



CHC's Response

1. About Us

1.1. Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales, which are all not-for profit organisations. Our members provide over 158,000 homes and related housing services across Wales. In 2015/16, our members directly employed 9,109 people and spent nearly £2bn (directly and indirectly) in the economy, with 89% of this spend retained in Wales. Our members work closely with local government, third sector organisations and the Welsh Government to provide a range of services in communities across Wales.

2. Our objectives are to:

- Be the leading voice of the social housing sector.
- Promote the social housing sector in Wales.
- Promote the relief of financial hardship through the sector's provision of low cost social housing.
- Provide services, education, training, information, advice and support to members.
- Encourage and facilitate the provision, construction, improvement and management of low cost social housing by housing associations in Wales.

3. House of Commons Work & Pensions Select Committee inquiry into Universal Credit rollout

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4. Key Recommendations

5. Postpone the rollout of the Universal Credit Full (Digital) Service in Wales until issues faced by tenants already on the Live Service are resolved and the landlord portal is fully operational in Wales.
6. Extend implicit consent to housing professionals and support staff.
7. Where temporary and short term & emergency accommodation eventually falls under Universal Credit, housing cost calculation should be on a daily basis, to prevent loss of income for landlords and providers. Change of address should trigger a new assessment period.
8. A protocol should be established to prevent stays in Specified Accommodation being included in Universal Credit calculations.
9. Universal Support should be bolstered and, where appropriate, delivered by housing associations for their tenants.
10. The one-week waiting period preceding the assessment period should be abolished.

11. Committee Questions

12. How long are people waiting for their Universal Credit claim to be processed, and what impact is this having on them?

- 12.1. Wales is currently experiencing the Universal Credit Live Service. Our first area to enter the Full (Digital) Service will be Flintshire in April 2017.
- 12.2. The majority of claimants are waiting 6 weeks from claiming to receive their first payments. This is constituted of the one-week initial waiting period, one-month assessment period and seven-day payment waiting period. However, Welsh housing associations report of claimants first payments routinely not being made on time, resulting in having to wait a further one to two weeks for payment.
- 12.3. Welsh housing associations have reported claimants waiting up to 13 weeks for their first payment. There have been issues with the verification of housing costs and this has meant payments have incorrectly been paid to claimants when a managed payment was in fact in place, due to the vulnerability of the claimant.
- 12.4. There have been instances of tenants who have balanced rent accounts ending up with 8 weeks of arrears following their wait for payment after a Universal Credit claim.



Where claimants are under financial pressure, outgoings such as food will inevitably factor above rent and this will lead to arrears. Where 8 weeks, or more, arrears have been accrued, through no fault of the claimant, this can take a very long period of time to clear and an insecure tenancy has a significant impact on the claimant's ability to gain employment

12.5. Some housing associations have experienced having to issue food bank vouchers as a result of UC claimants being unable to adequately feed themselves or their families. One association issued 85 food bank vouchers to tenants on universal credit over a 12-month period. 56% of these were issued within the first six weeks of starting a UC claim, 37% of claimants have had two or more vouchers and 12% were issued in the period following the first UC payment. This indicates a difficulty with some claimants in managing the transition onto monthly payments and recovering from the 6 weeks plus arrears accrued. This issue is also raised in the study undertaken by Cardiff Metropolitan University, *The Experience of Universal Credit: A Tenant's Perspective*.¹

13. How are claimants managing with being paid Universal Credit monthly in arrears?

13.1. As mentioned above, there is evidence of claimants having difficulty managing their finances through monthly payments. Additionally, claimants are finding themselves having to clear six or more weeks of arrears and other debts accrued during the waiting and assessment periods. These arrears levels are well above those which are usually acceptable for those tenants not claiming Universal Credit and housing associations are having to adjust their policies, as some tenants with recently started UC have arrears well above the level which would be seen as concerning for the housing association.

13.2. Housing association report that Universal Credit claimants are generally struggling to gain control of their finances and budget in monthly cycles rather than weekly. Claimants are regularly in low paid unsecure employment, with varying monthly incomes. This makes calculating each monthly UC payment in advance difficult and accurate overall budgeting for the month is therefore almost impossible. The lack of confidence over how much money will be coming in each month leads to claimants being unlikely to set up direct debits for payments such as utilities, for fear of having insufficient funds on the payment date or that the payment of a bill will lead to insufficient money left over for food.

¹ <http://chcymru.org.uk/comms/CHC-Cartref/2017/03/17/universal-credit-a-tenants-perspective/>



14. Has Universal Credit improved the accuracy of payments?

14.1. Commenting on the Universal Credit (Live) Service, the accuracy of payments is improving. However, one issue is that under the old system of multiple benefits, where there is a change of circumstance, this will affect the level of only one or more benefit payments. Under Universal Credit, this would lead to a change in the level of the Universal Credit payment as a whole.

14.2. Housing associations have reported general issues with the system such as claimants receiving a sanction for not attending work coach appointments even after notification of sickness and having submitted all the required evidence. There have been instances of claims being closed by DWP without reason or the claimant being informed. Where claimants are not aware of their rights or the support available this can lead to financial hardship.

14.3. The accuracy of payments could be improved by increased use of portals such as the landlord portal to streamline the agreement of housing costs between the claimant, housing association and DWP.

15. Have claimants reported making a new claim for Universal Credit, and then found that the system has not registered their claim correctly?

15.1. Commenting on the Universal Credit (Live) Service, there have been instances of this occurring to tenants in Welsh housing associations. This can have a significant impact on the claimant as the issue may not be discovered until they meet with their work coach or support worker, resulting in another claim being submitted and the wait for the first payment being extended beyond the initial six-week period. This can lead to increased reliance in the Discretionary Assistance Fund, foodbank vouchers and hardship funds to pay for food and utilities.

16. What impact is Universal Credit having on rent arrears, what effect is this having on landlords and claimants, and how could the situation be improved?

16.1. The current average level of rent arrears for Welsh housing association tenants who are claiming UC is £412.57. For the 1183 identified UC claimants in Welsh housing association homes, there was a total of £488,072.44 of arrears at the end of December 2016.² This is a significant level of arrears considering the low numbers of claimants currently claiming through the Universal Credit (Live) Service.

² CHC bi-annual UC survey. This captured 29 housing associations in Wales.



- 16.2. An October 2016 survey by Housemark found that the average arrears of Universal Credit claimants in housing association homes was £618, £487 higher than the arrears levels of those tenants not claiming UC. As the average rent of a housing association property in Wales is £83 per week, this equates to between six and seven weeks rent, a high level of rent arrears.³
- 16.3. The increased levels of housing management required with tenants on UC with high levels of rent arrears is already placing an extra resource and cost burden on Welsh housing associations. We expect this to increase as the number of UC claimants in Wales increases.
- 16.4. We believe that the rollout of the trusted partner status would streamline the ability for housing associations to establish Alternative Payment Arrangements (APAs) with their UC claiming tenants. These APAs consist of Third Party Deductions (TPD) or Managed Payments (MP) with TPDs taking 20% of the claimants Personal Allowance until their arrears have been cleared. MPs pay the claimants housing element income directly to the landlord. Welsh housing associations have initiated APAs for 391 out of the 1268 identified UC claimants, indicating that the proportion of tenants vulnerable enough to require direct payments and/or in high levels of arrears is significant. However, housing associations are reticent to establish TPDs due to the extraction of 10% or 20% of an individual's personal allowance being too high a level for them to be able to absorb. As of December 2016, over 95% of those with an APA were under Managed Payments, only 51% had Third Party Deductions applied.⁴ A flexibility in the setting of the TPD proportion may improve this. An increased ability for housing associations to establish Managed Payment APAs and more flexible TPDs may lead to claimants being able to manage their finances better, at least until they have cleared their initial arrears.
- 16.5. Similarly, a rollout of the landlord portal would allow the DWP and claimants to know their rent and housing status sooner, reducing the likelihood of inaccurate payments.
- 17. Would certain groups benefit from greater payment process flexibility and, if so, what might the Government do to facilitate it?**
- 17.1. Claimants spending time in emergency and short term supported accommodation or temporary accommodation would benefit significantly from greater payment process flexibility. Currently under Housing Benefit, claimants can receive housing costs calculated daily for their stay, this is vital as time spent in short term

³ <https://www.housemark.co.uk/hm-news/all-articles/analysis/welfare-reform-report-launched>

⁴ CHC Bi-Annual UC Survey



accommodation can be brief and end without any notice. Under Universal Credit, the claimant may spend time in short term accommodation during the assessment period and subsequently move on into stable accommodation. Under this system, the provider of the short term accommodation may not find themselves eligible for the housing costs incurred during the stay. This has the potential to significantly impact on the cash flow of short term accommodation providers.

17.2. We believe that UC housing cost payments should be calculated on a daily basis for those identified as living in short term supported accommodation or temporary accommodation.

17.3. Those claimants who are in unstable employment with varying monthly incomes would also benefit greatly from increased payment frequency. It would be very sensible for those claimants who are paid weekly by their employer to have this frequency matched by their UC payment.

18. Does Universal Credit provide people in emergency temporary accommodation with the support they need, and how could this be improved?

18.1. As discussed above, there are significant issues around the housing cost support Universal Credit offers to claimants living in temporary accommodation. We believe that a change of address should trigger a change in assessment period so as to take into account the change in accommodation costs and ensuring that both the temporary accommodation costs and move on accommodation costs are taken into account.

19. What impact is Universal Credit having on the income and costs of local authorities, housing associations, charities and other local organisations?

19.1. As mentioned previously, arrears levels of Universal Credit claimants are on average £487 higher than those non-UC claiming tenants. If this trend continues and scales up with the increase in Universal Credit claimants, this has the potential to significantly impact on the rental income of Welsh housing associations. There are currently 68,666 working age Housing Benefit claimants living in Welsh housing association homes. If these were to start a UC claim and carry the average increase of arrears of £487, this would lead to an additional £33.4.m of rent arrears being carried by Welsh housing associations.

19.2. Some housing associations are placing additional resources into the support of universal credit claimants, including new staff posts to deliver advice and support, the average housing management cost has risen from £118 per property in 2011/12 to £146 in 2015/16. The credit worthiness of housing associations can be partially



dependent on the associations current and future rental income. The potential for increased numbers of UC claimants leading to increased rent arrears as detailed above could lead to an impact on the ability of housing associations to build additional units and put current loan covenants at risk.

20. How well is Universal Support working, and how could it been improved?

20.1. The concept of Universal Support as a wrap-around support system has not developed sufficiently. Currently only Personal Budgeting Support (PBS) and Digital Inclusion (DI) services are offered widely.

20.2. PBS is delivered through various funding streams and by different organisations across Wales. The service varies across Wales with specialist advice providers in some areas and community antipoverty projects in others. There is still confusion whether these services are supplying budgeting, money or debt advice. If claimants are presenting arrears levels similar to those that have been evidenced here then the need is for debt advice, budgeting advice would come at a later time and would be better suited nearer the UC payment date. Where PBS is delivered by housing associations, the take up levels for support are high, with one housing association, NPT Homes, reporting a 60% referral rate. This in turn has led to an increase in follow up visits to deal with issues uncovered and an increase in referrals to debt advice and tenancy support services.

20.3. Many Welsh housing association tenants live in rural areas for which there is currently a very poor broadband connection. Consideration must be given to how these claimants will be expected to engage with the Full (Digital) Service, particularly where JCPs are a significant distance away and local library services may not exist.

21. What impact has the introduction of full Universal Credit service had in areas where it has replaced the live service?

21.1. There are no Full (Digital) Service areas in Wales. The first area to begin offering the Full Service will be Flintshire in April 2017.

21.2. We have concerns around the effect that the rollout of the full service will have on those aged between 18-21. Currently, if there is no break in benefit claim then entitlement will continue after April 2017. However, if claimants are expected to reapply for the Full (Digital) Service (within a 46-day window) then this could lead to a break in claim and result in no assistance with housing costs. We also have concerns that the trend of inviting claimants to apply the same benefit under a new name will be used when migrating existing legacy benefit claimants from 2019.



21.3. The lack of implicit consent available for housing association staff is a significant concern. Support staff cannot find out about the housing award if any a tenant has been given, it cannot help verify whether the claim is accurate and, in the case of Managed Payment cannot find out how much and when a payment will be made. This is a significant hindrance to housing associations' ability to support UC claimants and manage any issues before large arrears accrue.

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