

**Under imposed embargo status until 6am 7<sup>th</sup> June 2016**

## **One year on: An indisputable link**

One year on from the roll out of Universal Credit (UC) in England and new research published today (7 June 2016) by the National Federation of ALMOs (NFA) and the Association of Retained Council Housing (ARCH) shows that 79% of council tenants in receipt of Universal Credit (UC) are in rent arrears. The report reveals that prior to claiming UC only half of those households had pre-existing rent arrears.

Later today the NFA and ARCH are due to meet with Lord Freud to share the research and discuss the indisputable link between UC and the proportion of tenants experiencing difficulties and falling into rent arrears. The NFA and ARCH will present their concerns in a bid to persuade government to use the survey findings as a basis to review existing UC policy regarding the payment of UC monthly in arrears, and the seven day waiting period at the start of claim.

Hugh Broadbent, NFA Chair says:

*“We look forward to sharing our findings later today with Lord Freud. The manner in which UC is currently being administered is clearly having a direct impact on the numbers of households falling into arrears - half of whom had no history of rent arrears.*

*Our concerns are heightened in situations where the claimant was not in paid employment immediately prior to submitting a claim for UC, for example where previous benefits have been sanctioned or adjusted. Many claimants simply do not have adequate savings or final pay cheque to carry them through the lengthy assessment period.”*

The average six week assessment period, combined with the seven day waiting time, continues to have grave consequences on tenants' ability to maintain rent payments, and is proving to be a significant contributor to the occurrence and accumulation of rent arrears. As increasing numbers of households face serious and prolonged financial hardship this report provides early evidence of a growing demand for money / debt advice services and foodbanks, as well as an increased presence of loan sharks within our communities.

John Bibby, Chief Executive ARCH advises:

*‘These survey findings continue to be extremely concerning for everyone involved in managing social housing in this country. Despite the best efforts of ALMOs and local authorities to help prepare and support tenants claiming Universal Credit our research shows that one year on the proportion of claimants in rent arrears is still shockingly high (79%).*

*A review of current policy is imperative if we are to reduce unnecessary hardship within our communities.”*

**Together the NFA and ARCH are calling on government to:**

1. Abandon the current seven day waiting period for UC entitlement
2. Undertake a review of the monthly in arrears policy to ascertain if this is causing unnecessary hardship and long term disadvantage to some claimants

3. Speed up the UC assessment process to 3 weeks. Bringing UC processing periods closer to those achieved for Housing Benefit.

**END**

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**Supporting case studies:**

The NFA is able to provide examples / case studies of individuals with direct experience of problems experienced by the UC roll out as identified within our release. Including households who previously had no history rent arrears and who are now experiencing serious hardship as a consequence (on request).

**Notes:**

Today's report summarises the findings of a survey of NFA and ARCH members, who together represent more than 1 million council homes in England.

The research was conducted during April and May 2016, and is the latest in a series of reports tracking the impact of wider welfare reforms on local authority and ALMO rent arrears performance, since they were introduced in 2013.

At the time of survey completion in excess of 3,000 households (total) in receipt of UC were housed by 20 participating ALMOs and local authorities

Survey findings can be found here: [www.almos.org.uk](http://www.almos.org.uk) and at [www.arch-housing.org.uk](http://www.arch-housing.org.uk)

Direct link: <http://www.almos.org.uk/include/getDoc.php?did=7534&fid=8807>

**NFA -The National Federation of ALMOs**

There are 39 ALMOs (arm's length management organisations) across England managing 542,808 council homes across 42 local authorities.

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**ARCH - Association of Retained Council Housing**

Working on behalf of local authorities who own and manage council housing.

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