

19th November 2018

Dear Alok,

Thanks again for inviting me to meet with you on 16 October, to discuss Universal Credit and the findings from the NFA/ARCH annual survey. I also enjoyed the opportunity to attend the event that DWP held on 17th October to discuss Managed Migration. It is good to be able to communicate with you and DWP staff on this important initiative

During our meeting, I said I would get back to you with some trend analysis from our last 3 surveys, so please find this in the attached Appendix. Please come back to me if you have any queries on the information provided

In addition, the NFA has a few other observations from our recent work with members and the DWP Social Housing Strategic Landlords Group (SHSLG) that I would like to share with you

Managed Migration and Data Protection

We consider it is fundamental to the success of managed migration that social housing landlords are aware of when tenants are due to migrate, and can therefore support vulnerable tenants through the transition process. Although we have heard that the department has concerns around data protection which will preclude this, we do not understand why this is any different from the data protection and sharing procedures which were put in place for the Landlords Portal. We draw your attention to these and would be happy to give further information, since it would make sense to make use of the learning on the Portal

Priorities around Phase 7 provisions

At SHSLG, we discussed the priorities for DWP around the Phase 7 provisions. Landlords in the room, as well as our members, would like DWP to prioritise a bulk solution to rent increases/decreases in April to stop the need of individual verification. Considering the increasing numbers of households on UC, it has reached a point where it is not sustainable for landlords to do manual verification of every rent account as it absorbs a lot of resources which could be used for supporting tenants.

The 53 week rent year and discretionary housing payments

We have heard considerable concerns from our members around the impact of the 53 week rent year in 2019/20 on tenants. Whilst DWP has communicated that there are no plans to change the structure of the system to account for this, we are proposing that social landlords are allowed to use discretionary housing payments to mitigate against the impact in the years where it occurs, until such time as everyone is on UC and calculations can be changed to monthly. Additional resources for DHP will be required to enable landlords to do this. Again we would be happy to discuss this further with DWP staff

Universal Support

Since we undertook our UC survey, it has been announced that Universal Support will be delivered by the Citizens Advice Bureau. Whilst we appreciate the commitment to making sure Universal Support works well, we have heard concerns around this arrangement from our members. This includes the coverage of CABs across the country (especially rural areas), the potential for a different service quality in different areas, and the short length of time CAB has to prepare and run the contract.

In areas where UC has been rolling out longer, Local Authorities and ALMOs have developed Universal Support offers which they felt were working well. We think that there is value in capturing this best practice and letting it continue where it is meeting local needs, especially in rural areas. This could be done in the short term through encouraging sub-contracting arrangements with CAB.

HB v. UC claimants

One thing which we touched on in our meeting was comparing arrears in UC households with HB households. We have not done this in the survey up to now, but will ask the question in next year's survey. However, in our experience those with HB accounts tend to have lower rent arrears because they are traditionally in a more long-term and stable situation. However, we will ask the question and share the outcomes with you next year

Percentage of UC households which had debt prior to moving to UC

Following conversations with Lord Freud, who was formerly at DWP, we started to track the percentage of tenants who were in arrears prior to their claim date. In 2016 it was 51%, rising to 60% in 2017 and 76% in 2018. However, we need to be absolutely clear about the complexities around this figure.

I am sure you are aware that DWP has been undertaking research with Curo, Your Homes Newcastle and Northwards Housing and other landlords to look at the claimant journey, and initial findings from Curo are that arrears are rising in the period before a claim, rising more steeply after a claim has been made, and then gradually plateauing and reducing. This is not surprising since claims are triggered by a change in circumstances, and that is more often due to a negative life event such as a bereavement or break-down in a relationship. It was also discussed at the Managed Migration event by DWP that the negative press around UC is having an impact on how long people are waiting before they claim it.

We would be happy to do further work with DWP and our members around this. In the meantime, however, we would like to ask for the backdating of claims in circumstances where the claim has been triggered by, for example, a traumatic event such as a bereavement. This will then support someone to clear any arrears or debts they have built up in that transitional period.

Finally, I would like to ask you whether you would be willing to write a short piece for our Annual Review which is published in April 2018 and launched at our Annual Conference, looking at Government plans for Universal Credit and how our members can support you to achieve them? If so, I can ask our Press & Communications Officer to send across further information.

Our next welfare reform survey will be published in June 2019, and after that it would be good to arrange a meeting to discuss the findings. In the meantime, if you have any questions, please don't hesitate to contact me,

Yours sincerely,

Eamon McGoldrick

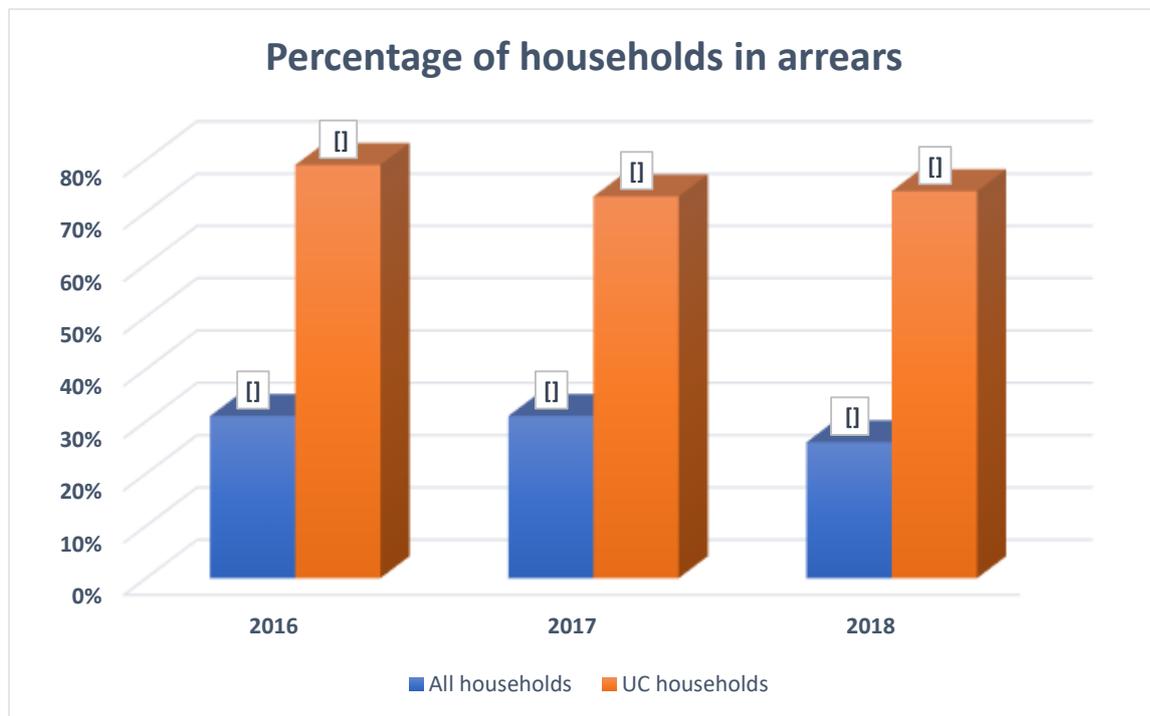
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Appendix 1

1. Percentage of households in arrears

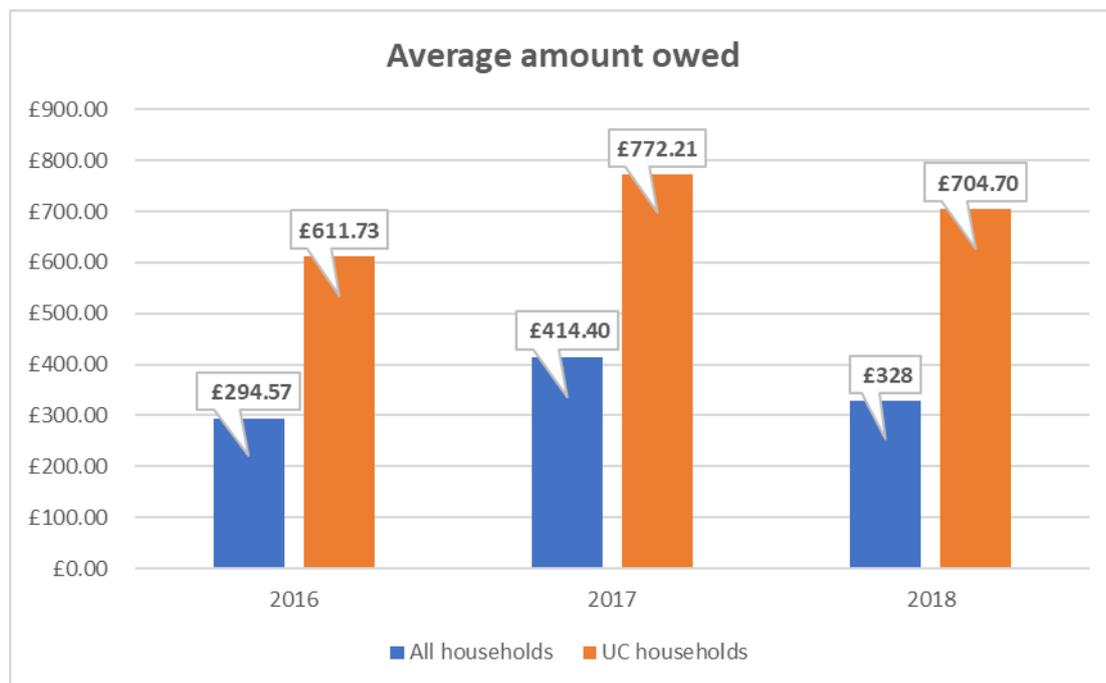
We have provided the trend across all respondents for the last three years. As you'll appreciate, the numbers of households on for respondents over the past few years has dramatically increased, going from 3,146 households in 2016 to 25,838 households in 2018, which means the data is a little volatile, although the picture is broadly the same:



At the moment, respondents are still experiencing large numbers of households moving onto UC, which means that the majority have not entered a 'steady state' yet where the longer-term UC arrears are coming down. There was a slight decline in the level of arrears for the group of 28 respondents who provided data in 2017 and 2018: from 76% in 2017 to 72% in 2018 which is positive, and we will continue to track this group in 2019.

2. Level of arrears

Although there has been some change in the amount owed, the relationship between overall arrears and UC arrears is pretty much the same across the years, with arrears for households on UC about 2 times higher than all households.



3. Alternative payment arrangements

APAs have fallen from 46% in 2016, to 41% in 2017 to 29% in 2018. There are clearly a number of things going on with APAs. Feedback from respondents is that APAs work less well in the Full Service rather than the Live Service, which seems to be confirmed by the data from 2018: 36% APA rates in Live Service, compared with 22% in Full Service. There are clear groups that APAs work better for, and there are still administrative challenges. However, it is also possible that landlords were using APAs a lot more in the early days to support tenants, and gradually over time have moved to other methods of support. Again, this seems to be reflected in some of the informal feedback we have heard from providers where UC has been rolled out longer.