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## Carrying the debt

Measuring the impact of Universal Credit on  
tenants and landlords – survey results 2018



Together we serve the interest of more than a million homes in England

## CARRYING THE DEBT

### Measuring the impact of Universal Credit on tenants and landlords – survey results 2018

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The NFA and ARCH would like to thank all their members for their contributions to the survey again this year. These have enabled us to provide a summary of the continuing impact of the UC rollout, and identify trends and areas for improvement.

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## Introduction

This publication sets out the results of a survey, launched in June 2018, on the impact of the roll-out of UC on stock retaining councils and Arm's Length Management Organisations (ALMOs). It reports figures as at 31 March 2018 and follows previous surveys which reported figures as at 31 March 2016 and 31 March 2017. The report summarises findings from 38 participating organisations, as well as providing longitudinal findings across the 28 organisations who previously completed the survey.

Universal Credit (UC) was introduced in April 2013. This system was introduced by the 2010 Coalition Government to make work pay and to encourage benefit claimants into full time work. UC combines the following benefits and tax credits: Jobseeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit into one single monthly payment. In May 2016 the UC full service for all claimant types began to roll out nationally. Roll-out of the UC full service is due to complete in December 2018. After the roll-out process has completed, DWP will then begin moving all remaining existing benefit claimants to the UC full service starting in 2019.

The survey provides an update of the impact of UC on levels of rent collection in stock retaining councils and ALMOs, whilst exploring some of the factors which may be pushing more UC claimants into arrears. It also offers some solutions which should help improve the process for both landlords and tenants.

ARCH (the Association of Retained Council Housing) is the membership body representing 69 councils in England who have retained ownership and management of council homes. The National Federation of ALMOs (NFA) is the membership body for all 33 council owned ALMOs. Together our members manage over one million council homes.

## Summary of findings

The NFA and ARCH have very much welcomed the policy changes to Universal Credit (UC) which were announced by Government in the Autumn Budget 2017. We were particularly pleased to see the removal of the seven-day waiting period from February 2018 so that entitlement to UC starts on the first day of application (one of our key asks from the last report), as well as those already on Housing Benefit continuing to receive their award for the first two weeks of their UC claim from April 2018.

The NFA and ARCH are also very supportive of the roll-out of Trusted Partner status and access to the Landlord Portal which it, alongside other stakeholders, has worked with DWP to help develop. Both measures have significantly improved the process for social landlords and their tenants and helped to build up a partnership working approach which is aiding improvements to the administration of UC over time.

The data captured in this survey is from March 2018, and therefore is largely not showing the impact from recent changes, although 100% advances have been available to claimants since January 2018 and the end of the 7-day waiting period started from February 2018. The overall picture is that the arrears situation is fairly similar to last year and many of the administrative problems remain.

The key message from this year's survey is the length of time it can take for tenants to clear the arrears built up in the transition to UC with the knock-on effects for both the tenant and the landlord. We are very concerned about the legacy of debt being left behind by the transition to UC. Evidence from early adopters such as Your Homes Newcastle suggests that it can take between 18-24 months to repay the arrears created by the move to UC.

Continuing feedback from members is also highlighting that the current UC system is a real problem for people on zero hours contracts, temporary or seasonal work. This indicates that the current design of UC is not fit for purpose for the so called 'gig economy' and those in today's insecure, low paid, working environment.

Although for many tenants the ability from January 2018 to access up to a month's worth of UC within five days via an interest-free advance is very welcome we are concerned about the longer-term impact on tenants' finances of this loan which still needs to be repaid. In our opinion UC needs to be paid in advance rather than in arrears in recognition of the fact that most people in need of UC are already financially vulnerable, transferring from other benefits, often with rent arrears and other debts.

We look forward to continuing to work with Government to improve the UC system to ensure it does not leave a legacy of debt and meets its original aims of making work pay and helping people get into work or increase their hours and career prospects through employment.

## Key Findings

- As reported in previous surveys, a significantly higher proportion of tenants claiming UC are in arrears (**74%**) compared to all households living in council and ALMO owned homes (**26%**).
- For all organisations, the total amount of arrears owed was **£61.5 million**. The proportion of all households in arrears across the 2017 and 2018 survey groups is broadly the same.
- The average level of arrears per household for all tenants was **£328**, which is approximately 4 weeks rent. For households in receipt of UC, the national average level of arrears was around one and a half times higher at **£520**. This ranged from approximately 5-7 weeks' rent outside London, and 14 weeks' in London.

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- When looking at the cohort group for UC households, there has been a decrease of the percentage of households in arrears from **76% in 2017 to 72% in 2018**. However, the average amount owed is very similar (**£514 versus £523**).
- The total arrears debt for the tracked cohort increased by 12% from **£39 million** to **£43.6 million**. On average across organisations, 25% of this debt was attributable to households on UC, even though they only make up 4% of total households.
- About **76%** of UC claimants in arrears were recorded as having arrears before they moved onto UC; this is an increase from 60% last year and is the same as the year before. However, feedback suggests that these arrears are then increasingly rapidly at a time when claimants are already financially vulnerable and may have arrears action being taken already.
- Despite this, only **29%** of households on UC were subject to an Alternative Payment Arrangement where the rent is paid directly to the landlord, down from 41% in 2017 and 44% in 2016.
- Only **44%** of respondents felt that APAs are extremely or very useful for supporting people to manage their UC payments, with **46%** finding them ‘somewhat useful’ indicating that there needs to be improvements to the APA process for it to become a useful tool in dealing with arrears. This is especially important if the Government chooses to continue paying UC in arrears.

In order to improve the UC roll-out, the NFA and ARCH has the following key asks:

- Make UC payments monthly in advance rather than in arrears.**
- Change the rules around the ending of claims and the need to make a new claim for people on zero hours contracts, seasonal or temporary work to encourage more people to continue to access the work market and gain experience through short term placements rather than being discouraged due to the adverse impact on finances of starting new claims frequently.**
- Slow down the speed of UC rollout until the procedural issues with the existing system have been resolved and improvements made to the APA system and Landlord Portal.**
- 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).**
- Implement a wide-reaching advertising campaign to educate the general public about UC.**

### 1. Data overview

38 local authorities and ALMOs responded to the survey this year, managing a total of 472,058 social and affordable rented properties across the country. Data was taken at the 31st March 2018. 18 organisations were live service areas, 15 were full service areas, and five were both. 18 organisations had Trusted Partner status.

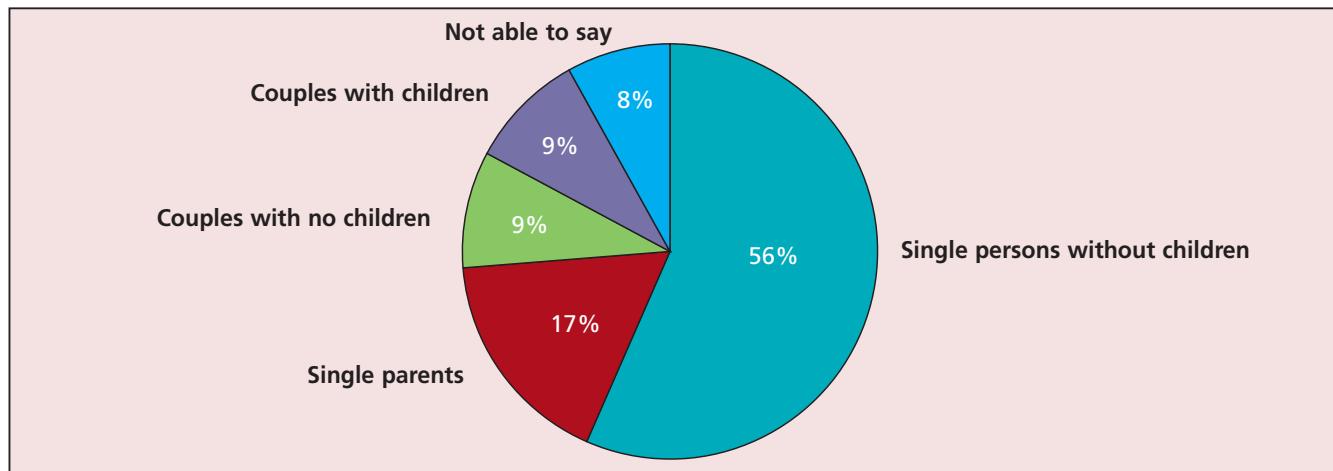
28 of the organisations this year also responded to the welfare reform survey last year, and we have undertaken a comparison of their responses in section three to track trends.

**Table 1 – Whole dataset**

Region	Number of respondents	Number of properties	Number of UC households	Median percentage of households on UC
NORTH	10	140,567	11,211	7%
CENTRAL	14	194,253	8043	1.7%
SOUTH	11	95,112	5945	4.4%
LONDON	3	42,126	639	1.1%
<b>TOTAL</b>	<b>38</b>	<b>472,058</b>	<b>25,838</b>	<b>3.9%</b>

Just under half of the respondents were able to tell us about the household composition of their UC cases. Looking at that data the majority of cases are still single people with no children (56%) but the numbers of claimants with children is growing and is now at 26% overall.

#### Household composition of UC claimants



#### A note about the averages

Due to the roll-out schedule of UC over the last year, there is a considerable range in the percentages and numbers of households on UC of these respondents, ranging from less than 1% to 17% of households, and 18 households to 4461 households. For this reason, we have used the median average of respondents in this report unless otherwise specified and rounded to whole numbers. This differs from previous reports where the mean average of households was reported. However, where we have compared with last year's organisations, we have re-calculated median figures to enable a more accurate comparison.

## 2. Overall arrears position

The overall arrears position for the respondents this year has not changed significantly since last year. Organisations had on average 26% of their households in arrears with an average arrears of £328. When you take out UC households, the average debt drops to £283.

### Overall arrears

At the 31st March 2018, the overall arrears position for the respondents was **26%** of households in arrears with an average arrears of **£328**. This is approximately 4 weeks' rent. The total amount of arrears owed to the 38 organisations was **£61,484,491**.

**Table 2 – Overall regional arrears**

Region	Percentage in arrears	Average amount owed per household	Approximate number of weeks rent owed <sup>1</sup>
NORTH	33%	£333	4
CENTRAL	26%	£347	4
SOUTH	21%	£303	3
LONDON	37%	£541	5
<b>TOTAL</b>	<b>26%</b>	<b>£328</b>	<b>4</b>

Households in London and the North are most likely to be in arrears, while those in London have the most weeks' arrears.

This compares with a mean average last year of **31%** of all households in arrears, owing **£414**. Last year's mean averages are broadly in line with the mean averages this year of 29% and £449.69. This strongly suggests that the situation has not changed, but the difference is due to the change to the way the average has been calculated.

### Non-UC households compared with UC households

In previous years, the percentage of households on UC has been so low (only up to 1.5%), that we have always compared average arrears across all households (including UC households) with just UC households. This year, we also asked for data on households who were not on UC. Although fewer respondents could provide complete data, it indicates a bigger difference between UC households and non-UC households in the size of average arrears. This is most obvious in the North where the highest percentage of households are on UC:

**Table 3 – Based on data from 29 respondents**

Region	Percentage of non-UC households in arrears	Average amount owed by non-UC household
NORTH	30%	£265
CENTRAL	25%	£333
SOUTH	18%	£254
LONDON	37%	£504
<b>TOTAL</b>	<b>26%</b>	<b>£283</b>

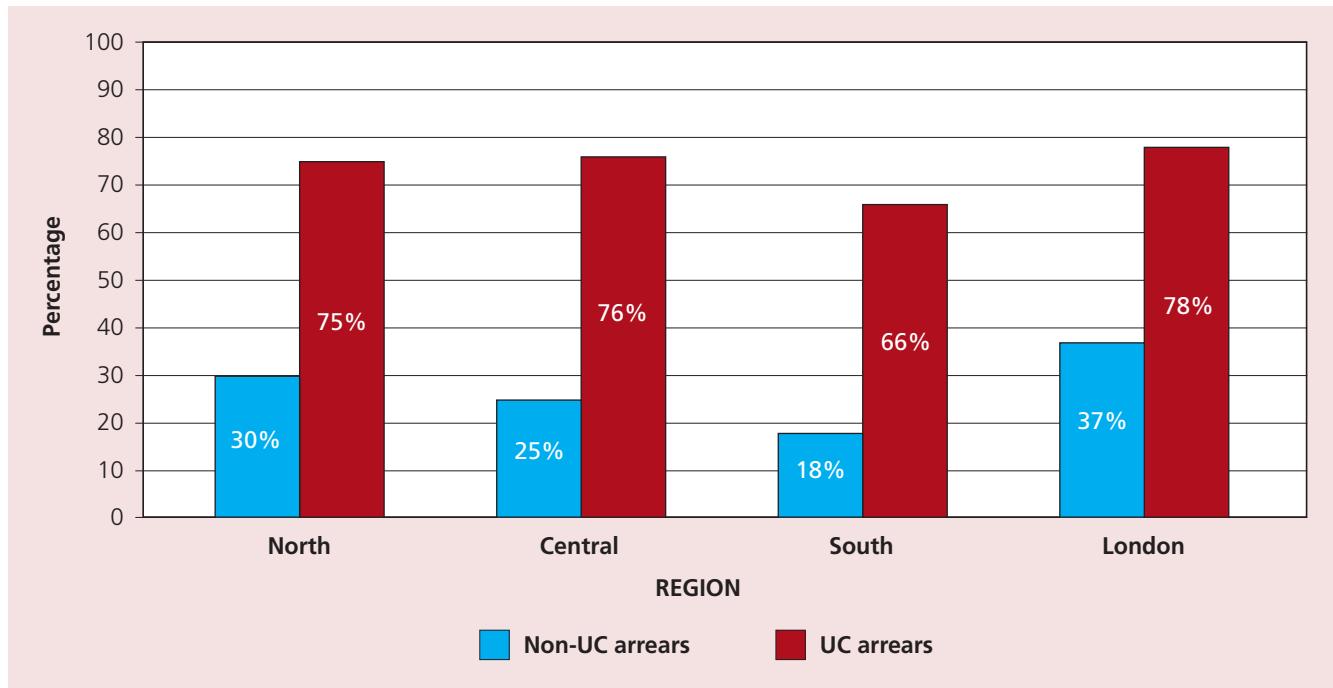
<sup>1</sup> Page 194, 2018 UK Housing Review, Mark Stephens et. Al, Table 73a, Average Weekly Local Authority rents by region in England

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In future surveys, we will also benchmark against this figure.

### Comparison of non-UC household arrears and UC household arrears



### 3. Universal Credit arrears

- In the last year, the average percentage of households on UC has risen from 1.5% to 4%.
- A median average of 74% of UC households were in arrears owing £520. Tenants in arrears owe between 5 and 7 weeks rent outside London, and 14 weeks rent in London.
- Just over half owe more than 4 weeks' rent, with an average of £794.
- Looking at those organisations who provided data this year and last year, the median percentage of households in arrears has slightly dropped from 76% in 2017 to 72% in 2018. However, they owed a similar amount (£514 v. £523). This strongly suggests that the causes for people getting into arrears when they go on to UC are the same.
- The total arrears debt has gone up by 12% for these organisations from just over £39 million to £43.6 million, with a quarter of the total attributable to UC households. This compares with the 2017 figure of UC arrears as 8% of the total arrears.
- Although organisations are likely to have a slightly lower percentage of households in arrears in full service (69%) versus live service (74%), the amount owed is similar. However, there is a considerable range, suggesting strong local influences.

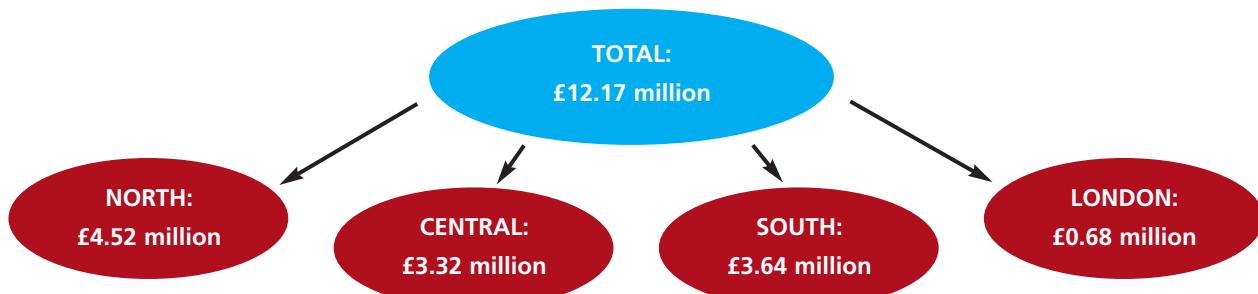
#### All respondents

An average of **74%** of UC households across all respondents were in arrears owing **£520**.<sup>2</sup>

**Table 4 – UC arrears**

Region	Percentage of UC households in arrears	Average amount owed	Approximate number of weeks in arrears
NORTH	75%	£542	7
CENTRAL	76%	£488	6
SOUTH	66%	£486	5
LONDON	78%	£1,529	14
<b>TOTAL</b>	<b>74%</b>	<b>£520</b>	<b>6</b>

35 respondents provided data on the level of UC arrears, which totals £12,167,628.



55% of these UC households in arrears owed more than 4 weeks' rent. This rises to 66% in London. On average these households which owed more than 4 weeks' rent owed £794, which is about 9 weeks' rent.

<sup>2</sup> The mean figure for all data last year was £772.25, which compares with a mean figure of £704.70 this year. This could be due to an improvement but could also be due to the volatility of the data.

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### 2017 respondents compared with 2018 respondents

28 respondents provided UC data in 2017 and 2018 (with a total of 344,163 households). This enables us to benchmark this year's data against the same cohort last year and track changes. These organisations had **7,673** households on UC in 2017 which had nearly tripled to **20,811** in 2018. Despite this scaling up, the overall percentages of households in arrears had remained broadly similar. 9 organisations had seen their average UC household arrears rise, 15 had seen them fall, and 4 stay the same. When looking at UC households who had over 1 month/4 weeks' worth of arrears, this was 51% in 2017 v. 54% in 2018. This strongly suggests that there has been no real change in the reasons that households are falling into arrears over the two-year period, just increasing numbers of households on UC.

**Table 5 – 2017 and 2018 comparisons (median figures)**

	Percentage of UC households in arrears			Average amount owed		
	2017	2018		2017	2018	
NORTH	79%	79%	≡	£600	£542	⬇️
CENTRAL	78%	72%	⬇️	£514	£474	⬇️
SOUTH	76%	67%	⬇️	£457	£504	⬆️
LONDON	76%	78%	⬆️	£1295	£1529	⬆️
<b>TOTAL</b>	<b>76%</b>	<b>72%</b>	<b>⬇️</b>	<b>£514</b>	<b>£523</b>	<b>⬆️</b>

The total arrears of these 28 organisations in 2017 was **£39,070,661**. In 2018, this total arrears debt had risen to **£43,577,916** (a difference of over £4.5 million or 12% increase). It is not surprising that as the number of claimants on UC increases so the debt rises too and it is actually not as high as it could have been if it were not for the 1% reduction in rent and some improvement in the UC process, but it is concerning in that as the roll out continues and the total arrears figure grows so too does the negative impact upon landlords' finances for basic services to tenants. It is clear that this level of strain on local authority HRAs will become increasingly unsustainable as more households transition to UC over the coming years.

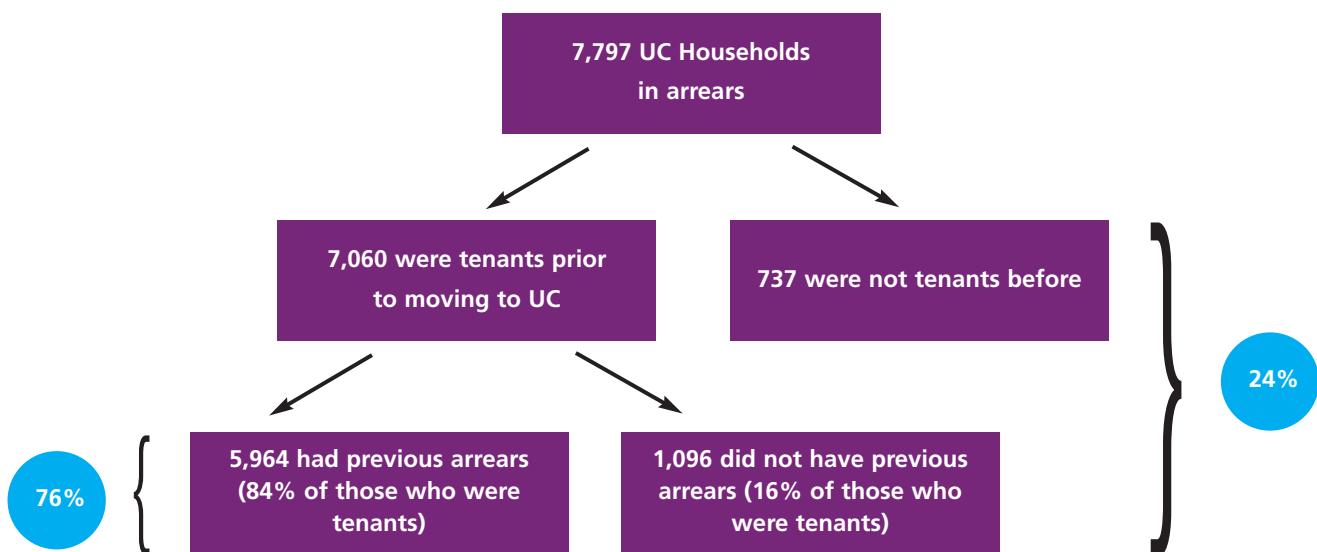
**Table 6 – Total debt**

Year	2017	2018
Arrears Debt	£39.07 million	£43.58 million
Percentage of arrears debt from UC households	8%	25%
Percentage of households on UC	1.4%	4%

### 4. Previous arrears position

- Of all the UC households in arrears, 76% had previous arrears.
- 24% of households did not have arrears before coming onto UC, either because they were tenants with no arrears (14%) or because they were new tenants (9%).
- According to research undertaken with Stockport Homes Group, tenants 'do not have the resilience to withstand the impact of the move to UC' and end up with much higher arrears than if they would have transitioned to HB.

13 organisations could provide data on the level of pre-existing arrears (with a total of 10,660 UC households).<sup>3</sup> Of these:



Of all the UC Households in arrears, **76%** were previously in arrears. **9%** of households were new tenants who went straight into arrears; while **14%** were tenants who did not have previous arrears (a total of **24%** who acquired arrears after moving to UC).

Although a majority of tenants were in arrears prior to their UC claim this does not mean that the transition to UC is not causing further arrears and financial distress. On the contrary our evidence shows that the average arrears for UC claimants is higher than non-UC claimants (£520 versus £283) and that by virtue of them already being in arrears they are more likely to be subject to action against non-payment, including eviction proceedings and possibly have other debt problems. Since UC claims are triggered by a change in circumstances (such as unemployment, bereavement or relationship break-up), individuals are also likely to already be in an emotionally vulnerable position, not necessarily having the resilience it would take to be able to sort out any problems with a UC claim. For these reasons they are more likely to require significantly more extensive support to help them manage their arrears and not lose their home.

<sup>3</sup> There is a caveat with the data. Organisations often find out that someone has moved to UC several weeks after they have moved, which means that the individual may have accrued arrears in the waiting period, before the change is logged onto the organisation's system and would show up as a pre-UC arrears. This in effect means that for some organisations, the data in this section may include households who have accrued UC arrears in the waiting period prior to the first payment.

#### Case Study – Stockport Homes Group

Stockport Homes Group has been working with Collaborative Change and 4 other landlords on the UC Real Project, which predicts the impact of UC and looks at behavioural trends around payment. Interim research findings include:

- “Customers do not have the resilience to withstand the impact of the move to UC: they are already vulnerable financially, are severely affected when UC hits and then struggle to recover.”
- “The majority of influence on customer behaviour is structural and is driven by ability factors: they don’t have the money to pay”
- “Customers moving onto UC can expect an increase in arrears of up to £350 more than if they’d transitioned to HB. Even after 2 years (on average) they will be carrying arrears of around £150 more than if they had transitioned to HB, and this could remain as high as £300.”
- “The damage that UC does is resistant to being ‘cured’ once the damage is done.”<sup>4</sup>

## 5. The use of Alternative Payment Arrangements (APAs)

- Nearly a third of households on UC (29%) were subject to an APA. This rises to 36% of households in the live service areas and falls to 22% of cases in the full service areas.
- Respondents generally felt APAs were useful for supporting people to manage their UC payments, with clear groups for whom it worked better.
- Nearly three quarters of respondents felt the process for getting people onto APAs was working. However, APAs work better under the live service than the full service.
- Respondents provided several areas where there can be improvements to the APA process, which are summarised below.
- Landlords who have Trusted Partner status have praised the improvements that this has brought to the administrative process, but there are also calls for it to be improved as quickly as possible to maximise its usefulness.

Landlords can apply for an APA where a claimant is in arrears with their rent for an amount equal to or more than 2 months in rent; or where a claimant has continually underpaid their rent over a period of time and have accrued arrears of an amount equal to or more than a month's rent. Vulnerability factors are also taken into consideration, including, for example, for families with multiple or complex needs, or individuals with addictions or mental health conditions.

29% of households on UC were subject to an APA (based on data from 37 respondents). In areas which have the live service, an average of 37% of households were subject to an APA; in areas with full service, this falls to 22%. The higher percentage in live service might be due to issues around the payment schedule under full service which makes it harder to administer APAs.

However, given the high proportion of claimants in arrears already before the start of their UC claim it is surprising that more people are not put onto APAs straight away. This may be because the level of arrears is too low to start with or because the APA process is too complex and confusing at the moment to be helpful, particularly if the claimant is already in the middle of an arrears process.

Most of our members would prefer to work with the tenant to support them to take responsibility for paying the rent themselves. Whilst the NFA and ARCH would wholeheartedly support that approach, as the numbers increase and the intensive support provided becomes stretched across more tenants, we need to ensure that APAs work alongside the UC regime in a simplified and easy to understand manner to properly support the most financially vulnerable and those close to losing their home.

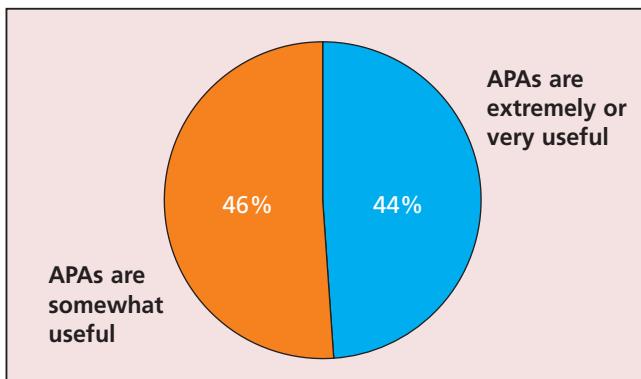
At the moment only **44%** of respondents felt that APAs are extremely or very useful for supporting people to manage their UC payments; whilst an additional **46%** found them somewhat useful. There are clear groups that respondents felt APAs should work best for, including those who have long term vulnerabilities, those who had significant arrears prior to moving to UC, those who would struggle to manage their finances, and those who have a set salary or who do not work. There are also groups that it is felt less useful for, including those on variable salaries, tenants in the process of moving into work, those on partial allowances, and those subject to court cases.

**73%** of respondents stated that the process for getting people onto an APA was working, with **11%** stating that it was not working, and **16%** not sure.

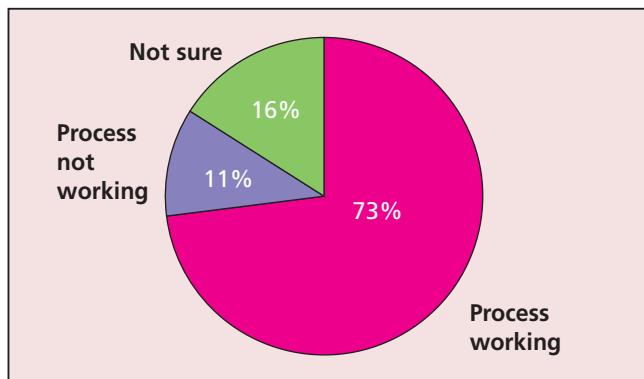
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### How useful are APAs in supporting people to manage their UC payments?



### Does the process for getting people onto an APA work?



A number of respondents reported that more applicants are now being encouraged to set up APAs by Job Centre Plus staff. The positives of APAs were felt to be the fact that they remove the worry and stress of pending arrears action from tenants, they support vulnerable tenants (including those who struggle to manage their finances or do not engage), they ensure income for landlords and ensure tenancies are being sustained for longer.

The negatives of APAs were felt to be that they delay people from having to take responsibility for their finances, moving people off APAs is challenging, they can cause increased stress for those on variable salaries, and tenants are left owing money as the current way they are paid to councils does not align with the main UC payment dates or councils' rent schedules. They are also easier to administer and more useful under the live service compared with the full service as unfortunately a lot of the learning developed in the live service has not yet been transferred to the full service.

Respondents identified several areas where there could be improvements to the APA process:

- Third party deductions in the full service:
  - The rate at which these are removed can cause hardship to the tenant.
  - The payment system currently used to pay the council adds delays to payments and makes it difficult to monitor rent accounts;
- For some respondents, it still takes too long to apply for an APA, and there are continuing administrative and communication problems with DWP, especially in the live service areas
- There were some inconsistencies as to which APAs were granted, with the tenant not knowing whether their application will be successful or not, adding to further delays
- There were some issues with administration around ending or amending third party deductions, which are not dealt with consistently and can create additional confusion for customers.

### Trusted Partner and Landlord Portal

For landlords who are now Trusted Partners and can access the Landlord Portal there has been praise for the improvements that this has brought to the administration process. All the landlords who now have it think it is an improvement on before and has really helped them to quickly and easily access vital information about whether someone has applied for a UC claim or not and verify the rent.

However, there are also many calls for it to be built on and improved as quickly as possible as landlords can see its potential to be much better, but functionality is currently quite limited. The key issue is that it could be used by housing staff to provide more information to and communicate better with DWP on complicated cases in order to get them resolved more quickly.

*"The system is good for APAs and Third-Party Deductions. It allows us to verify rent details quickly and avoid delays. It does require some further work such as a free field comment box and dates of the UC claim but it is much better than the system before."*

## 6. What is still causing tenants to fall into arrears?

- Although it is still too early for many respondents to report the impact of Government changes to UC, some respondents had noticed a change in relation to advance payments and Housing Benefit.
- Beyond the in-built delay in the payment of UC, there are a number of areas which are still causing tenants to go into arrears. This includes tenant-related issues, DWP related issues and work-related issues, which are summarised below.

In our previous surveys we identified a number of issues which were causing households on UC to go into arrears (beyond the in-built payment delays). The Government has introduced welcome changes in response to our concerns, including the Housing Benefit run-on, a quicker first payment and easier access to advance payments.

10 respondents stated that they had noticed an impact of these Government changes, while for the majority it was too early for them to say. Among those reporting an impact, this was around the numbers of claimants receiving an advance (up to 100% of their estimated first payment in advance). Although this was helping tenants, there were concerns around the advice being given on repayment and affordability by Job Centres, since the advance is a loan, meaning deductions from UC payments over a longer period of time. The 2 week HB run-on was also seen as advantageous, since it reduced the amount of HB over-payments and meant people were less likely to fall into arrears.

It is still worth repeating that there are in-built design flaws which prevent UC from working effectively for the majority of people it is supposed to help: the fact that the majority of tenants are moving from one benefit to another means that they do not have the safety net to move to payment monthly in arrears without missing a rent payment. The advance helps, but it is still a loan.

The survey has identified areas which are still causing households to struggle with rent payments where additional work can be done to support tenants and landlords:

- **DWP-related issues**, including delays in assessment of claims, losing landlord verification submissions, repeated duplication of requests etc., poor administration, not processing advances in a timely fashion, overpayment recoveries from UC payments. There are also delays due to the waiting for payments for APAs to come into the next 4 weekly payment schedule.
- **Tenant-related issues**, including a continuing lack of understanding about claiming the housing element and having to pay rent; lack of digital and personal budgeting skills; using rent money for other bills and priorities; impact of sanctions and not having reserves to fall back on; a lack of advice for tenants to manage the complexities of the new system; impact of pre-existing arrears; tenants not being on an APA;
- **Work-related issues**; including the need to reapply for a new claim if you were previously on UC and the payments ended because of higher earnings during the payment period: if that happened within 6 months in the live service the claimant did not need to make a claim, they got it automatically. This facility has not transferred to the full service now being rolled out across the country and so adversely affects people on zero hour contracts, in seasonal work in rural or coastal areas or temporary contracts.

## 7. Evidence over time

- The majority of organisations who had evidence over time reported that arrears climbed sharply and then decreased slowly over time. This is in line with other research undertaken into UC arrears over time.
- Although it is reassuring that arrears come down over time the key message from this year's survey is the length of time it can take for tenants to clear the arrears built up in the transition to UC with the knock-on effects for both the tenant and the landlord.
- We are very concerned about the legacy of debt being left behind by the transition to UC. Evidence from early adopters such as Your Homes Newcastle suggest that it can take between 18-24 months to repay the arrears created by the move to UC.
- The NFA and ARCH are both concerned about the long-term impact on tenants' finances and the anxiety that may cause in the future.
- We are also concerned about the long term impact on landlords' cash flow and the impact on their revenue stream for repairs and maintenance and support services to tenants as more claimants move onto UC.

21 organisations could provide evidence as to what was happening to tenants' arrears over time:



### Case Study One – Your Homes Newcastle (YHN)

YHN tracks rent collection over time for their UC cohort and can demonstrate that this improves over time from **65.13%** in the first 0-3 months, to **80.64%** in 3-6 months, to **91.45%** in 6-12 months, and **98.01%** in 18-24 months. What is concerning about this is that it is taking 18-24 months for tenants and the organisation to recover from the introduction of UC. It is also concerning for tenants who are already struggling to manage, transferring across to UC and then rapidly accruing arrears in the initial period after the transfer.

### Case Study Two – Brighton & Hove City Council

Brighton & Hove City Council (BHCC) have charted the average journey of all BHCC tenants claiming UC from 1st January 2016 to 31st May 2018. Evidence shows that over a 12 month period UC arrears begin to decline after 6 months. For the majority of full service tenants, arrears are plateauing at 3-6 months. However, the percentage chance of a tenant being in arrears is consistently around the 60% mark for both live and full service tenants and does not seem to be declining over the timescales presented. This strongly suggests that the issues with rent arrears happen in the initial period before payments become regular, but that arrears problems continue for a much longer period. BHCC are planning to repeat the analysis in another 6 months and will use learning from this research to appropriately target resources.

## 8. Former tenant arrears (FTAs)

- Arrears for former tenants are on average £330 higher than for those former tenants not on UC. This may reduce over time as organisations come to grips with the issues which are facing tenants, however it is concerning considering the small numbers of households currently on UC. As UC rolls out to larger numbers, it is unlikely that organisations will be able to deliver as intensive support to high risk customers, which may mean more UC FTA cases with higher arrears.

Anecdotal evidence has suggested that organisations are ending up with higher former tenant arrears (FTAs) for those on UC than in general, which is not surprising considering they have higher overall arrears. Although early days, we have introduced questions into our survey on FTAs so we can track this over time. Currently former tenants on UC who leave in arrears owe £330 more than those who are not on UC.

Average arrears for FTA cases:  
£694

Average arrears for UC FTA cases:  
£1,024

*Based on data from 17 organisations with a total of 29,213 FTA cases, and a total FTA debt of £29.9 million.*

## 9. Increase in resources

- Local authorities and ALMOs have invested considerably in supporting the roll out of UC in their areas, which includes additional staff, systems and training.

21 out of the 38 organisations (55%) had increased resources, with a number planning to increase resources in the future. 19 of these had invested in more staff and training (including around financial advice and wellbeing), and 9 had invested in IT systems.

### Examples

- *4 additional officer posts created. Resources to develop own in-house rent intelligence IT system to work alongside housing management system...*
- *Increased size of money advice team, currently looking at new IT system, increased digital and employment support...*
- *Added a welfare reform project manager and 3 FTE. Invested in IT software to allow for automated dialing and to support rent collection...*
- *Introduced new support officer role within the team. Procured new arrears profiling software...*
- *Added £400,000 staff and systems*
- *Project Lead recruited. Two support officers recruited. Communications campaign. Training programmes. Review of payment and IT systems*
- *Additional £189,000 in additional staff...*

## Universal Support

Within the survey, respondents provided their views on Universal Support. The majority of respondents stated that the arrangements for Universal Support in their area were fair (12 out of 30) and 9 as good. However, the situation is clearly patchy across the country, with 1 area rating it as excellent and 2 as very poor. It is being delivered by a range of different partners in different areas; the ones where housing is involved in some way tend to be rated better, but the same partner organisations are rated differently in different areas, showing a strong local influence. We continue to encourage the sharing of good practice to ensure consistency across the country and urge the DWP to do the same.

## 10. Relationship with DWP Officers and Job Centre Plus (JCP)

- All respondents reported at least a fair working relationship with their Job Centre Plus and local DWP Officers, with a quarter describing them as excellent. There is a considerable amount of partnership working between organisations to support tenants.

Our members have invested considerable resources into developing effective relationships with DWP Officers and local Job Centre Plus (JCP) staff as UC has rolled out across the country in order to effectively support their tenants. This is reflected in the percentages of respondents who describe their relationship with DWP Officers and JCP staff as excellent (25%), good (56%) or fair (19%). Respondents reported a considerable amount of partnership working between the organisations, including co-location, monthly meetings, shadowing and introductory meetings.

Although the local relationships are good, working with the UC Service Centre was seen by some respondents as less positive.

### Relationship with DWP Officers and Local JCPS



### Examples

"The Welfare Reform taskforce staff have been stationed at the two Job Centres in the borough every day for the first four weeks of UC Full Service. Weekly half our meetings are taking place with representatives from across the stakeholders..."

"The Benefit and Money Advice Team work from JCP on a weekly basis and enjoy positive working relationships. A selection of the Income Team and Benefit and Money Advice Team visited the DWP service centre and personally met the team that manage the organisation's UC claims..."

"We have three full time staff co-located within our local JCPS. We are able to support our customers who present at the JCP and staff are keen to resolve issues they may be having with their claims... However, they sometimes can only assist up to a point and we find that sometimes locally we can be in agreement, but then the service centre takes a different view."

## 11. NFA and ARCH key asks

In order to improve the UC roll-out, the NFA and ARCH has the following key asks:

- Make UC payments monthly in advance rather than in arrears.
- Change the rules around the ending of claims and the need to make a new claim for people on zero hours contracts, seasonal or temporary work to encourage more people to continue to access the work market and gain experience through short term placements rather than being discouraged due to the adverse impact on finances of starting new claims frequently.
- Slow down the speed of UC rollout until the procedural issues with the existing system have been resolved and improvements made to the APA system and Landlord Portal.
- 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).
- Implement a wide-reaching advertising campaign to educate the general public about UC.

## CARRYING THE DEBT

Measuring the impact of welfare reform on tenants and landlords – Survey results 2018

### The NFA team

Further details can be found at [www.almos.org.uk/nfa\\_team](http://www.almos.org.uk/nfa_team)



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