



**Under imposed embargo status until Wednesday 11<sup>th</sup> July 9am**

## **Carrying the Debt**

### **NFA and ARCH highlight burden of debt UC is still causing for tenants and landlords**

In a joint report, published today, the NFA and ARCH highlight the increasing burden of debt that UC is causing for tenants and landlords, and call for Government to slow down the roll-out and fix the outstanding problems with UC. Together the NFA and ARCH, who represent over a million council homes, are voicing strong concerns about the length of time it is taking tenants to get control of their finances after the initial transfer to UC, and the impact on council HRAs.

Today's report 'Carrying the debt, Measuring the impact of Universal Credit on tenants and landlords' has tracked the impact of the UC roll-out on landlords and tenants again this year. Although we are pleased the Government has introduced improvements that we previously called for, including removing the 7-day waiting period, our research shows that the arrears situation has not changed significantly and issues highlighted previously have not been resolved.

Key findings include:

- Average arrears for UC households (£520) were one and a half times higher than arrears in general (£328). Nearly three quarters of UC households were in arrears (74%) compared with 26% of all households.
- The situation has not changed significantly since 2017 and many of the same problems remain.
- For tracked organisations there has been a total increase in debt of 12% up to £43.6 million; 25% of this debt is from UC households even though they only make up 4% of total households.
- 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 tenants and landlord is very concerning, with evidence that it can take up to 24 months to clear the debt.

The NFA and ARCH support the principles of UC and our members are investing significant resources to make it work and support tenants in the transition to UC. We are pleased, therefore, for our members to report positive working relationships with local Job Centres; and positive feedback around the new Landlord Portal.

However, we have deep concerns around the scalability of this work as more people transfer to UC, with intensive support stretched over increasing numbers of households, and a cumulative impact on local authority HRAs. We are still calling on the Government to move to payment monthly in advance rather than arrears to recognise the fact that claimants often do not have a safety net to get them through the first month; and recognising the fact that the current advance system is a loan which further puts claimants into debt. We are also calling for the Government to slow down the speed of UC roll-out until

the procedural issues with the existing system have been resolved and improvements made to the APA system and Landlord Portal; and implement a wide-reaching advertising campaign to educate the general public about UC

**Eamon McGoldrick, NFA Managing Director:**

*“We are pleased that the Government has listened to us and other partners and implemented changes to the UC system which should see improvements for tenants and landlords as the roll out progresses. We will continue to work with DWP to ensure our members’ experience and concerns shape the system. However, we still have deep concerns about the ongoing impact of UC on tenants, many of whom are already deeply vulnerable, and we are calling on the Government to fix the biggest flaw in the UC system, which is payment in arrears.*

**John Bibby, ARCH Chief Executive:**

*“Our members are heavily investing in supporting tenants to successfully transition to UC, however the level of arrears debt being accrued is having a huge impact on Council HRAs, which are already under pressure. It will also not be possible to sustain the levels of intensive support to tenants as the roll-out continues and resources become increasingly stretched. For this reason, we are calling on the Government to provide sufficient transitional funding for landlords to enable them to effectively manage the roll-out and adequately support vulnerable tenants.*

The full report can be found here: [http://www.almos.org.uk/news\\_docs.php?subtypeid=24](http://www.almos.org.uk/news_docs.php?subtypeid=24)

[www.almos.org.uk](http://www.almos.org.uk)

[www.arch-housing.org.uk](http://www.arch-housing.org.uk)

**7<sup>th</sup> July 2018**

**Notes:**

ALMOs were first established in 2002, managing council housing as part of their parent local authorities. There are currently 33 ALMOs which manage 447,895 properties across 36 Local Authority areas.

ARCH represents 69 local authorities with retained council housing - they currently manage over 500,000 homes.

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