

The Work and Pensions Committee

Inquiry into Universal Credit

Written evidence submitted by The Northern Housing Consortium (NHC).

20th March 2017

1.0 Introduction

1.1 The Northern Housing Consortium (NHC) is a membership organisation for housing associations, local authorities and Arms Length Management Organisations (ALMO's) and other stakeholder organisations involved in housing from across the three Northern regions of the North East, North West and Yorkshire & Humberside.

1.2 Social housing tenants, who generally rely more heavily on the benefits system, are particularly affected by the government Universal Credit programme. Some tenants are experiencing poverty and financial hardship on an unprecedented scale, which in turn is having an impact on their health and wellbeing and causing real stress and anxiety, and forcing some to make difficult decisions.

1.3 This call for evidence is welcome and has provided the Northern Housing Consortium with the opportunity to present the experiences of NHC members across the North and their tenants on the implementation of UC and the impact both on their organisations and tenants.

1.4 Summary of main points:

- The UC programme has increased financial pressures on NHC member organisations, providing a significant threat to their income stream and has led some providers to re-evaluate their core values.
- Our members report that they and their tenants have received inconsistent information from DWP.
- NHC members have to undertake additional monitoring, with significant impact on time and resource due to inconsistencies, lack of communication, delays and errors in delivery of benefits and UC.
- Delays in processing and receiving the correct payments slow down processing time in other areas i.e. Council Tax Support, and therefore cause further financial hardship, debt and stress.
- There has been an increase in demand for advice and support services, hardship funds and food-bank referrals/visits; some members have also seen an increase in use of pay day lenders, one

NHC member reported an increase of 10%, and some anecdotal evidence of additional loan shark activity.

- Those on full service have reported greater delays in processing claims and payments being made.

2.0 How long are people waiting for their UC claim to be processed, and what impact is this having on them?

- 2.1 NHC members across all three Northern regions are generally reporting a waiting time of anything from 5-8 weeks on average; some of our members have had instances where their tenants have had to wait longer. One member reported that one of their tenants had to wait for 132 days (around 18 weeks) before their initial payment came through. This initial waiting period is a very stressful and difficult time for tenants, and members are seeing an increase in their rent arrears.
- 2.2 One NHC member reported that as of the end of December 2016 only around 50% of UC claimants were paying their rent in full, and around half of those were only doing so with the intervention of an of Alternative Payment Arrangement (APA).
- 2.3 The delay is causing unnecessary financial hardship, making it difficult for tenants to manage money and budget for bills, particularly for those who have moved from weekly or fortnightly payments of wages. Members are seeing an increase in referrals and usage of food banks and borrowing from family and friends to see them through. More worryingly, NHC members are reporting an increase in tenants turning to doorstep lenders, placing them in further debt.
- 2.4 This is having a worrying impact on tenants' health and wellbeing, with tenants reporting stress, depression and anxiety as a result.
- 2.5 Members are reporting that an increasing number of their tenants are asking for advance payments of UC, which for some is causing further financial hardship and debt, as most appear to be clawed back over three months and claimants are finding it difficult to make ends meet.
- 2.6 NHC members have found that nearly all of their tenants are going onto UC without any backdated pay or savings to fall back on. Many members do have a hardship or crisis fund available and are finding that referrals to these are on the increase as a result of UC.

3.0 How are claimants managing with being paid Universal Credit monthly in arrears?

- 3.1 The experience of the majority of NHC members has been that many of their tenants on UC are not managing well, and there is evidence of real financial hardship and increasing issues around stress and anxiety. The cost of the 0345 – number helpline, is further adding to this, one member reported that one of their tenants had accumulated a £60 phone bill as a result of having to contact the DWP on numerous occasions.

- 3.2 NHC members report that tenants are struggling with navigating through the process, and find the whole experience very difficult to manage. Member organisations have to invest a lot of staff time to support tenants.
- 3.3 There is evidence that some tenants are coping better than others, as is usually the case with the introduction of any new system. A lot of work is being done on the ground across many NHC member organisations to improve their customer profiling data, allowing them to target resources and support where it is needed.
- 3.4 One Housing Provider in the North West has 567 cases of UC, 271 of which are on managed payments. This has fluctuated, and 465 of these cases have arrears of more than £100.
- 3.5 Many members are reporting an increasing caseload of APAs, which demonstrates that the majority of the claimants are not managing well on UC. Further to this members also report difficulties in applying for an APA; if a tenant is on variable hours, it is difficult to keep track of what they might have to contribute towards housing costs and what they might get in terms of UC housing costs.
- 3.6 The North West provider mentioned above has a particular case at eviction stage - the tenant's wages vary each month and accordingly so does their UC award. As a result they are struggling to keep track of expected UC payments each month. This is creating further difficulties for staff who have to intervene and assist them in working this out.
- 3.7 While there is some evidence amongst members that tenants are managing in the initial months, there is also evidence to suggest a buildup of arrears in the first month while claimants wait for their UC payment to be processed. Some member organisations collect one month of rent in advance, and have to provide ongoing money management and budgeting support.

4.0 Has Universal Credit improved the accuracy of payments?

- 4.1 Members' experience around this has been mixed. Some have reported no improvement to the accuracy of payment - and that the process is difficult - and some have received some feedback from tenants reporting that payments are inaccurate, mainly down to the assessment period UC uses to calculate payments. This is due to the way payment cycles and the number of week's rents is calculated over the year, and the accounts are never in balance.
- 4.2 Rent collection is difficult as there is never a set, firm payment date. Because UC is paid in arrears, alongside the delay in payments coming through, the waiting period is the biggest issue.

5.0 Have claimants reported making a new claim for Universal Credit, and then found that the system has not registered their claim correctly?

- 5.1 Providers across the NHC membership have experienced this, and there seems to be uncertainty for most new claimants. Customers' knowledge and access to assistance is limited, and they regularly report inconsistent messages from the UC call centres. Tenants are unclear as to who

they should be speaking to; some have been bounced from HB to UC, and landlords are intervening, placing additional pressure on scarce resources.

- 5.2 Some members have reported difficulties before making the claim. One North West member has experience of tenants being advised to claim JSA, then being told they should claim UC. This has caused delays and is confusing for the claimant. There have been issues around the APA applications getting lost in the DWP system, which has also caused delays.
- 5.3 Another housing provider has reported a few cases where tenants have submitted an online claim, and at the end of the process receive a message to say the claim hasn't been submitted. The tenant cannot then check if this is correct, as they are told on the automated phone message only to check after 5 weeks as their UC claim *is* being processed. At 4- 5 weeks tenants are presenting to member organisations, having been told their claim was not in fact received. To avoid this time lag, the tenant should receive a text or acknowledgement at time of submitting a claim.
- 6.0 **What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?**
- 6.1 For many NHC members the biggest barrier and the main issue is the waiting period - UC is paid in arrears so most tenants will not have the means to pay their rent. Even if an advance of UC is secured the tenant still requires money to for food, fuel and other essentials, and this advance is clawed back later
- 6.2 One housing provider has reported 'very' high rent arrears amongst their UC tenants, with a handful with arrears over £1000.00.
- 6.3 A provider in the Yorkshire & Humber area report that arrears for their UC client group are three times higher than those for average customers.
- 6.4 One North West member currently has 347 tenants on UC and of these 52% are on an APA.. The average arrears for the tenants that they know are on UC is currently £568, which is the level of debt at which the organisation would normally start formal legal proceedings for the property to be repossessed.
- 6.5 A Merseyside provider currently has 617 current UC cases; 506 of those are in arrears totaling £425,139.91, an average of £840.19. 43% of cases have arrears over £500. When comparing the current balances with those of the same week last year (excluding 113 cases who were not tenants at the time), of the remaining 504, 418 were in arrears which averaged £952.04 and 48% were in arrears over £500, so the average arrears per case have reduced. It is important to note that the provider has a high percentage of cases with APAs (59% of the current caseload) which prevents many cases from falling further into arrears.
- 6.6 Many social housing landlords across the North have invested in new ICT systems, and internal resources have been re-aligned to manage the increased workload and complexity of UC

cases. This has impacted indirectly on other services within tenancy management and many have an increased provision for welfare advice to support tenants. They have also seen an increase in demand for their financial inclusion and money advice services as tenants require more assistance.

- 6.7 As previously highlighted, UC is a significant threat to organisation's income stream, and all NHC members are investing increasing staff time and resource in supporting tenants through their UC journey. Sustaining this level of support is of great concern to NHC members. One member has reported that they would require 23 additional full time officers to collect income, based on current workloads.
- 6.8 UC is putting a lot of strain on Local Authorities (LA) who experience problems in obtaining proof of UC housing award for Discretionary Housing Payment (DHP) claims and Council Tax payments. This delays the assessment process for DHP, and in some cases the LA does not get the evidence from the tenant in time, leading them to close down the claim and the process has to be started again. This Increases the Council Tax arrears and the cost of enforcement.
- 6.9 Payments need to be processed more quickly, in a more simple and coherent way, with clear communication at each stage for claimants. Communication between providers and UC service centres could be improved and this would have a positive impact.
- 6.10 Landlords have reported that removing the seven day wait would assist all tenants going on to UC, alongside greater flexibility of frequency of payment and improvements to the budgeting support as the current system does not work.
- 6.11 As previously highlighted, the most difficult time for tenants is the initial payment period, and the demand from tenants for advanced payments is increasing. The repayment period of 6 months is proving too short; we would ask that this period be extended to make it more affordable for customers.

7.0 Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?

- 7.1 From the experience of our members to date, the NHC believes that all claimants would benefit from being paid in advance rather than arrears. If this is not an acceptable we would recommend a consideration to move to fortnightly payments.
- 7.2 There are certain groups of tenants that would benefit from greater payment flexibility, including households with children, as well as those with mental health issues, substance misuse, those moving into supported and temporary accommodation and those with other vulnerabilities. Those on zero hour contracts and those who are in and out of work would benefit from the UC payment matching how they are paid from their employer.
- 7.3 Support for tenants requesting an APA based on mental health grounds could be improved. One member reported a case where one of their tenants had asked for this when he started claiming

in November, and the query was still unresolved at the end of February. In addition an improvement in the way local JCP are identifying vulnerabilities, and the support required amongst certain groups, would be welcome.

7.4 It would also be beneficial if the DWP could look at decreasing the length of time it takes to process APAs; one provider reported a seven to eight week process time. NHC would also recommend DWP reviews the data sharing process to make it easier for landlords to discuss their tenants' claims.

7.5 We would recommend that the reduced rate for the under 25s is removed; in most cases they have very little experience of managing tenancies.

8.0 **Does Universal Credit provide people in emergency temporary accommodation with the support they need, and how could this be improved?**

8.1 With the lengthy timescales and delays associated with processing a UC claim, the benefit would seem inappropriate for the transient client group who rely upon temporary provisions

8.2 A small number of NHC members have reported that no additional support is received and would recommend a dedicated service line to process payments in emergency situation. We would also like to see payment go directly to the landlord for the emergency/temporary property, and offer flexibility of payment frequency as often stays may only be for a few days or weeks.

9.0 **What impact is Universal Credit having on the income and costs of local authorities, housing associations, charities and other local organisations?**

9.1 The biggest concern and threat to NHC members is the loss of rental income, directly as a result of UC – rent loss for NHC members is unsustainable moving forward, particularly in the context of the existing rent cut which has been imposed until 2020.

9.2 For one member organisation rent collection is 4% lower for UC tenants compared to those not on UC. From anecdotal feedback they estimate that UC tenants require 50% more assistance. The demand for and cost on landlords for Welfare Benefits & Debt advice, and employment support, has increased significantly. In addition small charities have also withdrawn their support as a consequence of their funding being cut.

9.3 A housing provider in the North West reported that at 2nd March 2017 there were 5870 tenants of which 60% were in receipt of full or partial weekly housing benefit payments being made directly to their rent account. This represents an income of equivalent to 49.8% of the weekly rent roll. There will be a significant financial impact when these tenants move to UC, and receive a monthly payment in arrears.

9.4 Organisations have either updated their entire systems, or invested in new systems, which have come at a large cost to organisations, and they have also seen an increase in their staff training

and development costs. This has been done to protect income streams and to provide additional support to customers.

9.5 As previously highlighted, NHC members have had to invest a lot of extra staff time and resource to support UC tenants, including assistance with completing claim forms, chasing claims, providing help and support throughout the whole process, completing DHP and hardship applications for LAs, visiting JCP with tenants and providing support with budgeting and money management. This level of support is unsustainable as the number of tenants on UC increases. Coupled with the impact on our members' rental income, UC represents a significant threat to long term business sustainability.

10.0 How well is Universal Support working, and how could it been improved?

10.1 In most cases Universal Support isn't working effectively, causing financial hardship for many social housing tenants across the north and placing the rental income of NHC members at risk while increasing their day to day costs.

10.2 One of the key areas for improvement is the working relationship between DWP and landlords, and communication channels. The experience for many NHC members is that the DWP stance on data protection is very rigid, and information is not released. Landlords require a regular and improved supply of information i.e. informing them as soon as their tenant makes a claim.

10.3 Inconsistency in the information provided by the UC call centre staff is another concern; this can be improved by providing training and setting up guidelines across all staff, to ensure a more coherent and consistent approach. Training for UC staff around HB and how housing costs are calculated would also prove beneficial.

10.4 NHC members are reporting positive relationships with their Partnership Managers; the issue seems to lie with the reporting channels upwards from the Partnership Managers and the lack of influence they hold at a national level.

11.0 What impact has the introduction of full Universal Credit service had in areas where it has replaced the live service?

11.1 A small number of members have seen some positive improvements since going onto live service with the email notification process, the rent notification changes process, setting, and accessing the customer service centre and named Partnership Managers. There needs to be consistency in what can be discussed with landlords where the UC claimant has given permission.

11.2 The DWP needs to overcome the "fall through the cracks" situation where a live customer moves to full Service and where DWP staff at the local JCP can't trace there ever having been a UC claim in payment.

- 11.3 Other members have reported that it is not working for their customers and the financial support for tenants could be more robust. Tenants have a budgeting skills gap to move from their current system of budgeting to managing a monthly payment. In addition it appears that for some tenants, information is not easily accessible.
- 11.4 One NHC member working across the North East saw an increase of 170% in the first month of going on full service, which increased their arrears by 114%.
- 11.5 The experience of many members on the full service has been that communication seems to have slowed down, and we would like to see regular meetings with housing providers to prepare for these changes. NHC would be happy to facilitate this.
- 11.6 The focus on implementation of an entirely digital system has been problematic. There is a presumption that IT skills are commonplace, however many tenants have been reliant upon their landlord for support in navigating the UC website; landlords have encountered many tenants who have no computer / internet skills or internet-capable devices. These tenants are more reliant on the helpline, which can lead to further difficulties given its cost.