She first approached us on 2nd August 2016 in a distressed state and was invited into the office by our Income Officer.

Chronology of events and issues with UC claim:

- Delays in housing costs being processed by DWP resulting in delay in first payment of housing costs.
- 'Housing cost contribution' deduction from UC incorrectly applied. UC service centre staff advised their guidance did not reflect legislation. This was chased up a number of times.
- UC housing element not paid in full when Miss K received first payment.
- Case escalated at the DWP in October 2016.
- Miss K told payment would be released, then told that no payment was due to her. This was again escalated within the DWP.
- Miss K contacted MP, received a response to say housing element would be reinstated and backdated to cover shortfall. No change made to customer's next payment.
- Officers escalated within the DWP who confirmed the error had been put right. Applied for an APA.
- Miss K contacted us in December to advise that payment was again incorrect causing significant hardship.
- Miss K contacted officers to advise that she had received less UC than expected. Previous corrections had been overlooked resulting in customer losing £138.74, causing significant hardship. The case has been escalated again and is on-going.

Concerns

- Guidance at the service centre does not reflect legislation for complex cases. This was a basic query which should have been resolved with no issue.
- DWP routes to escalate issues have not worked, resulting in case being escalated via other routes to try to resolve for the customer.
- A sanction was imposed on the vulnerable customer. DWP sanctions guidance has stated that they cannot sanction on first offence and should provide a warning. Miss K missed her appointment by one day. She was reassured by her work coach her sanction would only last one day at a cost of £10.70. She was sanctioned £220.
- Original FIT note lost by JobCentre Plus. Miss K had to get another copy of this.
- Without our support, Miss K would not have known to challenge some of the decisions made. Other claimants may not be able to access this support.

Impact on customer

- Considerable decline in health and wellbeing as a result of mistakes and delays in processing her claim and the sanction imposed. Miss K has GP notes to support this.
- Lack of trust in any authority. Mixed messages from different UC staff have confused her.
- Monthly UC reduced incorrectly by £69.37 for every month and from January is now £138.74 which is significantly less than it should be.
- Monthly UC reduced by £220 for sanction. Whilst this has since been overturned, Miss K was placed in hardship unnecessarily.
- Due to multiple issues with payment Miss K has struggled to pay her rent. Prior to UC the customer had a clear rent account.

4. Impact on the organisation

Claimants and arrears

UC is paid directly to the recipient, with the intention of giving people in receipt of benefits more control over their finances. However, it has been criticised by landlords because since its introduction there has been a sharp increase in rent arrears.

The findings from our research support this assertion. As UC continued to be rolled out to new JobCentre areas (while the research was on-going), the amount of organisational arrears grew. The total arrears per organisation submitting data attributable to UC claimants grew in each round of surveys from almost £23,000 in Round 1 to more than £180,000 in Round 4. At this point, average arrears per UC claimant stood at £427.

Alternative Payment Arrangements (APAs) are available for claimants who cannot manage the standard UC payment. There are three types of APA available, these are:

- direct payment of the housing cost element to landlords (known as managed payments).
- splitting of payment between members of a couple.
- more frequent payment of benefit.

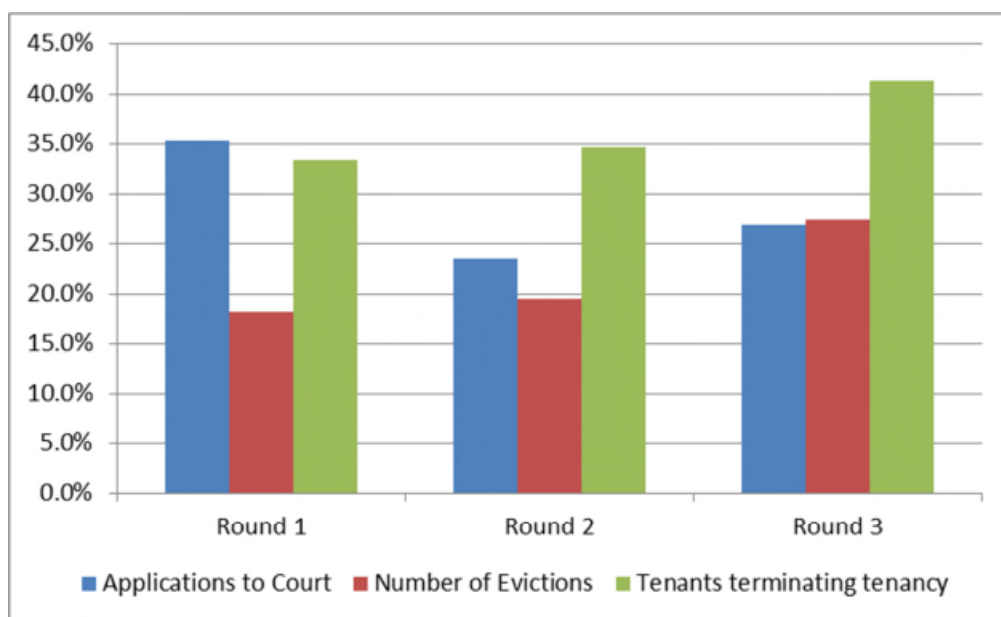
Despite the increase in rent arrears, the use of APAs remained fairly steady throughout the year at just over one-third of UC claimants (37% in both Rounds 1 and 4). However, from April 2018 the Government will make it easier for claimants to have the housing element of awards paid directly to landlords.

Evictions/Terminations

Rent arrears are putting landlords under increasing financial pressure to open eviction proceedings against tenants. Landlords open possession proceedings as a last resort and often only when tenants refuse to engage with attempts to help them settle arrears. A significant proportion of landlords reported UC-related eviction applications to court and actual subsequent evictions. In the first three rounds of our study, we monitored both of these trends.

A possession order is just the first stage of the eviction process, and does not automatically lead to an eviction. While there was an overall drop in respondents reporting an 'increase in applications to court' over the first three rounds of the study, the number of actual evictions reported had increased by 9.1% over the same period. Other than applications to court and evictions, a worrying upward trend (shown in Figure 3), demonstrates tenants terminating their own tenancy as a direct result of UC. Over the course of the first three rounds of the study, reports from respondents grew by 8% to end Round 3 on 41.3%. Information collected from focus group discussion suggests many tenants terminating their tenancies are 'sofa surfing' and do not have permanent and secure accommodation to go to.

Figure 3: Respondents reporting an increase in applications to court, evictions and tenancy terminations



The impact of the delay in payments is causing real hardship for tenants, resulting in rent arrears – this has a knock-on effect on their landlords. Landlords are changing their systems to accommodate the way UC is designed, in particular, moving from debiting rent accounts in advance to debiting in arrears. The vast majority of respondents said that debiting accounts in advance causes their organisation difficulties in the context of UC. Between Rounds 2 and 3, there was a 12.4% increase in organisations debiting rent accounts in arrears to match UC being paid to claimants in arrears.

It is welcome news that in order to address the issue of rent arrears in UC, DWP will roll out two recently piloted initiatives – the Trusted Partner scheme and the landlord portal. The Minister of State for Employment, Damian Hinds, announced that more landlords will be included in the schemes from October, starting with the largest landlord groups, “in order to ensure the highest possible numbers of tenants are able to benefit from the schemes, as early as possible”. The Trusted Partner scheme allows landlords to identify vulnerable tenants and to make the recommendation for a tenant to have the rent portion of their UC paid directly to their landlord before they fall into arrears.

Member Case Study: Impact on the landlord

UC went live in [local authority area] on 27th July. Prior to the switch the [landlord] was receiving three new UC cases per week, after the switch this increased to an average of 20. In July, the arrears were 10% below target and are currently approximately 10% over target

With the digital service there has been an emphasis on communication via the online journal which has had the following impact:

- Rent verification by the [landlord] does not override what the customer has put on their claim leading to incorrect payments.
- Having to send housing costs verifications several times.
- Service centres refusing to discuss digital claims with the [landlord].
- Confusion by service centres over live and full service UC claims.
- No contact with the service centre unless customer present.
- Information in journals not always giving sufficient details of date and amount of payment.

There have been changes as a result of the digital service which had an impact on how and when payments are received:

- Information from DWP stating payments will be made but no payment is received.
- A delay in making initial UC payment leading to APA requests (which may not be appropriate) causing further confusion.
- Monthly APA schedule now received on the 5th of each month and on average these payments are up to the 15th of the previous month - in addition to being paid four weeks in arrears.

As well as impacting on arrears there has been an impact on the [landlord] with:

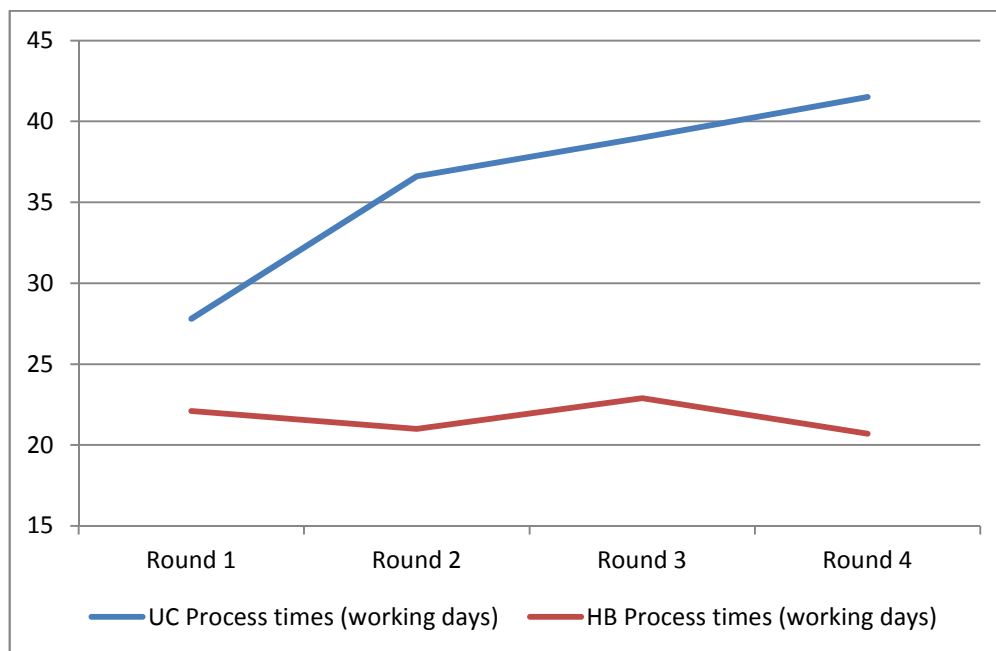
- a 90% in increase in calls from customers.
- increasing concern as to whether the right action is being taken to manage arrears. Delays in claims and uncertainty over payments being made potentially lead to legal action being considered when payments are due. The alternative is not taking action and no payment being received.
- court cases being adjourned until the outcome of the UC claim is confirmed, adding to additional arrears and time.

Claimants are not being informed when deductions are made, for what reason, or how the repayment period has been calculated.

Staff time pressures/costs

A recurring theme in the discourse about UC is the time taken to process claims and delays from when a claim is made to DWP making an award. Throughout the course of our research we monitored the relative average time (in working days) taken to process UC and HB claims. As Figure 4 shows below, HB processing times have been on a general downward trend over the course of the study, in comparison to UC processing times which have increased from an average of 27.8 working days in Round 1, to 41.5 working days in Round 4 – an increase of over two weeks' extra waiting time for claimants.

Figure 4: Comparative processing times



Increasingly, our members reported that staff were spending more time supporting tenants through their UC cases than they did on HB cases. In Round 1 more than three-quarters (77.1%) of respondents felt that UC claimants required more support than those on HB. This figure grew through subsequent surveys before ending with almost all (91.7%) agreeing that UC is more labour intensive for landlord organisations.

The form of support offered by landlords can vary. Many organisations have money advice teams, for instance. Of those that do have such teams, more than three-quarters in Round 4 (76.9%) said that there has been an increase in enquiries directly attributable to UC. This is an increase from 69.7% in Round 1. The vast majority of respondents said that they had stepped in to help tenants with their cost of living or made referrals to other

agencies. Although the proportion of those offering this support fell slightly over the three rounds of surveys, 91.5% of respondents still said that they did so in Round 3 (the last survey this was investigated).

5. DWP experience

Communication issues

One of the original concerns of members that was key to this project was communication. A number of respondents pointed to difficulties getting in touch with the correct member of staff at DWP and receiving a call back when unable to speak to the correct service centre staff member. Other concerns raised were around inconsistencies and/or incorrect information received from DWP when contacting them about tenants' claims. Originally, more than nine in ten (91.9%) organisations in Round 1 reported that there had been communication issues between DWP and either their organisation or the tenant. Some issues cited include:

- difficulty getting through to DWP staff.
- lack of information/consistency of information.
- lack of knowledge at DWP.
- delays.
- not receiving notifications of claims.
- data protection issues – information not being shared with the landlord.
- calls not being returned.
- difficulty contacting DWP via the escalation line (only being live for four hours a day).

Scores have only slightly improved since the first survey with 89.4% of respondents in Round 3 still saying there had been communication issues between DWP and either the tenant or the landlord.

The announcement from the Government that there will be greater landlord access to the landlord portal and Trusted Partner programme is encouraging. The landlord portal service allows landlords to submit information to the UC online system, instead of tenant-only access. The National Housing Federation reported trials of the landlord portal have shown that “even in a very basic form it improves communication between the DWP and landlords, speeds up the verification of claims and cuts the burden of administration”. It is hoped this will improve communication and thus reduce delays in processing claims. During NHC liaison with DWP through our roundtable programme,

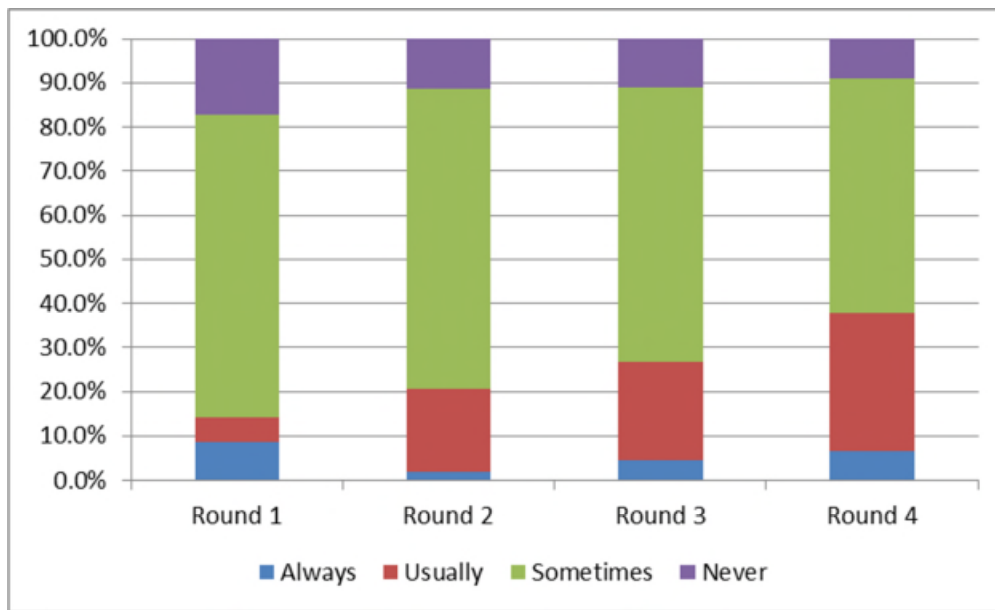
it was suggested that tenants do not realise they have to verify information and that this was a reason for delayed claims.

There may be a number of factors influencing delayed claims and it has been reported that poor training of call centre staff and underlying problems with the complex UC system are also contributing to long waiting times¹⁰. The Guardian reports that one DWP employee, who spent eight months managing a team of staff answering calls from UC claimants in one of the trial areas, said workers struggled to stay on top of the volume of calls. He suggested this was often because staff had not been properly trained, so were “looking round the systems trying to find the information that could be needed”. Consistency of information is something that the NHC study investigated through our surveys, data from which corroborates the Guardian report. A common complaint has been that some UC staff struggle with the complicated rules. Some claimants and respondents to our surveys report that they have been given contradictory advice by different officials for the same problem. We found that three-quarters of respondents pointed to inconsistencies in the information they received from different service centres in Round 1, a figure that increased to 76.2% by Round 3 (the final survey in which this was investigated).

However, members suggested that there was improvement when it came to DWP notifying the landlord when a tenant moves from HB to UC, as Figure 5 demonstrates below. Despite a fall in the proportion of respondents saying DWP always notify them of a move from the legacy benefit to the new benefit, the proportion saying this usually happens has increased significantly. These two aggregated answers show an improvement from 14.3% to 37.8% over the 12 months of the study. The figure of respondents saying DWP never inform them of a move almost halved over the same period.

¹⁰ The Guardian <https://www.theguardian.com/society/2017/oct/12/pressure-grows-to-make-universal-credit-helpline-free-of-charge>

Figure 5: Receiving written notification of tenant moving from HB to UC



We asked our members how their experience of UC service centres has changed since roll-out of UC in their area. Overall, respondents reported that their experience of service centres had remained the same (68.6%) by Round 4 – an increase of 7.5% on Round 2. The proportion that said their experience had improved (11.4% in Round 4) and had deteriorated (20% in Round 4) both fell over the last three rounds of surveys.

Member Case Study: Mrs H

Mrs H is just over 60 years old. On 4th February, the Tenancy Sustainment Officer (TSO) met her and helped her to complete her UC claim online as she had received her final wage slip. Mrs H advised that as she had a bit of money put away, she did not want to apply for an advance payment. The following day, Mrs H was due to attend her JobCentre interview to confirm her claim details, provide proof of rent and agree her claimant commitments.

On 11th February, the TSO contacted Mrs H to see what progress had been made with her claim. She said the JobCentre had cancelled the interview for the 5th February and rearranged for 9th February at 11.30am. Mrs H had been worried because the work coach mentioned sanctioning for being late as her appointment was for 10.30am despite definitely being told the interview was at 11.30am. JobCentre staff couldn't advise when she would receive her UC payment.

On the 4th March, the TSO contacted DWP to ask when Mrs H would receive her first payment as she still had not been informed. DWP advised that the payment date would be 17th March as they had applied seven waiting days. The TSO challenged this as Mrs H had been in receipt of Housing Benefit within one month of applying for UC. They accepted that they could see something regarding HB on the system but they would still have to apply the seven waiting days until the council provided evidence. It was not clear why this had not been sought whilst the claim was being processed. The TSO contacted the council who advised that they had sent the information to DWP on 12th February. TSO relayed this information to DWP staff who said they would get back to the tenant. This didn't happen. When the TSO contacted Mrs H again on 10th March, she advised she still hadn't been paid.

On 18th March, the tenant showed TSO a DWP letter stating that UC payment would be on 10th March but she had still not received anything. TSO contacted DWP who stated the letter should have said 17th March (although still no payment had been received). DWP advised that the tenant must apply for a mandatory reconsideration regarding the seven-day waiting period and thought payment should be received that day. Mrs H had exhausted her savings, had just £3 in her bank account and would have to borrow from her daughter for food and travel costs to get to her JobCentre interview or be sanctioned. Mrs H accepted a food voucher at this time.

Mrs H phoned later that day to say DWP had text her to say they were going to put £312 into her account. This amount suggested that they had not included her housing costs and TSO spoke with DWP to sort out the housing costs and again request a review of the 7-day waiting period. He was advised by DWP to complete a mandatory reconsideration request. This was sent to DWP on 18th March, requesting the payment date be changed from 17th to 10th. Mrs H received her payment into her bank account, later on 18th March – she had waited over 6 weeks for her first payment.

On the 31st March, TSO contacted DWP who advised they had received the mandatory reconsideration letter but it had not shown up on the system as a task therefore it hadn't been sent to a decision maker. In addition, they were having problems with their systems but asked the TSO to provide the information again and they would complete a mandatory reconsideration form and send it to a decision maker.

TSO also informed DWP that Mrs H's rent was reducing by 1% from 4th April 2016. DWP advised that they could not take the information from him or Mrs H over the phone and could only accept this in writing with proof or arrange an 'evidence interview' at the JobCentre. Tenant was due to attend JobCentre on 4th April, so the evidence interview was arranged for same day. TSO provided Mrs H with a rent reduction letter. TSO contacted Mrs H again on 8th April. She had not received result of the mandatory reconsideration. However, she subsequently received a text later that day stating she will be paid on 10th April which suggests that they have reconsidered the decision, removed her seven days waiting period and changed the payment date from the 17th of each month to the 10th of each month.

6. Conclusions

When reform of the UK welfare benefits system started in the wake of the 2010 election, much was expected to be complete by the end of 2017. Now, near the end of 2017, UC is still some way from being fully implemented. The new system has been heavily criticised, with trade bodies from all sectors decrying the increased levels of arrears it causes. Employment figures have improved, but for every case where UC has made work pay, there are others where it has made a difference to tenants' lives in a detrimental way. Whilst the NHC supports the principle of simplifying the benefits system, there is clearly work to be done to ensure that it runs smoothly for all involved – from tenants to landlords to the DWP itself. Any large reform can have unforeseen consequences. However, the six-week wait for tenants' first payment cannot be blamed on processing problems or DWP staff errors. It is a decision by Government that insists that claimants joining Universal Credit must wait six weeks for their first payment to get them accustomed to working life. Not all new claimants have savings to fall back on and whilst awaiting their first payment some are falling into debt – this has been a major obstacle to the new regime's success. It is for this reason the NHC has been calling for a reduction in the time tenants must wait to receive their first payment, and we were pleased to see changes to the waiting time announced in 2017's Autumn Budget.

UC is also presenting a "significant challenge" to landlords. The new system is structurally incompatible with rent collection - paying tenants in arrears means that they are at least one month in debt as soon as they claim. As landlords debit rent accounts in advance, tenants go into debt as soon as a claim is made. This leaves councils and housing providers with spiralling costs which impacts on their ability to carry out other functions such as building the new homes required in the white paper - 'Fixing Our Broken Housing Market'¹¹.

The current rapid expansion will put the UC system under severe pressure which we believe will result in a deterioration of the quality and timeliness of the service. The consequences of this will be very difficult to manage.

Throughout the course of this study the NHC has shared our findings with DWP to bring to their attention issues faced by both housing providers, charities and their customers. This

¹¹ DCLG, <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

has been done in the hope that the difficulties faced can be addressed before the end of the roll-out of the full digital system.

In the fourth report in this series, rather than accelerating roll-out, the NHC urged the Government to pause roll-out of UC in order to learn from experiences so far, and to fix systemic problems. In light of Mr Gauke's announcement that there would be no such slow down, the NHC welcomed the announcements in the Chancellor's budget which reduce the waiting time for first payments, and extend the repayment period for those in need of advance payments. However, reducing the waiting time for the first payment by just one week – and not until February 2018 – on its own will make little difference to claimants' financial situation. Allowing claimants to continue to claim Housing Benefit for two weeks after an initial UC claim will be welcome news to both claimants and landlords alike as this should reduce levels of arrears. Again, however, a wait until April 2018 for this measure to be implemented will do little to reduce the workload of those tasked with managing rent accounts or allay the concerns of new claimants who are reliant on the new benefit to meet housing and general living costs.

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