

**UK Parliament Work and Pensions Committee Inquiry into Universal Credit**

**Evidence from Glasgow and West of Scotland Forum of Housing Associations**

**March 2017**

Introductory comment from GWSF

The feedback below, which comes from ten member associations who have a significant enough number of tenants now on Universal Credit, paints a sorry picture of the early stages of Universal Credit. If the problems could largely be attributed to early administrative issues which might be improved as time passes, our sector could have cause for a degree of optimism.

But many of the most serious shortcomings are actually built into the system – most obviously the length of time before first payments, and the almost complete exclusion of social landlords from the communication process with DWP.

The consequences of this administrative nightmare make any potential advantages of Universal Credit pale into insignificance. UC may have been intended to make people better off once they take up employment, but for many tenants, the impact of going onto UC in the first place and the early damage it does, outweigh any eventual advantages relating to taking up employment.

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

## The assessment period varies for claimants. There does not appear to be much consistency in the length of time a claimant has to wait for their claim to be assessed. The earliest appears to be six weeks, with seven weeks the more general minimum waiting time. Many members report much longer periods than this, due normally to processing errors within DWP, or failure of DWP to issue housing costs verification forms (or failure to act of this information after it has been supplied).

Members report a lack of consistency between DWP offices, leading to errors with claims, and further delays.

There is a double delay for people migrating from Live to Full Service as there is a second assessment with the accompanying need to supply information etc.

Making APA applications has resulted in further delays in payment being made (see response to question 5 below)..

One member noted that the lack of internet access at weekends has resulted in some cases being suspended, with no apparent test of reasonableness in these cases.

## *“One claim went on for 4 months before any money was received. Another claimant transitioned from Income Support and waited 12 weeks covering the Christmas and New Year period, (a lone parent with a diagnosed learning difficulty looking after her two-year-old son) before receiving any money.”*

*“This is very difficult, tenants are generally making use of family connections, use of foodbank and requesting advance payments as they have no access to funds during the assessment or payment periods. “*

*“For the vulnerable claimants, it is extremely distressing if they are trying to get by with no money, or doing what they think is best to pay what little money they should to try and cover essentials as they are aware of their accumulating debts.”*

*“Lack of payment for 7 weeks can result in legal action for arrears as a result of non-payment particularly in cases where there are pre-existing arrears.”*

*“Where advance payments are being made the repayment period for this so short that this is having a significant impact on ongoing income streams.”*

*“When payment is received, claimants may have had crisis loans which are deducted or may have borrowed money which then has to be paid back. Universal credit was apparently intended to empower claimants to take charge of their own finances but instead seems to put people into debt.”*

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

Covered in the previous section.

# Has Universal Credit improved the accuracy of payments?

## This is difficult for housing associations to answer, because in the case of payments made directly to them (under Alternative Payment Arrangements), landlords are not provided with a breakdown of how the payment is calculated, with some payments being for more than the monthly amount and others less.

*“Payments do not appear to be being made on the same day each month from tenants or from DWP. There is a lack of relevant information on payment schedules from DWP which makes it difficult to identify payment types and tenant references, despite this information being provided.”*

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

We have no specific information on this.

# 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?

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| --- | --- | --- | --- | --- |
|  | Number of UC cases where known | Proportion of UCclaimants in arrears | Total amountof arrears | Proportion of UCclaimants on APAs |
| HA1 |  | 89% | £70,628 | 53% |
| HA2 | 48 | 92% | £14,000 | 55% |
| HA3 | 49 | 84% | £30,083 | 51% |
| HA4 | 9 | 88% | £6,671 | 88% |
| HA5 | 39 |  | £16,059 | 52% |
| HA6 | 7 | 100% | £1,381 | 57% |
| HA7 | 20 | 80% |  |  |
| HA8 | 17 | 90% | £7,500 | 24% |
| HA9 | 34 | 63% | £18,000 |  |

## The above table shows data from nine member associations collected in the short time available. Estimates of what proportion of people in arrears and on UC can be attributed specifically to the advent of UC vary from around 50% upwards. Even at 50%, this means that half of people in arrears had no arrears issues prior to going onto UC.

## Members report that arrears arise through a combination of the delay in claimants receiving their first payment, and the DWP’s failure to request housing costs information.

## *“When the tenant receives their first payment and it doesn’t include any Housing Costs they are routinely being told this is due to the landlord not responding to a request. In 100% of cases this isn’t true. We respond the same day to SRS requests and frequently have provided the information on multiple occasions.”*

*“We are relying on tenants contacting us to confirm they are claiming UC. We could have some tenants on UC that we’re not aware of as they could be paying us directly, but we don’t know until the payments stop.”*

## *“We have already been to court with 2 tenants and secured a decree for eviction for one of these. We are about to go to court with a 3rd which was readily avoidable. As soon as we became aware of his claim for UC we requested an APA on the basis he met the criteria through addiction and a long history of arrears. There was no response to this request and we have no way of escalating such an issue if a tenant is not willing to engage with us.”*

As well as the lack of ‘from the outset’ direct payments to landlords, members all cited the need for much better communication and information sharing between landlords and the DWP, including easier use of explicit consent, along with the need for improved payment schedules, notification of payment and expected date of payment and amount, greater frequency of payment and shorter assessment periods.

*“The main issue with UC is the fact that we are really having to rely on the tenant to tell us they are claiming UC, which could be several months after the event.  DWP just don’t seem organised with regard to advising us of new claimants.  We have been speaking to the local Job Centre and got a kind of informal agreement that if their job coaches are seeing any of our tenants who are new to claiming UC to send them over to us to get a rent statement as they need this to make their initial claim.  Another problem is that UC do not advise when a tenant is no longer getting UC or Housing Element as they are now working, and again we are relying on the tenant telling us this.”*

A significant barrier for landlords is the difficulty of giving advice to people, as the DWP will only deal directly with the claimant. So unless landlords are with the claimant at the time and the claimant can consent to someone else speaking on their behalf, landlords are totally reliant on what information the claimant is providing. The loss of Implicit Consent within Full Service areas is a major failing in enabling claimants, especially the more vulnerable, to allow landlords to escalate issues with their claim.

Landlords’ experience of the system of Alternative Payment Arrangements is mixed. The process for applying is generally considered to be straightforward, but some associations have found it difficult to get any feedback from DWP on APA requests and have had to chase up to get a response and have payments started. It is normal for landlords to wait around 6-8 weeks for an APA payment to be put in place.

Once an APA is in place it is particularly frustrating for landlords not to be able to liaise directly with DWP to discuss cases – this creates real difficulties where, for example, an APA payment is reduced without notification or reasons given.

Most of our members welcome the fact that deductions to repay arrears mean that arrears are reduced more quickly than is the case for tenants on Housing Benefit – £55 per month as against £14 in HB cases, although associations recognise that such deductions are likely to cause ongoing hardship for tenants.

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

Vulnerable people such as those with addictions or people with a learning disability would benefit from greater payment frequency. Without this some people will inevitably use housing costs money to cover bills and debts. The Committee will be aware of the Scottish Government’s powers to enable payments to be made twice-monthly for people in Full Service areas, but it is unfortunate that these powers will come too late to avoid serious difficulties already having built up for many claimants.

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

Without exception landlords are facing very significant increases in arrears, hitting their primary source of income on which housing associations – and their lenders – rely. Staff time dealing with the administration of UC, along with increased legal costs, are diverting resources from elsewhere in the housing management service.

In some cases associations will – however reluctantly – see increases in evictions, leading to increased void costs on top of the human costs for the households involved.

Some members have cited indications that tenants currently on Housing Benefit and who are due to transfer from one property to another are reluctant to do so because they know it will mean having to make a UC claim. This is a bad outcome for tenant and landlord alike.

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

Our members report little or no experience of working with this framework.

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

We have just one member association currently in a Full Service area and so we quote from them:

*“The rollout was inadequately resourced, the IT system was only 62% ready and communication channels between landlords and DWP were shut down. It has been chaotic for both practitioners and claimants with little improvement over the year. For larger organisations, the impact must have been unmanageable.”*