



EMBARGOED until Monday 16 January 2017 00:01hrs

Universal Credit - Universal Debt

Two and a half years on from its implementation problems experienced by Universal Credit (UC) claimants have not subsided but have in fact dramatically worsened. Research published today by NFA and ARCH charts the impact of UC on the rent arrears of households living in council owned homes. More than two and a half years on UC continues to have a devastating impact on families, and their ability to maintain rent payments.

Key findings - a snapshot of arrears as at 30 September 2016 reveal:

- 86% of universal credit claimants living in council owned homes are in rent arrears (compared to 79% at March 2016)
- 59% of universal credit claimants living in council owned homes have arrears that equate to more than one months rent
- Although 63% of UC tenants in arrears had pre-existing arrears before their UC claim only 44% of them are on APAs (alternative payment arrangements with direct payment from DWP)
- The average value of arrears tenants owed across UC households has almost doubled to £615 since 31 March 2016 when average amount was £321.

John Bibby, Chief Executive ARCH says:

'We are extremely concerned with the upward trajectory of rent arrears for universal credit households. Not only are numbers of households increasing as UC is rolled out, but the percentage of households falling into rent arrears and experiencing financial difficulty is critically high. If this trend is not reversed it will have significant impact on local authorities' rental income streams and the long term ability for housing departments to provide essential services to their communities. Together with the NFA we continue to hold regular conversation with the DWP to find ways to resolve the problems currently being experienced by claimants.'

In ongoing talks with Caroline Nokes MP (DWP successor to Lord Freud responsible for overseeing the implementation of Universal Credit) the National Federation of ALMOs (NFA), the Association for Retained Council Housing (ARCH) continue to lobby for an end to the seven day waiting period for Universal Credit claims.

Hugh Broadbent, NFA Chair added:

'We will continue to work with the DWP to help identify and resolve operational issues and improve service performance in processing universal credit claims. We believe the current unacceptable waiting times and errors in processing claims are causing significant financial hardship to our tenants and communities. The reported increase in the presence of loan sharks

within our communities is alarming, but sadly not surprising. The delay in claimants receiving benefit inevitably forces households to turn to other ways to survive, including family and friends, pay day lenders and as a last resort loan sharks. The repayment of extortionate interest only further exacerbates a tenant's ability to pay their rent'.

Since its introduction in April 2013 the NFA and ARCH have been monitoring the impact of UC on levels of rent arrears of households living in council owned homes. Today's analysis reports information as at 30 September 2016, and is the most recent report in the ongoing longitudinal research being undertaken jointly by NFA and ARCH. Further data will be captured from member local authorities and ALMOs at the end of March 2017 and will be used to inform the ongoing dialogue with government departments.

Together the NFA and ARCH together represent more than 1 million council homes in England.

END

16 January 2017

Notes:

Universal Credit – Progress Report : The summary of research findings from the organisations we have been tracking over time can be downloaded here:

<http://www.almos.org.uk/include/getDoc.php?did=7759&fid=9086>

NFA -The National Federation of ALMOs www.almos.org.uk

There are 37 ALMOs (arm's length management organisations) across England managing 501,885 council homes across 40 local authorities.

ARCH - Association of Retained Council Housing www.arch-housing.org.uk

Working on behalf of local authorities who own and manage their properties, we are here to get the best deal for councils and tenants.

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