

Pause for Thought

Measuring the impact of Universal Credit on tenants and landlords

November 2017

This briefing sets out the results of our most recent welfare reform survey which tracks councils' and arm's length management organisations' (ALMOs) performance on rent arrears and the impact of the rollout of Universal Credit. The survey reports figures as at the 31st March 2017. In total, 42 members from the Association of Retained Council Housing (ARCH) and the National Federation of ALMOs (NFA) responded to the survey, responsible for managing a total of 563,985 homes; of these, 29 are ALMOs and 13 are local authorities.

Key headlines:

Rent arrears and Universal Credit (UC)

UC claimants are significantly more likely to be in arrears than non-UC households, and owe significantly more.



- The overall rent arrears bill for all households at March 2017 was **£68.5 million**.
- **2.6%** of respondent households were claiming UC and owed a total of **£6.68 million** (approximately 10% of total arrears).
- Average UC rent arrears had risen from **£611.73** in March 2016 to **£772.21** in March 2017.
- **56%** of UC households in arrears had arrears totalling more than 1 month, with average arrears of **£890.31**.
- **41%** of UC households in arrears had an alternative payment arrangement (APA) in place, but there were concerns over the effectiveness of APAs.

The rollout of UC has contributed to a number of tenants going into arrears; **40%** of UC claimants in arrears in March 2017 had not been in arrears prior to the introduction of UC. Respondents largely attributed this to the negative impact on tenants of the length of time between applying for UC and getting the first payment, as well as the subsequent delays in the payment of housing element of UC.

Members of both the NFA and ARCH are fully supportive of the principles of UC and have introduced new ways of working within their organisations and with tenants to support the rollout.

However there are concerns about the current impact of the rollout of UC on families, as well as the unprecedented levels of rent arrears. Poor administration, communication between DWP partners, and delays in assessment processes have caused undue stress and hardship for individuals.

"We have noted the emotional impact Universal Credit (UC) can have. UC can be triggered by a change of circumstances which may often be a relationship breakdown or illness. So tenants are dealing with the stress of this anyway and then have UC to deal with..." -Survey respondent

In order to improve the rollout of UC, members have identified 5 key asks:

- End the 7 day waiting period for new claims
- Slow down the speed of UC rollout until the procedural issues with the existing system have been resolved
- Create a transitional funding pot for landlords to enable them to effectively manage the rollout of UC and adequately support vulnerable tenants
- Improve the digital engagement for full service (especially for older tenants)
- Improve the process of UC for claimants and landlords, including integrating the learning from the Live Service

Association of Retained Council Housing
4 Riley Court, Millburn Hill Road
University of Warwick Science Park, CV4 7HP
Tel: 024 7647 2711

info@arch-housing.org.uk
www.arch-housing.org.uk
@ARCH_housing
Company Reg. No: 07970258

National Federation of ALMOs
Octavia House, Westwood way
Coventry, Cv4 8JP
Tel: 02476 851729

info@almos.org.uk
www.almos.org.uk
@NFA_ALMOs
Company Reg. No: 6781539