



Thursday 16th July 2020 (Embargo: 10am)

New survey shows local authorities dealing with rising Universal Credit debt even before COVID-19 impact with fears for an avalanche of arrears as UC claims more than quadruple in some areas of the country.

The fifth annual Universal Credit survey from the National Federation of ALMOs (NFA) and the Association of Retained Council Housing (ARCH) is published today (Thursday 16th July).

Setting a benchmark: Annual ARCH/NFA survey into Universal Credit finds that even before COVID-19 local authorities and their ALMO housing companies were bearing the brunt of the pressures in the Universal Credit system.

Between March 2017 and March 2020, housing debt owed to local authorities and ALMOs rose by 20%; this is millions of pounds which should have been available to spend on tenant services: repairs and maintenance, building improvements, new build and wraparound housing and community services.

However, the NFA and ARCH carried out their survey just as the Covid-19 pandemic hit the country and their member councils and ALMOs are bracing themselves for the full impact of the lockdown and subsequent economic shock to the country. The survey shows that landlords experienced a huge spike in UC verifications in the weeks following the announcement of the lockdown. On average, weekly applications rose by two and a half times but this hides considerable local variation with some areas seeing a seven-fold increase in UC claims in the first few weeks of lockdown:

“UC claims rose everywhere in the period following lockdown and this will undoubtedly feed through to higher levels of arrears for all councils and ALMOs. However, some areas, more dependent on tourism and hospitality have been hit harder than others with coastal areas seeing an average of four times their normal levels of UC claims,” said the NFA’s Managing Director, Eamon McGoldrick.

“Before lockdown, we had seen household UC arrears stubbornly flatlining in the last few years, with two thirds of UC households experiencing housing debt. We recognise the work that DWP has done to support new claimants during the pandemic, but the issues that we have repeatedly flagged up over the last few years, such as the five week wait for payment, are still causing problems for tenants.”

To find out more about the impact of COVID-19 on local authorities and tenants, the NFA and ARCH will undertake a follow-up survey later this year.

“We know from frontline local authority teams that many families are struggling financially as a result of COVID-19,” John Bibby, Chief Executive of ARCH said. *“Council housing budgets are already under massive pressure, and housing debt has shot up during the pandemic as families struggle to make ends meet. We welcome the Chancellor’s Summer announcements for increased investment in DWP services and look forward to working with the Government to ensure it meets the needs of those who have been most affected by COVID-19.”*

Case studies from members illustrate the different problems people are now facing due to the pandemic:

Case study one: *Ms G is a single parent with two children. She is a self-employed hairdresser who had no income after the lockdown restrictions started in March. She had heard about the HMRC Self Employed scheme and was waiting for them to contact her so she could claim. She started to run out of money and contacted her council landlord to advise she could not pay her rent. The Welfare Benefits Team advised her to apply for UC immediately (she did not know she could do this). She made the application that same day and is now in receipt of the benefit. The team also assisted her to reduce some of her outgoings for example utility bills.*

Case study Two: *Miss O is a tenant who is usually consistent with her payments, however from March no rent payments were received, and all contact made was unsuccessful. In April, the tenant replied to her landlord to say she was stranded abroad due to COVID-19 and was struggling to find a flight back. She was due to start a new job, at the beginning of April, however she was unable to attend the induction and lost the job offer.*

The Income Officer advised the tenant to apply for UC. She returned to the country in May and submitted a UC application. She is now awaiting a decision to see if her claim can be backdated to April. Being stranded abroad meant the tenant had to use most of her savings to survive and also had to borrow money from family and friends.

These are just a couple of the distressing situations people have found themselves in through no fault of their own and are typical of the types of cases our members are supporting through welfare and financial advice, IT support and referrals to foodbanks and other charities in their local areas. Further case studies are available on request.

Note to editors:

Follow up survey: The NFA and ARCH will be publishing a follow up survey in Autumn this year which will look at the impact of COVID-19 on the half a million households which make up the data for the March 2020 survey.

The full report, *Setting a Benchmark: Annual ARCH/NFA survey into Universal Credit*, can be downloaded [here](#) from Thursday 16th July at 10am.

The National Federation of ALMOs (NFA) represents England's 30 arms-length management organisations (ALMOs). ALMOs are not-for-profit council-owned housing companies that **manage around 413,000 council homes across 33 local authorities**. First established in 2002 as part of the Government's Decent Homes programme, ALMO companies now work with their parent councils to deliver diverse housing services. These range from new-build development to support for residents' employability, financial resilience and health and well-being.

ARCH is an association of councils in England who have retained ownership and management of their council homes and works on their behalf to get the best deal for councils and tenants. **About 100 local authorities still own and manage around 800,000 homes**, and ARCH's aim is to make sure that a positive future for council housing is secured.

National Federation of ALMOs, Octavia House, Westwood Way, Coventry, CV4 8JP

Telephone: 024 7685 1729 Email: info@almos.org.uk Web: www.almos.org.uk

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